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This announcement and the listing document attached hereto are for information purposes only and do not constitute an invitation or an offer to acquire, purchase or subscribe for securities. Any notes that may be issued under the Programme will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction and may not be offered or sold or (in the case of notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (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. Accordingly, such securities will be offered and sold outside the United States and to non-U.S. persons in compliance with Regulation S.

This announcement and the listing document attached hereto have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document attached hereto) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document attached hereto shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Notice to Hong Kong investors: The Issuer and the Guarantor (as defined below) confirm that any notes that may be issued under the Programme (as defined below) will be intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and will be listed on the SEHK on that basis. Accordingly, the Issuer and the Guarantor confirm that any notes that may be issued under the Programme will not be appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF OFFERING CIRCULAR

Lai Fung MTN Limited (the “Issuer”)

(incorporated with limited liability under the laws of Hong Kong)

U.S.\$2,000,000,000 Medium Term Note Programme (the “Programme”)

unconditionally and irrevocably guaranteed by



LAI FUNG HOLDINGS

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

LAI FUNG HOLDINGS LIMITED (the “Guarantor”)

Arranger and Dealer for the Programme

HSBC

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of the Programme on the SEHK dated 22 December 2021 published by the Issuer.

The offering circular dated 22 December 2021 in relation to the Programme is appended to this announcement.

Hong Kong, 23 December 2021

As at the date of this announcement, the board of directors of the Guarantor comprises seven Executive Directors, namely Mr. Chew Fook Aun (Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer) (also alternate to Madam U Po Chu), Madam U Po Chu and Messrs. Cheng Shin How, Lee Tze Yan, Ernest and Tham Seng Yum, Ronald; and five Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.

As at the date of this announcement, the board of directors of the Issuer comprises Messrs. Chew Fook Aun, Lam Hau Yin, Lester, Lee Tze Yan, Ernest and Tham Seng Yum, Ronald.

Appendix 1 – Offering Circular

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR TO ANY U.S. PERSON

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the “**Offering Circular**”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES OR TO ANY U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States and must not be a U.S. person (as defined in Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person (as defined in Regulation S under the Securities Act). This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that you are not located in the United States, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, you are not a U.S. person (as defined in Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person (as defined in Regulation S under the Securities Act) and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters are, or any affiliate of the underwriters is, a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer and the Guarantor (each as defined in this Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited (the “**Arranger**”) or any person who controls the Arranger or any entity appointed by the Issuer and the Guarantor as a dealer under the Programme (together with the Arranger, the “**Dealers**”), any director, officer, employee or agent of the Issuer or the Guarantor or the Arranger or the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger or the Dealers.

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

LAI FUNG MTN LIMITED
(incorporated with limited liability under the laws of Hong Kong)



LAI FUNG HOLDINGS

unconditionally and irrevocably guaranteed by

LAI FUNG HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(SEHK Stock Code: 1125)

U.S.\$2,000,000,000

Medium Term Note Programme

Under the U.S.\$2,000,000,000 Medium Term Note Programme described in this Offering Circular (the “**Programme**”), Lai Fung MTN Limited (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue guaranteed medium term notes (the “**Notes**”) unconditionally and irrevocably guaranteed (the “**Guarantee**”) by Lai Fung Holdings (the “**Guarantor**” or the “**Company**”). Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$2,000,000,000 (or its equivalent in other currencies).

The Notes may be issued on a continuing basis to The Hongkong and Shanghai Banking Corporation Limited (the “**Arranger**”) and any additional Dealer appointed under the Programme from time to time by the Issuer and the Guarantor (each a “**Dealer**” and together the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Application has been made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the listing of the Programme under which Notes may be issued by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Professional Investors**”)) only during the 12-month period after the date of this document on the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risk involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer, the Group and the Guarantor or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*” and each term therein, a “**Condition**”) of Notes will be set out in a pricing supplement (the “**Pricing Supplement**”) which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Notes of such Tranche.

The Notes of each Series issued in bearer form (“**Bearer Notes**”) will be represented on issue by a temporary global note in bearer form (each a “**Temporary Global Note**”) or a permanent global note in bearer form (each a “**Permanent Global Note**”) (collectively, the “**Global Notes**”). Notes in registered form (“**Registered Notes**”) will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Notes in registered form of one Series. Global Notes and Certificates may be deposited on the relevant issue date with a common depository on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”), or with a sub-custodian for the Central Moneymarkets Unit Service (“**CMU**”) operated by the Hong Kong Monetary Authority. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)). Registered Notes are subject to certain restrictions on transfer, see “*Subscription and Sale*”.

The Issuer and the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Investing in Notes involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with Notes. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under Risk Factors below.

Arranger and Dealer

HSBC

Offering Circular dated 22 December 2021

IMPORTANT NOTICE

EU MiFID II product governance/target market — The Pricing Supplement in respect of any Notes may include a legend entitled “*EU MiFID II Product Governance*” which will outline the target market in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person offering, selling or recommending the Notes (a “**distributor**”) should take into consideration such target market; however, a distributor subject to Directive 2014/65/EU (as amended, “**EU MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**EU MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

UK MiFIR product governance/target market — The Pricing Supplement in respect of any Notes may include a legend entitled “*UK MiFIR Product Governance*” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PRIIPS/IMPORTANT — EEA RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled “*Prohibition of Sales to EEA Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PRIIPS/IMPORTANT — UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled “*Prohibition of Sales to UK Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) — Unless otherwise notified by the Issuer or the Guarantor to the Dealers, all Notes issued shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

The Issuer and the Guarantor, having made all reasonable enquiries, each confirms that to the best of its knowledge and belief: (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (the “Group”), the Notes and the Guarantee of the Notes, which is material in the context of the issue and offering of the Notes; (ii) the statements contained herein relating to the Issuer, the Guarantor, the Group, the Notes and the Guarantee of the Notes are in every material respect true and accurate and not misleading; (iii) the statements of intentions, opinions, belief or expectation contained in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly and reasonably made or held, and have been reached after considering all relevant circumstances; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Notes or the Guarantee of the Notes, the omission of which would, in the context of the issue and offering of the Notes and the Guarantee of the Notes, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKSE Rules”) for the purpose of giving information with regard to the Issuer, the Guarantor, the Group, the Notes and the Guarantee of the Notes. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the “**Conditions**”) as amended and/or supplemented by the Pricing Supplement specific to such Tranche. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Arranger or the Dealers represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arranger or the Dealers which would permit a public offering of any Notes or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions, including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan, Singapore and the Cayman Islands and to persons connected therewith. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of bearer notes, delivered within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). The Notes are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on offers, sales and transfers of Notes and on the distribution of this Offering Circular, see “*Subscription and Sale*”.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Information Incorporated by Reference*”). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been authorised by the Issuer and the Guarantor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, any Dealer or the Arranger.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Arranger, the Dealers, or any director, officer, employee, agent or affiliate of any such person or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed U.S.\$2,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S.\$ at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “*Subscription and Sale*”.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the “Stabilisation Manager”) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and rules, over allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

Neither the Arranger nor any Dealer has separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, neither the Arranger nor any Dealer, or any director, officer, employee, agent or affiliate of any such person, makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, neither the Arranger nor any Dealer, or any director, officer, employee, agent or affiliate of any such person, accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arranger, a Dealer, or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with the Issuer, the Group or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not describe all the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arranger or any Dealer, or any director, officer, employee, agent or affiliate of any such person, that any recipient of this Offering Circular or of any such information should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Arranger nor any Dealer or agent or affiliate of any such person undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular or to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger or any Dealer.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

This Offering Circular incorporates by reference the most recent annual audited consolidated financial statements of the Guarantor and the most recent unaudited but reviewed consolidated interim financial statements of the Guarantor (if any). As at the date of this Offering Circular, this comprises the audited consolidated financial statements of the Guarantor as at and for the year ended 31 July 2021. Such financial statements were prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants. However, unaudited but reviewed consolidated interim financial statements of the Guarantor should not be relied upon to provide the same quality of information associated with information that has been subject to an audit or review. Neither the Arranger nor any Dealer has independently verified such information and thus neither the Arranger nor any Dealer can give any assurance that the information is truthful, accurate or complete. Potential investors must exercise caution when using such data to evaluate the Group’s financial condition or results of operations. Unaudited but reviewed consolidated interim financial statements as at and for the six months ended half-way through a financial year should not be taken as an indication of the expected financial condition and results of operations for the Group for the relevant full financial year.

Except as otherwise indicated in this Offering Circular, all non-company specific statistics and data relating to the industry or to the economic development of any country have been extracted or derived from publicly available information and industry publications. The information has not been independently verified by the Issuer, the Guarantor, the Arranger or any Dealer or by their respective directors and advisers, and neither the Issuer, the Guarantor, the Arranger, any Dealer or their respective directors and advisers make any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

CERTAIN TERMS AND CONVENTIONS

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “**U.S.\$**” and to “**U.S. dollars**” are to United States dollars; all references to “**HK\$**” and “**Hong Kong dollars**” are to Hong Kong dollars; all references to “**sterling**”, “**pounds sterling**” and “**£**” are to the currency of the United Kingdom; all references to “**euro**” and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended; all references to “**Renminbi**” and “**RMB**” are to the currency of the PRC; all references to “**United States**” or “**U.S.**” are to the United States of America; references to “**China**”, “**Mainland China**” and the “**PRC**” in this Offering Circular are to the People’s Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; references to the “**PRC Government**” are to the government of the PRC; references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; references to “**Macau**” are to the Macao Special Administrative Region of the People’s Republic of China; references to “**Australia**” are to the Commonwealth of Australia; and references to the “**United Kingdom**” are to the United Kingdom of Great Britain and Northern Ireland.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking in connection with the listing of the Notes on the Hong Kong Stock Exchange to the effect that, so long as any Notes remain outstanding and listed on the Hong Kong Stock Exchange, the Issuer will prepare a supplement to this Offering Circular or a new Offering Circular upon becoming aware that:

- (a) there has been a significant (as defined in the HKSE Rules) change affecting any matter contained in this Offering Circular; or
- (b) a significant (as defined in the HKSE Rules) new matter has arisen, the inclusion of information in respect of which would have been required to be in this Offering Circular if it had arisen before this Offering Circular was issued.

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Circular constitute “*forward-looking statements*”. The words including “believe”, “expect”, “plan”, “anticipate”, “schedule”, “estimate” and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group’s management for its future operations (including development plans and objectives relating to the Group’s operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer’s, the Guarantor’s or the Group’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under “*Risk Factors*” and elsewhere, important factors that could cause actual results to differ materially from the Issuer’s or the Guarantor’s expectations. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

INFORMATION INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the two most recently published audited annual consolidated financial statements of the Guarantor, together with the auditor's report thereto, and the most recently published unaudited but reviewed consolidated interim financial information of the Guarantor, together with the auditor's review report thereto (if any);
- (b) the most recently published audited annual financial statements of the Issuer, together with the auditor's report thereto;
- (c) each relevant Pricing Supplement; and
- (d) all supplements or amendments to this Offering Circular circulated by the Issuer and the Guarantor from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified offices of the Paying Agents and the principal office in Hong Kong of the Fiscal Agent (as defined under "*Summary of the Programme*") (or such other Paying Agent for the time being in Hong Kong) set out at the end of this Offering Circular.

As at the date of this Offering Circular, the Issuer has not published any financial statements. The Guarantor has prepared the audited consolidated financial statements at and for the years ended 31 July 2020 and 2021. These financial statements of the Guarantor were prepared in conformity with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants. See "*General Information*" for a description of the financial statements currently published by the Guarantor.

For purposes of this Offering Circular and the avoidance of doubt, "published" audited annual consolidated financial statements and/or, as the case may be, unaudited but reviewed consolidated interim financial information of the Guarantor shall include (but shall not be limited to) the annual consolidated financial statements and/or, as the case may be, condensed interim financial information of the Guarantor that are posted on the website of the Guarantor and/or the Hong Kong Stock Exchange (www.hkex.com.hk).

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SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer	Lai Fung MTN Limited.
Guarantor	Lai Fung Holdings Limited.
Programme Size	Up to U.S.\$2,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer and Guarantor may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	Investing in Notes involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under the section “ <i>Risk Factors</i> ” below.
Arranger	The Hongkong and Shanghai Banking Corporation Limited
Dealers	The Hongkong and Shanghai Banking Corporation Limited and any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent and Paying Agent ...	The Hongkong and Shanghai Banking Corporation Limited.
Registrar and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited.
CMU Lodging and Paying Agent	The Hongkong and Shanghai Banking Corporation Limited.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the Pricing Supplement.

Clearing Systems	Clearstream, Luxembourg, Euroclear and/or the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Fiscal Agent (or the CMU Lodging and Paying Agent, as the case may be) and the relevant Dealer.
Form of Notes	<p>Notes may be issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”). Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i>.</p> <p>Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Global Note will be deposited on or around the date with a common depository or sub-custodian for Clearstream, Luxembourg, Euroclear and/or as the case may be, the CMU and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement, as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Registered Notes will initially be represented by Registered Global Notes. Registered Global Notes representing Registered Notes will be registered in the name of a nominee for one or more of Euroclear, Clearstream, Luxembourg and the CMU.</p>
Currencies	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Status of the Notes	The Notes constitute direct, general, unsubordinated, unconditional, and (subject to the provisions of Condition 5 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5 (<i>Negative Pledge</i>), at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations as described in “ <i>Terms and Conditions of the Notes — Status and Guarantee</i> ”.

Status of the Guarantee	The Guarantee of the Notes constitutes a direct, general, unsubordinated, unconditional and (subject to the provisions of Condition 5 (<i>Negative Pledge</i>)) unsecured obligation of the Guarantor. The payment obligations of the Guarantor under the Guarantee of the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5 (<i>Negative Pledge</i>) at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations as described in “ <i>Terms and Conditions of the Notes — Status and Guarantee</i> ”.
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Maturities.....	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Redemption.....	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement. Unless permitted by the then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption.....	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement.
Tax Redemption	Except as described under “ <i>Optional Redemption</i> ” above, early redemption will only be permitted for tax reasons as described in Condition 9(b) (<i>Redemption and Purchase — Redemption for tax reasons</i>).
Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked, and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. All such information will be set out in the relevant Pricing Supplement.

Denominations	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 5 (<i>Negative Pledge</i>).
Cross Default	The Notes will contain a cross default provision as further described in Condition 13 (<i>Events of Default</i>).
Withholding Tax	All payments in respect of Notes and the Guarantee will be made free and clear of withholding taxes of the Cayman Islands or Hong Kong, as the case may be, unless the withholding is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (subject to certain customary exceptions as described in Condition 12 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or, as the case may be, the Guarantee of the Notes, had no such withholding been required.
Listing and Trading	<p>Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only. Separate application will be made for the listing of the Notes on the Hong Kong Stock Exchange. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange (or listed, traded or quoted on or by any other competent authority, exchange or quotation system).</p> <p>Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK\$500,000 (or its equivalent in other currencies).</p>
Governing Law	The Notes, the Guarantee of the Notes and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee of the Notes will be governed by, and construed in accordance with, English law.
Enforcement of Notes in Global Form	In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 22 December 2021, a copy of which will be available for inspection at the specified office of the Fiscal Agent.

Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan, Singapore and the Cayman Islands, see “ <i>Subscription and Sale</i> ” below.
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or deposited with a sub-custodian for the CMU or any other clearing system, or may be delivered outside any clearing system, provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee or a sub-custodian for, such clearing systems.
Rating	Fitch (“ Fitch ”) has assigned a rating of “B+” to the Programme. The rating is only correct as at the date of this Offering Circular. Notes issued may be rated or unrated, as specified in the applicable Pricing Supplement. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at anytime by the assigning rating agency.
Legal Entity Identifier	254900G9LGQZ3BL53H05.

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially adversely affected by any of these risks. The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Notes and the Guarantee. All of these factors are contingencies which may or may not occur, and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the risks associated with the Notes and the Guarantee are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes and the Guarantee, but the inability of the Issuer or the Guarantor to pay the principal, interest (if any) or other amounts or fulfil, other obligations on or in connection with the Notes or the Guarantee may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of investing in or holding the Notes are exhaustive.

Risks Relating to the Group and its Business

The Group's business heavily depends on the performance of the real estate market in the PRC, which is cyclical in nature and may be subject to downturns in the future, which may cause significant fluctuations in the Group's property development activities.

The Group has built its business and reputation by developing properties in the PRC since 1997 and heavily depends on the performance of the real estate market in the PRC. The property interests of the Group are therefore subject to certain risks associated with and inherent in the ownership of, investment in and development of real estate properties in the PRC, including, but not limited, to the cyclical nature of property markets and the strength of the economies of the cities and regions in the PRC in which the Group conducts its business. For instance, any housing market downturn in the PRC generally or in the cities and regions where the Group operates could adversely affect its business, results of operations and financial condition. As at 31 July 2021, all of the Group's projects were located in Shanghai and Guangdong Province. The Group cannot assure investors that the demand for new properties in the regions and cities in the PRC where it operates or intends to expand will continue to grow or that prices will not deteriorate. In addition, fluctuations of supply and demand in the real estate market in China are caused by economic, social, political, regulatory and other factors that are outside of the Group's control, and the Group cannot assure investors that there will not be over-supply of properties or an economic downturn in the property sector in certain cities and regions of China.

Historically, the PRC property market has been cyclical. The rapid expansion of the property market in certain major cities in the PRC, including Guangzhou and Shanghai, in the early 1990s culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. Since the late 1990s, private residential property prices and the number of residential property development projects have increased in major cities as a result of an increase in demand driven mainly by domestic economic growth. In recent years, the overall demand for and prices of residential properties in the PRC, in particular properties in certain major PRC cities in which the Group holds properties, have experienced rapid and significant growth and fluctuations, respectively. There is, however, no assurance that the problems of over-supply and falling property

prices that occurred in the mid-1990s will not recur in the PRC property market, and the recurrence of such problems could adversely affect the Group's business, financial condition and results of operations. Furthermore, there have been increasing concerns over housing affordability and the sustainability of market growth in the PRC.

The cyclical nature of the PRC property market affects the optimal timing for both the acquisition of sites and the sale of completed development properties. This cyclicality, combined with the lead time required for the completion of projects and the sale of properties, means that the Group's results of operations relating to property development activities have been and will continue to be susceptible to significant fluctuations from period to period. For the years ended 31 July 2020 and 2021, turnover from property development accounted for approximately 35.3 per cent. and 71.2 per cent., respectively, of the Group's consolidated turnover.

The Group's turnover and profit during any given period reflect the quantity of properties delivered during that period and are affected by any peaks or troughs in its property delivery schedule and may not be indicative of the actual demand for the Group's properties, sales or profitability achieved during that period. The Group's turnover and profit during any given period generally reflect property investment decisions made by purchasers at some significant time in the past, typically at least in the prior fiscal period. As a result, the Group's operating results for any period are not necessarily indicative of results that may be expected for any future period, and make it difficult to predict the Group's future performance.

To the extent that supply in the overall property market significantly exceeds demand, the Group may be subject to significant downturns and disruptions in the market for a sustained period. Alternatively, if a serious downturn in regional or global market conditions should occur, like the Asian financial crisis in 1997 or the ongoing novel coronavirus ("COVID-19") pandemic, this may seriously affect and disrupt the property market in the PRC. If any of these events were to occur, the Group's financial condition and results of operations would be adversely affected. For details of the impact of the COVID-19 pandemic on the Group, see "*— The global economy and the property market are facing significant uncertainties and disruptions caused by COVID-19*" below.

The performance of the Group's property development business may be adversely affected by legal and regulatory changes introduced by the PRC Government.

The Group's business is subject to extensive governmental regulation and the macroeconomic control measures implemented by the PRC Government from time to time. As with other PRC property developers, the Group must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designated to implement such laws and regulations. In particular, the PRC Government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing and adjusting monetary and industry policies and other economic measures to prevent and curtail the overheating of the national and local economies, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment, as well as measures targeted at cooling the property market, tightening market liquidity and curbing property speculation. Through these policies and measures, the PRC Government may restrict or reduce the land available for property development, raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector.

Since 2010, the PRC Government has promulgated multiple policies and other measures designed to stabilise the growth of the PRC economy and specific sectors, including the property market, to a more sustainable level.

- On 26 February 2013, the General Office of the State Council issued the Notice on Continuing to Effectively Regulate the Real Estate Market which provides that, among other things, house purchase restriction measures shall continue to be implemented strictly, and homeowners who sell their houses will be levied an individual income tax as high as 20 per cent. of the profit they make on the transaction if the original value of the house can be verified through historical information (such as tax collection and administration, and house registration, etc.). To implement this notice, certain local governments, such as those in Shanghai and Guangdong Province, have subsequently issued measures of their own.
- On 30 March 2015, the Ministry of Finance and the State Administration of Taxation issued the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting the Business Tax Policies on Individual Housing Transfers. According to the latest regulation, which stipulates that individuals who purchased their house for self-residential purposes may, two or more years after the purchase, resell their house without paying business tax. Individuals who have purchased their house for any purpose other than self-residential purposes shall, if they owned it for two years or more, pay business tax on the net profit; that is, the difference between the original price and the sales price. Individuals who have owned their house for less than two years shall pay business tax on the full sales price, regardless of the purpose for which it was purchased. This tax policy may curtail market demand for residential properties and, as a result, may materially and adversely affect the Group's business and future prospects.
- In March 2017, local governments in certain major cities such as Beijing and Hangzhou introduced further policies to restrain property purchases for specialisation purposes and restrain property prices from rising too quickly. Such policies include suspending the provision of individual housing loans with a term of more than 25 years, raising the minimum percentage of down payment of the purchase price and strictly restricting purchasers from acquiring second (or more) residential properties.
- On 21 January 2021, Shanghai Municipal Housing and Urban-Rural Development Administration Commission released the Notice on Promoting the Steady and Healthy Development of the City's Real Estate Market, which increases the ownership period from two to five years before being exempt from paying a value-added tax on the sale of individual housing and, in addition, for couples who purchase commercial houses within three years from the date of their divorce, the number of homes either former spouse owns shall be the number of homes they collectively owned before their divorce, as Shanghai has set a limit on the number of homes an individual can own.

Given that the PRC Government is expected to continue to exercise a substantial degree of control and influence over the PRC economy and property market, any form of government control or newly implemented laws and regulations, in particular, decisions taken by the PRC Government concerning economic policies or goals that are inconsistent with the Group's interests, may, depending on the nature and extent of such changes and the Group's ability to make corresponding adjustments, negatively impact the Group's future expansion plans in the PRC and have an adverse effect on the Group's business, operating results, financial condition and prospects. For instance, if local regulatory and austerity measures continue and/or are widened in scope or to more localities where the Group has property projects or plan to have property projects, the Group's business, financial

condition and operating results may be materially and adversely affected. The Group cannot assure investors that the PRC Government will not adopt additional and more stringent or new austerity policies, regulations and measures in the future, which would adversely affect the PRC property market, nor can the Group assure investors when or whether existing policies will be eased or reversed.

The Group is and continues to be dependent to a significant extent on the overall state of the PRC property sector. If the Group fails to adapt its operations to new policies, regulations and measures that may come into effect from time to time with respect to the real estate industry, or such policy changes disrupt the Group's business, reduce its sales or average selling prices, or cause the Group to incur additional costs, the Group's business, results of operations and financial condition may be materially and adversely affected.

For more risks and uncertainties relating to the extensive PRC regulations, see "*Regulation*".

Changes of laws and regulations with respect to pre-sales may adversely affect the Group's cash flow position and performance.

The Group uses proceeds from the pre-sale of its properties as a source of financing for the Group's construction costs, and the Group faces risks relating to the pre-sale of properties. For example, the Group may find itself liable to the purchasers for their losses if the Group pre-sells units in a property development and fails to complete that development. If the Group fails to complete a pre-sold property on time, its purchasers may claim compensation for late delivery pursuant to either their contracts with the Group or relevant PRC laws and regulations. If the Group's delay extends beyond a specified period, its purchasers may terminate their pre-sale contracts and claim compensation. A purchaser may also terminate his or her contract with the Group if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3 per cent. from the GFA of that unit set out in his or her contract. The Group cannot assure investors that it will not experience delays in the completion and delivery of its projects, nor that the GFA for a delivered unit will not deviate by more than 3 per cent. from the GFA set out in the relevant contract in every instance. Any termination of the purchase contract as a result of the Group's late delivery of properties or deviation from the GFA set out in such contract may have a material adverse effect on the Group's business, financial condition and results of operations.

Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sales of the relevant properties and pre-sales proceeds may only be used to finance the related development. Various PRC authorities and regulators have publicly called for the discontinuance or abolition of pre-sales, or the imposition of tighter regulation of such practice. The Group cannot assure investors that the PRC Government authority will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group's properties are an important source of financing for its property developments. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditure the Group must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of the Group's capital outlay and would result in the Group having to seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cash flow, results of operations and financial condition.

The Group's results of operations may be adversely affected if it fails to obtain, or there are delays in obtaining, requisite governmental approvals for its property development projects.

The PRC property market is heavily regulated by the PRC Government. PRC property developers must comply with various requirements mandated by laws and regulations, including the policies and procedures established by local authorities for the implementation of such laws and regulations. In addition, the Group's development projects have been and may in the future be subject to certain risks, including those associated with the cyclical nature of property markets, changes in governmental regulations and economic policies (including regulations and policies restricting construction of properties and buildings and related limitations on pre-sales and extensions of credit), restrictions on the payment terms for land uses, building material shortages, increases in labour and material costs, changes in general economic and credit conditions and the illiquidity of land and other properties.

In order to develop and complete a property development project, the Group must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of property development, including, but not limited to, land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmations of completion and acceptance. See "*Description of the Guarantor — Business — Property Development*". Each approval depends on the satisfaction of certain conditions and receipt of such approval cannot be assured. There can be no assurance that the Group will not encounter major problems in fulfilling the conditions precedent to approvals, or that the Group will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property market in general or the particular approval process. There may also be delays on the part of the administrative bodies in reviewing the Group's applications and granting approvals. If the Group fails to obtain the relevant approvals for its property development projects, these developments may not proceed on schedule or at all, and the Group's business, financial condition and results of operations may be adversely affected.

Delays in obtaining land use rights certificates may adversely affect the Group's business, financial condition and results of operations.

In order to develop and sell real estate in the PRC, property developers are required to obtain land use rights certificates from the relevant local PRC Government authorities. The relevant authorities will not generally issue the formal land use rights certificate in respect of a parcel of land until the land premium is paid in full and the resettlement process is completed. As a result, in order to adjust the pace of the Group's development projects, the Group may divide the land for a property development into one or more parcels for which multiple land use rights certificates will need to be obtained at different stages of development.

Under current PRC land grant policies and regulations, the Group is allowed to commence development of its properties as soon as the Group has signed the land grant contracts or registered the land use rights transfer agreements, as the case may be, with the relevant authorities. However, the land use rights in respect of these properties and any land that the Group may acquire in the future will not be formally vested until the Group has received the corresponding formal land use rights certificates. If the Group is unable to acquire future land use rights certificates, this could have a material adverse effect on the Group's business, financial condition and results of operations going forward. See "*Description of the Guarantor — Business — Property Development*".

The Group's business, revenue and profitability depend on the availability of an adequate supply of sites and PRC land grant policies, the Group's ability to obtain land at prices which would enable it to achieve reasonable returns as well as on projects available in the Group's pipeline and its ability to pre-sell such projects.

The Group derives a substantial part of its revenue from the development of its properties which are either held for sale or for investment purposes. As a result, the Group's revenue depends on the completion and sale of its developments, which in turn depend on the Group's ability to continue to replenish and increase its land bank at reasonable costs, which in turn depends on supply and demand. The Group's prospects, profitability and competitive position may therefore be affected to the extent that the Group is unable to acquire land in Shanghai or Guangdong Province, or other parts of China, at prices which would enable the Group to achieve reasonable returns as well as on projects available in the Group's pipeline and its ability to pre-sell such projects. The cyclical nature of the real estate market, combined with the lead time required for the completion of projects and the sale of properties, means that the Group's results of operations relating to property development activities have been and will continue to be susceptible to significant fluctuations from period to period.

The Group's ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond its control. The supply of substantially all of the land in China is controlled by the PRC Government. The land supply policies adopted by the PRC Government directly impact the Group's ability to acquire land use rights for development and its costs of such acquisitions. In recent years, the PRC central and local governments have implemented various measures to regulate the means by which property developers may obtain land. The PRC Government also controls land supply through zoning, land usage regulations and other means.

All these measures further intensify the competition for land in China among property developers. In 2002, the PRC Government introduced a nationwide system of mandatory public tender, auction or listing-for-sale for the grant of land use rights for commercial use, tourism, entertainment and commodity property development. On 28 September 2007, the Ministry of Land and Resources ("MLR") issued revised Rules on the Grant of State-owned Construction Land Use Rights through Public Tender, Auction and Listing-for-sale, which further stipulate legal and procedural requirements on public tender, auction or listing-for-sale, the only means by which state-owned land use rights can be granted by the PRC Government for industrial purposes, commercial purposes, tourism, entertainment and commodity property development, and require that the land premium must be paid in full to the local land administration bureau pursuant to the underlying land grant contract before the land use rights certificate can be issued to the land user. The PRC Government's policy to grant state-owned land use rights at competitive market prices has substantially increased, and is likely to continue to increase, the acquisition cost of land reserves generally in the PRC.

In addition, in September 2010, the MLR and the Ministry of Housing and Urban-Rural Development (the "MOHURD") jointly issued the Notice on Further Strengthening the Administration and Control of Real Estate Land and Construction, which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of any parcel of land granted for commodity properties should be strictly implemented. The development and construction of large low-density residential properties should be strictly restricted, and the plot ratio for residential land is required to be more than 1:1. In addition, a property developer and its shareholders will be prohibited from participating in any bidding to acquire additional land until any illegal behaviour in which it has engaged, such as leaving its land idle for more than one year, has been completely rectified. The implementation of these regulations may increase land transfer prices and require property developers to maintain a higher level of working capital. See "*Regulation*".

If the Group fails to acquire sufficient land reserves in a timely manner and on acceptable terms, or at all, the Group's business, prospects, results of operations and financial condition may be materially and adversely affected.

The global economy and the property market are facing significant uncertainties and disruptions caused by COVID-19 which may negatively impact the Group's business, financial condition and results of operations.

The Group's business is subject to global market fluctuations and general economic conditions in the PRC and the global economy. Any prolonged downturn, recession or other condition that adversely affects the Group's business and economic environment, in particular the ongoing COVID-19 pandemic, could materially and adversely impact its business, financial condition and results of operations.

As the situation in relation to the COVID-19 pandemic is still evolving, the heightened uncertainties surrounding the COVID-19 pandemic, including, but not limited to, the length of the pandemic, required policies and measures (such as lockdowns and stay-at-home orders) implemented by governments to deter the spread of the disease, resurgence cases of infection, development and effectiveness of vaccines or potential treatments, extent of production disruptions, restoration of business and consumer confidence and the emergence of new COVID-19 variants (such as Delta and Omicron), may result in a prolonged global economic crisis, recession or volatility in the stock markets, which may pose a negative impact on the Group's businesses, financial condition, results of operations or growth prospects. For the year ended 31 July 2020, the Group recorded a turnover of HK\$1,201.8 million (2019: HK\$1,461.2 million), representing a decrease of approximately 17.8 per cent. over the previous year. The decrease was primarily due to (i) less rental income, in particular a decrease in revenue from the Group's hotel business and serviced apartment business in Shanghai due to the outbreak of COVID-19 in the PRC, and (ii) lower turnover from property sales during the year under review as compared with the previous year. The Group's gross profit decreased by 34.9 per cent. to HK\$597.3 million from that of HK\$917.5 million in the previous year. For the year ended 31 July 2021, the Group recorded a turnover of HK\$3,196.6 million (2020: HK\$1,201.8 million), representing an increase of approximately 166.0 per cent. over the previous year. The increase was primarily due to higher turnover from property sales during the year under review as compared with the previous year. The Group's gross profit increased by 20.4 per cent. to HK\$719.1 million from that of HK\$597.3 million in the previous year. Net loss attributable to owners of the Group for the year ended 31 July 2021 narrowed to approximately HK\$539.0 million, as compared with a net loss attributable to owners of the Group of HK\$1,006.3 million for year ended 31 July 2020.

Furthermore, property sales in the PRC have slowed due to the COVID-19 pandemic, though end-user demand has remained for small to medium-sized units. The COVID-19 pandemic has also impacted both domestic and tourist spending, with the traffic flow, consumption demand and sales of the Group's property management business and hotel business in the PRC being under significant pressure. In response to this, the Group has implemented a number of preventive measures across these business units to safeguard the health of customers and employees. In particular, the Group operated in strict accordance with the crowd control and social distancing rules issued by the PRC Government, and proactively took additional disinfection steps to maintain a safe and hygienic environment. The PRC economy and the Group's property portfolio remains vulnerable to and is expected to continue to be impacted by the ongoing COVID-19 pandemic, due to reduced business travel, decreased consumer spending and reduced disposable income, which have yet to return to pre-pandemic levels, and there can be no assurance that the Group's business, financial condition and results of operations will not continue to be materially adversely affected by the impact of the COVID-19 pandemic.

The global economic slowdown and financial crisis have negatively impacted, and may continue to negatively impact, the Group's business.

Economic conditions in the PRC are sensitive to global economic conditions, and it is impossible to predict how the PRC economy will develop in the future and whether it might slow down due to the global crisis or experience a financial crisis in a manner and scale similar to that in the other countries in the world. The global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 have had a negative impact on the PRC economy, which in turn has affected the PRC property market. For example:

- the economic slowdown and tightened credit have resulted in lower demand for residential and commercial properties and declining property prices;
- the economic slowdown has adversely impacted home owners and potential property purchasers, which may lead to a further decline in the general demand for properties and a further erosion of their selling prices; and
- the tightening of credit has negatively impacted the ability of property developers and potential property purchasers to obtain financing.

Recent global market and economic conditions have been unprecedented and challenging, with tight credit conditions, recession or stagnation in most major economies, as well as the ever-evolving situation in relation to the COVID-19 pandemic, and the outlook for the world economy and financial markets remains uncertain.

In Europe, several countries are facing difficulties in refinancing sovereign debt, and the withdrawal of the United Kingdom from the European Union, given the lack of precedent, has contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign funds inflows, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. China's economic growth may also slow due to weakened exports and the ongoing trade tensions and disputes between the PRC and the United States. Moreover, with the transition of the PRC to a consumption-based economy, the forecast growth rate of the PRC is expected to be significantly lower than its average growth rate over the past 30 years. Since 2011, the PRC Government has taken measures to control inflation and slow price increases in the property market. Government policies aimed at reducing local government and corporate debt levels could also reduce liquidity in the economy, which in turn may affect the property market. There can be no assurance that transaction volumes and property prices will remain stable, and any adverse development in the condition of the property market in the PRC due to global economic slowdown and financial crisis could have a material adverse effect on our business, financial condition and results of operations.

The Group's profitability depends on the demand, performance and development of the property markets in Shanghai and Guangdong Province.

The Group continues to depend significantly on the demand for investment properties and performance of the property markets in Shanghai and Guangdong Province. The Group is currently developing three projects in the PRC, of which one is located in Shanghai, one in Guangzhou and one in Hengqin. As at 31 July 2021, 18.2 per cent., 14.5 per cent. and 67.3 per cent. of the Group's land bank under development are located in Shanghai, Guangzhou and Hengqin, respectively. Accordingly, the Group's business, financial condition and results of operations have been, and will continue to be, heavily depends on the property markets in Shanghai and Guangdong Province. The property markets in Shanghai, Guangzhou and Hengqin may perform differently from property markets in other cities or areas in the PRC. The Group cannot assure investors that the demand for new properties in Shanghai and Guangdong Province will continue to grow or that rental rates will not deteriorate. In addition, fluctuations of supply and demand for investment properties are driven by economic, social, political, regulatory and other factors that are outside of the Group's control, and the Group cannot assure investors that its profitability and business will not deteriorate in times of downturn in the property markets in Shanghai and Guangdong Province. In the past few years, prices of residential properties in these markets as a whole have risen significantly, but such growth has often been coupled with volatility in market conditions and fluctuations in property prices. It is not possible to predict whether demand for residential property in the PRC will continue to grow in the future, as many social, political, economic, legal and other factors may affect the development of the property market. Accordingly, there can be no assurance that the level of demand will consistently match the level of supply. In the event of any unfavourable developments in the supply of and demand for property in Shanghai or Guangdong Province, the Group's business, financial condition and results of operations may be adversely affected. See *"Risk Factors — The Group's business heavily depends on the performance of the real estate market in the PRC, which is cyclical in nature and may be subject to downturns in the future, which may cause significant fluctuations in the Group's property development activities"*.

The Group has provided guarantees to secure obligations of purchasers of its properties for repayment. Demands made on such guarantees to secure obligations could adversely affect the Group's financial condition.

The Group enters into arrangements with PRC banks to facilitate the provision of mortgage facilities to purchasers of its properties. In accordance with industry practice, the Group is required to provide guarantees to mortgagee banks in respect of mortgages offered to its customers until completion of construction and the relevant property ownership certificates are submitted to the relevant mortgagee banks. The Group's current practice is to guarantee the period from the date of the mortgage up to the delivery of title certificates to the bank, which typically ranges between one to two years. If a purchaser defaults under the mortgage loan and the bank calls in the loan before the relevant individual property ownership certificate is obtained, the Group is obligated to repay the entire outstanding principal amount of the loan, together with all accrued interest thereon, owed by the purchaser to the relevant mortgagee bank. To mitigate the Group's losses, however, the mortgagee bank will typically assign its rights under the loan and the mortgage to the Group and the Group will have full recourse to the property. The Group therefore has contingent liabilities in respect of pre-registration mortgages.

In addition, if there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to mortgagee banks in respect of mortgages offered to property purchasers and these mortgagee banks do not accept any alternative guarantees from other third parties, or, if no third party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks during pre-sales of the Group's properties. If this occurs, property sales may decrease, which could adversely affect the Group's business, financial condition and results of operations.

In line with industry practice, the Group does not conduct independent credit checks on purchasers but relies on credit checks conducted by mortgagee banks. Although the Group has historically experienced a low rate of default on mortgage loans it guaranteed, there can be no assurance that defaults will not occur in the future or that the Group will not suffer any losses due to such defaults. If a significant number of purchasers default on their mortgages and the Group's guarantees are called upon, the Group's business, results of operations and financial condition could be materially and adversely affected to the extent that there is a material depreciation in the value of the relevant properties from the price paid by the purchaser, or that the Group cannot sell such properties due to unfavourable market conditions or other reasons beyond its control.

The Group may be liable to its customers for damages if it does not deliver individual property ownership certificates in a timely manner.

According to the relevant PRC law, property developers must meet various requirements as stated below within 90 days of the delivery of property, or such other time period as may be provided in the relevant sales and purchase agreement, to assist a purchaser in obtaining the individual property ownership certificate. The Group generally elects to specify the deadline for applying for an individual property ownership certificate in the sales and purchase agreement to allow sufficient time for the application and approval process. After obtaining the completion certificate for a development, the Group must apply for a general property ownership certificate for the entire development. This involves, among other things, the submission of a number of documents, including land use rights documents, planning approvals and construction permits. Following the effective date of a sales and purchase agreement for one or more units in a development, the Group then assists the purchaser in applying for an individual property ownership certificate for each unit. This involves the submission of other documents, including the sales and purchase agreement, identification documentation for the purchaser, evidence of payment of deed tax and a copy of the general property ownership certificate issued to us. Delay by a purchaser in providing the documents relating to the purchaser, or delay by the various administrative authorities in reviewing the relevant application documents, as well as other factors beyond the Group's control, may affect timely delivery of the relevant individual property ownership certificate.

Under current PRC laws and regulations and under the Group's sales and purchase agreements, the Group is required to compensate its customers for delays, if caused by it, in delivery of individual property ownership certificates. During the years ended 31 July 2020 and 2021, the Group did not pay any material compensation for delays in delivery of individual property ownership certificates. However, the Group cannot assure investors that delays in delivery caused by it of the required property ownership certificates will not occur. Significant delays with respect to one or more of the Group's developments may materially and adversely affect the Group's reputation, business, results of operations and financial condition.

The Group relies on third-party contractors to provide it with various services.

The Group outsources all of its construction work to third-party contractors. The Group relies on its contractors to complete projects according to the agreed completion schedules, and the Group does not exercise any direct control over material sourcing or the construction schedule of such projects. The Group engages independent third-party contractors to provide it with various services in connection with property development, including construction, piling and foundation work, building and property fitting-out work, interior decoration and the installation of air-conditioning units and elevators. There is no assurance that the services rendered by the third-party contractors will always be satisfactory or match the targeted quality level. The Group relies on its main contractors to obtain the requisite construction permits to commence construction of its sites.

As a property developer, the Group may be liable for administrative penalties if its contractors fail to obtain all of the requisite construction permits. The Group is also exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project, and that the Group may have to bear such additional cost in order to provide the contractor with sufficient incentives to complete the project. Furthermore, there is a risk that major contractors may experience financial or other difficulties which may affect their ability to carry out construction work, thus delaying the completion of development projects or resulting in additional costs for the Group. Any of these factors could adversely affect the Group's business, reputation, financial condition and results of operations.

The Group's properties may encounter unforeseeable risks, may not be completed according to planned schedules and may not generate the levels of expected revenue or contemplated investment returns.

There are a number of financing, operating and other risks associated with property development. The projects the Group undertakes typically require substantial capital expenditures during the construction phase and usually take many months, and sometimes years, before cash proceeds are generated. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of and price increases in construction materials, equipment or labour, adverse weather conditions, natural disasters, latent soil or subsurface conditions, latent environmental damage requiring remediation, changes in market conditions, an economic downturn or a decline in consumer confidence, labour disputes, removal of squatters, disputes with subcontractors, accidents, difficulties in obtaining necessary governmental approvals, changes in governmental priorities and other unforeseen circumstances. Any of these circumstances, or circumstances not specifically set out above, could give rise to construction delays and/or cost overruns.

Under the Group's standard form pre-sale contract, the Group is liable to purchasers for default payments if it fails to deliver the completed properties in accordance with the delivery schedule in these contracts, and, in the case of a prolonged delay, the purchasers will be entitled to terminate the pre-sale contracts and obtain a refund of the purchase price or receive default payments provided for in the sales contract in view of the delayed delivery. In addition, the failure to complete construction according to the Group's specifications may result in liabilities or reduced efficiency, which may lead to cost overruns and lower financial returns, each of which could adversely affect the Group's reputation, business, financial condition and results of operations.

The Group's rental portfolio is also subject to a number of factors that are out of the Group's control. As rental properties are, in general, relatively illiquid, the Group's ability to promptly sell them in response to changing economic, financial and investment conditions is limited. The Group cannot predict whether it will be able to promptly, if at all, sell any of its rental properties for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. The Group also cannot predict the length of time needed to find a purchaser and to close a sale in respect of a rental property, and such delays could adversely affect the Group's business, reputation, financial condition and results of operations.

The Group will face legal and business risks if it fails to obtain formal qualification certificates.

A PRC property developer must hold a valid qualification certificate to develop property. According to the Provisions on Administration of Qualifications of Real Estate Developers issued by the Ministry of Construction (now MOHURD), a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be renewed annually for not more than two consecutive years. If, however, the newly established property developer fails to commence a property development project within the one-year period following issuance of the provisional qualification certificate, it will not be allowed to renew the term of its provisional qualification certificate. Developers with longer operating histories must submit their qualification certificates to relevant construction administration authorities for review annually. Government regulations require developers to fulfil all statutory requirements before they may obtain or renew their qualification certificates.

The Group conducts its property developments through project companies. These project companies must hold valid qualification certificates to be able to conduct their businesses. Some of the Group's project companies are in the process of obtaining or renewing their qualification certificates. The Group cannot assure investors that its project companies will be able to obtain or renew the necessary qualification certificates in a timely manner, or at all. If any of the Group's project companies does not obtain or renew the necessary qualification certificate in a timely manner, or at all, the Group's prospects, and its business, results of operations and financial condition, may be materially and adversely affected.

The Group's wholly-owned property management subsidiaries are primarily engaged to manage the residential and commercial properties developed by the Group. The Group cannot assure investors that it will not encounter significant problems in satisfying statutory requirements that would permit renewal of the Group's qualification certificates. If any property management companies are unable to meet the relevant requirements and are therefore unable to obtain or maintain the qualification certificates or there are delays on the part of the administrative bodies in reviewing and processing the Group's applications and granting licences, qualification certificates, permits or any other government approvals or certificates for any of its major property projects, the Group's development schedule and its sales could be substantially delayed, resulting in a material and adverse effect on the Group's business, results of operations and financial condition.

The Group has significant construction and capital expenditure requirements in relation to its investment properties.

The Group's investment properties require significant upfront capital expenditures but generate no cash inflow until the development has been completed and the relevant property commences operation. Construction and other delays can extend the duration of this period. In addition, the Group's operating and future investment properties will need renovations and other capital improvements, including replacements, from time to time. There is no assurance that estimates of renovation costs will be accurate and that the Group's cost of construction and capital improvements will not have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's rental properties have certain fixed costs that it may not be able to adjust in a timely manner in response to a reduction in demand.

The fixed costs associated with owning serviced apartments and retail units, including, but not limited to, committed maintenance costs, property taxes and other associated payments, may be significant. The Group may be unable to reduce these fixed costs in a timely manner in response to changes in demand for its services, and any failure to adjust fixed costs may adversely affect the Group's business, financial condition and results of operations.

Moreover, the Group's properties, and any properties in which it may acquire interests in the future, may be subject to increases in operating and other expenses due to adverse changes in contractual terms and increases in property and other tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses, which could materially adversely affect the Group's business, financial condition and results of operations.

The fair value of the Group's completed investment properties and the investment properties under development that are subject to mark-to-market assessment is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely impact the Group's profitability.

The Group is required to reassess the fair value of certain of its investment properties (a subset of the Group's rental properties) as of the end of the reporting period. In accordance with HKFRS, gains or losses (as applicable) arising from changes in the fair value of such investment properties should be accounted for in the Group's income statements in the period in which they arise. The Group's completed investment properties and investment properties under construction at fair value that are subject to mark-to-market assessment are revalued by independent property valuers on a semi-annual basis on an open market for existing use basis which reflected market conditions at those dates. Based on such valuation, the Group recognised the aggregate fair market value of its investment properties on its consolidated statement of financial position, and recognised changes in fair values of investment properties and the relevant deferred tax on its consolidated income statements.

For the year ended 31 July 2020, net loss attributable to owners of the Company was approximately HK\$1,006.3 million. The decline in results compared to the prior year was primarily due to (i) the decrease in fair value of the investment properties held by the Group, resulting in the recognition of a fair value loss of approximately HK\$599.1 million arising from the revaluation of the Group's investment properties for the year under review; (ii) write-down of completed properties for sale to net realisable value; and (iii) increased other operating expenses primarily due to the increase in depreciation expenses of property, plant and equipment during the year under review. The net loss attributable to owners of the Group for the year ended 31 July 2021 narrowed to approximately HK\$539.0 million, primarily due to: (i) the absence of a significant fair value loss on investment

properties and the write-down of completed properties for sale to net realisable value during the year under review as compared with the year ended 31 July 2020; and (ii) fair value gain of approximately HK\$250.8 million arising from the revaluation of the Group's investment properties, partially offset by the write-down of properties under development to net realisable value for the year under review.

Fair value gains or losses do not, however, change the Group's cash position as long as the relevant investment properties are held by it and, accordingly, do not increase the Group's liquidity in spite of the increased profit represented by any fair value gains. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. Macroeconomic factors, including economic growth rate, interest rate, inflation rate, urbanisation rate and disposable income level, in addition to any government regulations, can substantially affect the fair value of the Group's investment properties and affect supply and demand in the PRC property market. All these factors are beyond the Group's control and the Group cannot assure investors that changes in market conditions will continue to create fair value gains on its investment properties at the historical levels, or at all, or that the fair value of the Group's investment properties will not decrease in the future. If the fair value of the Group's investment properties declines, the Group's profitability would be materially and adversely affected.

The financial performance of the Group's hotel and service apartment and theme park operation segments depends on the condition of the hospitality industry.

The hotel and serviced apartment operation segment of the Group engages in the operation of the hotels and serviced apartments in Mainland China, including Ascott Huai Hai Road Shanghai, STARR Hotel Shanghai and Hyatt Regency Hengqin. The theme park operation segment engages in the development and operation of theme parks in Mainland China, including Lionsgate Entertainment World® & National Geographic Ultimate Explorer in Hengqin, Zhuhai. As a result, the results of the operations of these operation segments depend, to a large extent, on the performance of the PRC economy and its real estate market conditions. Historically, the hospitality industry has been cyclical and affected by a number of factors, including the following:

- any changes in the domestic, regional and global economies which are affected by factors, including, but not limited to, the political landscape, environmental conditions, viral epidemics such as human avian flu and SARS and global pandemics such as COVID-19;
- any increased threat of terrorism, terrorist events, airline strikes, hostilities between countries or increased risk of natural disasters that may affect travel patterns and reduce the number of business and commercial travellers and tourists;
- any changes in the length of travellers' stays, which depend on business and commercial travel, leisure travel and tourism;
- any changes in governmental laws and regulations, fiscal policies and zoning ordinances and increases in operating costs and the occurrence of unanticipated costs due to various reasons, including inflation, labour costs, workers' compensation and healthcare-related costs, utility and energy costs, property tax, advertising and promotion expenses, insurance, environmental damage and acts of nature and their consequences; and
- any adverse effects of any downturn in the hospitality industry.

An economic decline generally, or a decline in the hospitality industry conditions, could have an adverse effect on the Group's hotel and service apartment and theme park operation segments, and therefore on the Group's results of operations and financial condition.

The Group may not be able to leverage its experience in Shanghai, Guangzhou, Zhongshan and Hengqin to expand into other cities.

Since the Group's inception, the Group has primarily focused on property development in Shanghai and Guangdong Province. In the future, the Group may leverage its experience in Shanghai, Guangzhou, Zhongshan and Hengqin to expand into other cities in the PRC. These cities may differ from Shanghai, Guangzhou, Zhongshan and Hengqin in terms of the level and pace of economic development, topography, demography, culture, regulatory practices, the Group's level of familiarity with contractors, business practices and customs, customer tastes, behaviour and preferences, and the Group's experience in Shanghai, Guangzhou, Zhongshan and Hengqin may not be applicable to other PRC cities.

In addition, as the Group enters new markets and geographical areas, the Group is likely to compete with local developers who have an established local presence, are more familiar with local regulations, business practices and customs and have stronger relationships with local contractors, all of which may give them a competitive advantage over the Group. Additionally, such entry into new markets and geographical areas may place a significant strain on the Group's managerial, operational and financial resources and may contribute to increasing the Group's financing requirements. Any failure to leverage the Group's experience or understand the local property markets into which it expands and any negative consequences of such expansion on the Group's current operations may have a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, if the Group is unsuccessful in its endeavours outside Shanghai and Guangdong Province, the Group's confinement to the Shanghai, Guangzhou, Zhongshan and Hengqin markets over the longer term may constrain its development and prospects.

The Group may not be able to successfully manage its growth.

The Group has been rapidly expanding its operations in recent years. As the Group continues to grow, the Group must continue to improve its managerial, technical and operational knowledge and allocation of resources, and to implement an effective management information system. To effectively manage the Group's expanded operations, it needs to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy the Group's development requirements. In order to fund the Group's ongoing operations and future growth, it needs to have sufficient internal sources of liquidity or access to additional financing from external sources. Furthermore, the Group will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. The Group will need to further strengthen its financial reporting, internal audit, disclosure control, internal control and compliance functions to ensure that the Group is able to comply with its legal and contractual obligations and reduce its operational and compliance risks. The Group cannot assure investors that it will not experience issues such as capital constraints, construction delays, operational difficulties at new operational locations or difficulties in expanding its existing business and operations and training an increasing number of personnel to manage and operate the expanded business. Neither can the Group assure investors that its expansion plans will not adversely affect its existing operations and thereby have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

Increasing competition in the PRC property market may adversely affect the Group's profitability.

The Group's property development operations face competition from a significant number of both international and local property developers with respect to factors such as location, facilities and supporting infrastructure, services and pricing. The Group directly competes with such international and local property developers in capturing new business opportunities in the PRC.

In recent years, a large number of property developers have begun to undertake property development and investment projects in Shanghai, Guangdong Province and elsewhere in the PRC. These include overseas property developers (including a number of leading Hong Kong property developers) and local property developers in the PRC, many of whom have greater financial and other capital resources, marketing and other capabilities and/or name recognition than the Group. In addition, some local companies may have extensive local knowledge and business relationships and/or a longer operational track record in the relevant local markets than the Group and international companies may be able to capitalise on their overseas experience to compete in the PRC markets. Intensified competition between property developers may result in increased costs for land acquisition and raw materials, an oversupply of properties, a slowdown in the approval process for new property development projects by the relevant government authorities, an increase in construction costs and difficulty in obtaining high-quality contractors and qualified employees, any of which may adversely affect the Group's business, financial condition and results of operations. There can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to the Group's activities may not have a material adverse effect on the Group's business, financial condition and results of operations. See "*Description of the Guarantor — Business — Competition*".

The Group may not have adequate financing to fund its land acquisitions and property projects.

The property development business is capital-intensive. The Group will require additional financing to fund working capital and capital expenditures, to support the future growth of its business and/or to refinance existing debt obligations. The Group's core business will require substantial expenditure, particularly for property development. The Group has historically required and expects that in the future it will continue to require external financing to fund its working capital and capital expenditure requirements. The Group cannot assure investors that it will have sufficient cash flow available for land or property acquisitions or developments, or that it will be able to achieve sufficient pre-sales and sales to fund land or property acquisitions or developments. As at 31 July 2021, cash and bank balances held by the Group amounted to HK\$4,699.0 million and undrawn facilities of the Group amounted to HK\$3,026.3 million. As at 31 July 2021, the Group's total borrowings were HK\$11,588.3 million (2020: HK\$10,339.5 million). The Group's ability to arrange for external financing and the cost of such financing are depends on numerous factors, including general economic and capital markets conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, the success of the Group's principal business, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital and political and economic conditions in the PRC. The Group's capital expenditure for the year ended 31 July 2021 was HK\$690.4 million.

Various PRC regulations restrict the Group's ability to raise capital through external financing and other methods, including, without limitation, the following:

- The Group cannot pre-sell uncompleted units in a project prior to achieving certain development milestones;
- PRC banks are prohibited from extending loans to real estate companies for the purposes of funding the purchase of land use rights;
- The Group cannot borrow from a PRC bank for a particular project unless it obtains the land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit for that project;
- PRC banks are restricted from granting loans for the development of luxury residential properties;
- Property developers are strictly prohibited from using the proceeds from a loan obtained from a local bank to fund property developments outside the region where that bank is located; and
- PRC banks are prohibited from accepting properties that have been vacant for more than three years as collateral for loans.

Specific measures implemented by the PRC Government in recent years include the following examples:

- The PBOC has prohibited commercial banks from granting loans to property developers to pay land premiums since June 2003;
- The MOHURD and other PRC Government authorities jointly issued the Opinions on Adjusting the Housing Supply Structure and Stabilising the Housing Prices in May 2006, which, among other things:
 - restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties; and
 - prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for their loans;

- The PBOC and CBRC jointly issued the Notice on Strengthening the Administration of Commercial Real Estate Credit Loans in September 2007, which, among other things:
 - prohibits commercial banks from granting loans to property projects if the developer's own capital is less than 35 per cent. of the total investment amount;
 - prohibits commercial banks from granting loans to property projects that have not obtained land use rights certificates, construction land planning permits, construction works planning permits and construction works commencement permits; development loans and not as general working capital loans; and
 - requires that, in principle, real estate development loan proceeds may only be used for developments in the local city where the loan is originated.

- In March 2010, the MLR stipulated that the minimum down payment of land premium of 50 per cent. should be paid within one month of the signing of a land grant contract and the rest of the land premium should be fully paid within one year of the signing of a land grant contract.

In addition, the PBOC adjusted the reserve requirement ratio for commercial banks five times in 2015 and once in 2016. The reserve requirement ratio for commercial banks currently ranges from 13 per cent. to 16.5 per cent., with effect from 1 March 2016. Increases in the reserve requirement ratio may negatively impact the amount of funds available to lend to business, including the Group, by commercial banks in China. The PRC Government could also introduce other initiatives that may further limit the Group's access to capital, and/or consequently reduce the Group's flexibility and ability to use bank loans or other forms of financing to finance its acquisitions and property developments. For example, in April 2010, the State Council issued the Circular on Resolutely Curbing the Excessive Hike of Property Prices in Some Cities, which mandates that developers who hold idle land or speculate in land will not be granted bank loans for the development of new property projects. In September 2010, the MOHURD, MLR and Ministry of Supervision jointly issued a notice to prohibit banks from lending to any property developer for its new projects or renewal of its existing loans if such developer has a track record of maintaining idle land, changing the use and nature of land without proper approval, delaying the construction, commencement or completion date, hoarding properties or other non-compliance. These government actions and policy initiatives limit the Group's ability to use bank loans to finance its acquisitions and property development projects. The PRC Government, moreover, could introduce other initiatives which may further limit the Group's access to capital, and consequently limit the Group's ability to obtain bank loans, the net proceeds from this offering or other forms of financing. If the Group fails to secure adequate financing or renew its existing credit facilities prior to their expiration, or if the PRC Government adopts further restrictive credit policies in the future, the Group's business, results of operations and financial condition may be materially and adversely affected.

The Group cannot assure investors that the PRC Government will not introduce other initiatives which may limit its access to capital resources. The foregoing and other initiatives introduced by the PRC Government may limit the Group's flexibility and ability to use bank loans or other forms of external financing to finance its property developments, and may require the Group to maintain a relatively high level of internally sourced cash. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtainable on favourable terms. As a result, the Group's business and financial condition may be materially adversely affected.

In addition to external financing, the Group utilises proceeds from pre-sales of its properties as an important source of financing for its property development projects. There is no assurance that the Group will be able to continue achieving sufficient pre-sales to fund a particular development. See “*Risk Factors — Changes of laws and regulations with respect to pre-sales may adversely affect the Group’s cash flow position and performance*”.

The Group is subject to uninsured risks.

The Group carries third-party liability and fire insurance on certain completed developments in which it has an ownership interest. As required by the Group’s creditors, it maintains insurance on all its investment properties. It is a standard term in construction contracts in the PRC that the contractors will bear the risks associated with the construction of the project and, accordingly, risks associated with properties under development are borne by the Group’s contractors, as the Group outsources all of its construction work. Although the Group expects its third-party construction companies to maintain appropriate insurance coverage, the Group cannot assure investors that their insurance would cover or be sufficient to satisfy all claims, or that it would not be sued or held liable for damages notwithstanding its insurance coverage.

In addition, there are certain types of losses (such as losses caused by war, civil disorder, acts of terrorism, earthquakes, typhoons, flooding and other natural disasters) that are generally not insured because they are either uninsurable or because insurance cannot be obtained on commercially reasonable terms. This practice is consistent with what the Group believes to be the industry practice in the PRC. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the properties and anticipated future revenue therefrom while remaining liable for any mortgage indebtedness or other financial obligations relating to the relevant property. Any such loss could materially and adversely affect the Group’s business, financial condition and results of operations.

The terms on which mortgages are available, if at all, to purchasers of the Group’s properties may affect its sales.

A majority of the purchasers of the Group’s properties rely on mortgages to finance their purchases. An increase in interest rates may significantly increase the cost of mortgage financing and affect the affordability of residential properties. In addition, the PRC Government and commercial banks may also increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. In cities where “housing purchase restriction” measures are not implemented, the minimum down payment ratio for commercial individual housing loans granted to households of residents for purchasing ordinary housing units for the first time is generally 25 per cent., and may be lowered by five percentage points by local governments. For second-time home purchasers who use mortgage financing, the minimum down payment has increased to no less than 60 per cent. of the purchase price, and the minimum loan interest rate must be at least 10 per cent. above the relevant PBOC benchmark interest rate. For commercial property purchasers, banks are now not allowed to finance the purchase of any pre-sale properties. The minimum down payment for commercial property purchasers has increased to 50 per cent. of the purchase price, and the minimum loan interest rate must be at least 10 per cent. above the relevant PBOC benchmark interest

rate and the term of the loan may not exceed 10 years. In addition, commercial banks shall assess the individual borrower's repayment capacity. The proportion of the monthly house expenditure in the borrower's monthly income shall be under 50 per cent. while the proportion of his monthly total repayment of debts in his monthly income shall be under 55 per cent. If the availability or attractiveness of mortgage financing is reduced or limited, many of the Group's prospective customers may not be able to purchase its properties and, as a result, the Group's business, liquidity and results of operations could be materially and adversely affected.

In line with industry practice, the Group provides guarantees to banks for mortgages they offer to the Group's purchasers up until the Group completes the relevant property and the individual property ownership certificates with respect to the relevant properties are issued to purchasers and the mortgage registrations for the relevant properties have been completed. If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and the banks would not accept any alternative guarantees by third parties, or if no third party is available or willing in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks and other financial institutions during sales and pre-sales of the Group's properties. Such difficulties in financing could result in substantially lower rates of sale and pre-sale of the Group's properties, which would materially and adversely affect the Group's cash flow, financial condition and results of operations.

The Group's business and results of operations may be adversely affected by further increases in interest rates.

Changes in interest rates have affected and will continue to affect the Group's financing costs and, ultimately, its results of operations. The interest on much of the indebtedness accrues based on interest rates that benchmark the one-year lending rate published by the PBOC. Any material fluctuation in the benchmark lending rate could have a material impact on the Group's interest payable under its bank loans, and in turn, affect its results of operations and financial condition. In recent years, the PRC Government from time to time adjusted interest rates to control the level of liquidity in the market and the PRC economy. In April 2006, the PBOC raised the benchmark one-year lending rate from 5.58 per cent. to 5.85 per cent. and in August 2006 further increased such rate to 6.12 per cent. The PBOC again increased the one-year lending rate six times in 2007 from 6.12 per cent. to 7.47 per cent. in December 2007. Beginning in 2008, the PBOC decreased the benchmark one-year lending rate four times, from 7.47 per cent. to 5.31 per cent. in December 2008, which remained unchanged until September 2010. The one-year lending rate increased to 5.81 per cent. as of 26 December 2010, increased to 6.06 per cent. effective from 9 February 2011, increased to 6.31 per cent. effective from 6 April 2011 and increased to 6.56 per cent. from 7 July 2011. The one-year benchmark interest rate decreased by 25 basis points in June 2012 and again by 31 basis points in July 2012. In November 2014, the PBOC further decreased the benchmark one-year lending rate by 40 basis points to 5.6 per cent. By end of 2015, the benchmark one-year lending rate was further decreased to 4.35 per cent. As commercial banks in China link the interest rates on their loans to benchmark lending rates published by the PBOC, any further increase in such benchmark lending rates will increase the interest costs for the Group's property developments.

In addition, increases in interest rates may affect the Group's customers' ability to secure mortgages on acceptable terms, which in turn may affect their ability to purchase the Group's properties.

As at 31 July 2020, the Group had current and non-current secured interest-bearing bank loans of HK\$3,515.1 million and HK\$3,635.4 million, respectively. As at 31 July 2021, the Group had current and non-current secured interest-bearing bank loans of HK\$429.2 million and HK\$7,903.9 million, respectively.

As a result, this increase in interest rates and any further increases in interest rates, including the PBOC benchmark rate, will adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of the Group's properties. The Group's cost of borrowing would also increase as a result of interest rate increases, which would, in turn, adversely affect the Group's results of operations. For the year ended 31 July 2021, the effective interest rate of the Group's current secured bank loans was between 3.33 per cent. and 5.39 per cent. per annum. For the same period, the effective interest rate for the Group's non-current secured bank loans was between 3.33 per cent. and 5.39 per cent. per annum.

The Group's LAT provisions and prepayments may not be sufficient to meet its LAT obligations.

In accordance with the provisions of the Provisional Regulations of the People's Republic of China on Land Appreciation Tax ("LAT") and the related implementation rules, all entities and individuals that receive income from the sale or transfer of land use rights, buildings and ancillary facilities are subject to LAT at progressive rates ranging from 30 per cent. to 60 per cent. of the appreciated value of such properties. There is an exemption for the sale of ordinary residential properties if the appreciated value does not exceed 20 per cent. of the total deductible expense items allowed under the relevant LAT regulations. This exemption is not available for sales of luxury residential properties, villas and commercial properties. It is not clear whether the residential portion of the Group's mixed residential and commercial developments will be eligible for the exemption available to ordinary residential properties. The State Taxation Administration clarified LAT settlement to some extent in its Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises effective 1 February 2007. This notice clarifies that provincial and local tax bureaus may formulate their own implementing rules and determine how LAT will be settled in their jurisdictions.

The Group has been prepaying LAT in respect of its pre-sale proceeds since a prepayment obligation was imposed in 2004. In addition, the Group also makes provision for the estimated amount of LAT that may be payable in respect of its other sales. The Group made a net LAT provision of HK\$85.8 million for the year ended 31 July 2020. The Group also made a LAT provision of HK\$196.4 million for the year ended 31 July 2021. LAT provisions are recorded as a part of "Taxation payable" on the Group's balance sheets. The Group cannot assure investors that the relevant tax authorities will agree with its calculation of LAT liabilities, nor can the Group assure investors that the LAT provisions will be sufficient to cover its LAT obligations in respect of the Group's past LAT liabilities. If the relevant tax authorities determine that the Group's LAT liabilities exceed its LAT prepayments and provisions, and seek to collect that excess amount, the Group's cash flow, results of operations and financial condition may be materially and adversely affected.

The Group has made a LAT provision in the consolidated financial statements of the Group. For a development project for sale, the LAT payable for the whole project is determined based on the estimated total sales proceeds and the estimated total development costs of such project by applying the relevant PRC laws and regulations. Upon recognition of sales of the relevant property units, corresponding LAT payable is accrued in the Group's consolidated financial statements on a pro rata basis for the saleable floor area sold. The Group's LAT provision is subject to adjustment if the Group's estimates change. In addition, deferred tax liability is provided for properties under development for sales by applying prevailing LAT rates on estimated land appreciation value (which is determined with reference to the difference between the carrying value stated in the Group's consolidated balance sheet and the estimated total tax deductible costs which includes the 20 per cent. statutory allowance) based on the legislation, interpretations and practices in the locality in which the respective property under development is situated.

In the event that the tax authorities collect the LAT that the Group has provided for in its accounts, the Group will incur a cash outlay. Furthermore, in the event that LAT eventually collected by the tax authorities upon completion of the tax audit exceeds the amount that the Group has provided for, the Group's net profits after tax will also be adversely affected. In respect of property development projects that have not met the tax audit eligibility criteria, the Group has paid and will continue to pay provisional LAT as required by the tax authorities. The LAT that is ultimately payable upon completion of the tax audit of such projects in the future may be greater than the provisional LAT paid by the Group. Therefore, while the Group believes at the time of provisioning that it is making a sufficient provision, there is no assurance that the Group's provisions will be adequate to cover its aggregate LAT obligations.

Resettlement negotiations may add costs or cause delays to the Group's development projects.

Under PRC laws and regulations, where the Group is responsible for the demolition of existing properties on a site for development and the removal of existing residents, the Group will be required to pay resettlement costs to those residents. The compensation payable by the Group is calculated by applying prescribed formulae provided by the relevant provincial authorities. There is no assurance that the relevant provincial authorities will not change their compensation formulae. If they do, construction costs may be subject to substantial deviations which could adversely affect the Group's business, financial condition and results of operations. The Group currently has one site which is subject to resettlement requirements. The resettlement process is expected to be completed by end of 2022.

Existing owners or residents may disagree with the compensation arrangements or refuse to relocate. If the party responsible for the demolition and removal and the party subject to the demolition and removal fail to reach an agreement for compensation and resettlement, either of them may apply for a ruling of the relevant governmental authorities and, if a party is not satisfied with the ruling, it may initiate proceedings in a people's court within three months of the date of service of such ruling, which may cause delays to the development project. Such proceedings and delays, if they occur, could adversely affect the Group's reputation. In addition, any such delays to the Group's development projects will lead to an increase in the cost and a delay in the expected cash inflow resulting from rental proceeds (in the case of a rental property) and pre-sales of the relevant project and the recognition of sales as turnover upon completion (in the case of properties for sale), which may in turn adversely affect the Group's business, financial position and results of operations.

Although the Group takes into consideration the difficulties in resettlement compensation negotiations before it enters into such contractual arrangements, the protracted resettlement process may also adversely affect the Group's plans to obtain relevant land use rights or enter into the new markets. In addition, there is no assurance that the Group will be able to reach agreements for compensation and resettlement for such redevelopment projects on terms satisfactory to it or at all. Moreover, an unfavourable final determination or settlement regarding the amount of compensation payable by the Group may increase the cost of the development and materially and adversely affect the Group's cash flow, business, results of operations and financial condition.

The illiquidity of property investments and the lack of alternative uses of serviced apartments and rental properties could significantly limit the Group's ability to respond to adverse changes in the performance of its properties.

As rental properties are, in general, relatively illiquid, the Group's ability to promptly sell them in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the Group's control. The Group cannot predict whether it will be able to sell any of its rental properties, which include the Group's investment properties plus all other rental-generating properties, for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. The Group also cannot predict the length of time needed to find a purchaser and to close a sale in respect of a rental property. Should the Group decide to sell a property subject to a management agreement or tenancy agreement, it may have to obtain consent from, or pay termination fees to, its management partners or anchor retail tenants.

In addition, rental properties are not readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand or other factors. The conversion of rental properties to alternative uses would generally require substantial capital expenditures. In particular, the Group may be required to expend funds to maintain properties, correct defects or make improvements before a rental property can be sold. The Group cannot assure investors that it will have funds available for these purposes. These factors and any other factors that would impede the Group's ability to respond to adverse changes in the performance of its rental properties could affect the Group's ability to retain tenants and to compete with other market participants, as well as the Group's results of operations.

The Group may not be able to generate adequate returns on its properties held for long-term rental purposes.

The Group intends to continue to operate high-quality rental properties in central areas in major cities of the PRC. Investments in rental properties are subject to varying degrees of risk. The investment returns available from investments in real estate depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for long-term investment also depends to a large extent on active ongoing management and maintenance of the properties. The ability to eventually dispose of rental properties will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The revenue derived from and the value of investments in rental properties may be adversely affected by a number of factors, including, but not limited to, changes in market rates for comparable rentals, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and re-letting. If the Group expands the property investment aspect of its business but is unable to generate adequate returns, the Group's financial condition and results of operations may be adversely affected.

The Group may be fined or its land may be forfeited by the PRC Government if it fails to comply with the terms of its land grant contracts.

Under PRC laws and regulations, if the Group fails to develop a property according to the terms of the land grant contract, including those relating to the payment of land premium, demolition and resettlement costs and other fees, the specified use of the land and the time for commencement and completion of the development, the PRC Government may issue a warning, impose a penalty and/or take back the Group's land.

Under current PRC laws and regulations, if the Group fails to pay any outstanding land grant premium on time, the Group may be subject to a late payment penalty of 0.1 per cent. of the outstanding balance for every day of delay in payment. In addition, the PRC Government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if (i) the Group does not commence construction for more than one year after the date specified in the relevant land grant contract, (ii) the total constructed GFA is less than one-third of the total proposed GFA for the development, or (iii) the capital invested in the development is less than one-fourth of the total investment approved for the development and the development is suspended for more than one year without governmental approval. Furthermore, the PRC Government has the authority to take back the land without compensation to the Group if the Group does not commence construction more than two years after the date specified in the land grant contract, unless the delay is caused by force majeure or governmental action

The Group cannot assure investors that there will be no significant delays in the commencement of construction or the development of its properties in the future, or that its developments will not be subject to idle land penalties or be taken back by the PRC Government as a result of such delays. The imposition of substantial idle land penalties could have a material and adverse effect on the Group's business, results of operations and financial condition. If any of the Group's land is taken back by the PRC Government, the Group would not only lose the opportunity to develop the property, but it would also lose its prior investments in the development, including land premiums paid and costs incurred in connection with such land.

Property development in the PRC is still at an early stage and lacks adequate infrastructural support and reliable and up-to-date information on property market conditions.

Private ownership of property in the PRC is still in a relatively early stage of development. Although demand for private residential property in the PRC, particularly in Guangdong Province, has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. The Group cannot predict how much and when demand will develop, as many social, political, economic, legal and other factors may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of an effective liquid secondary market for residential property may discourage investors from acquiring new properties because resale is not only difficult, but could also be a long and costly process. The limited amount of property mortgage financing available to PRC individuals compounded by the lack of security of legal title and enforceability of property rights may further inhibit demand for residential developments. In the event of over-supply, prices may fall, which may adversely affect the Group's revenues and results of operations.

Currently, reliable and up-to-date information is not generally available in the PRC and in the markets the Group operates on the amount and nature of property development and investment activities, the demand for such development, the supply of new properties being developed or the availability of land and buildings suitable for development and investment. Consequently, the Group's investment and business decisions may not always have been, and may not be in the future, based on accurate, complete and timely information. Inaccurate information may adversely affect the Group's business decisions, which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group's continuing success largely depends on its senior management.

The Group's continuing success depends heavily on its senior management who have extensive experience in property development and investment business, as well as hotel and service apartment and theme park operations. The Group also depends on the continued service of other skilled managerial and technical personnel. Competition in the Group's industry for qualified personnel is intense. The Group's business could suffer if it loses the services of a number of key personnel and is not able to recruit quality replacements. Furthermore, as the Group's business continues to grow, it will need to recruit and train additional qualified personnel. If the Group fails to attract and retain qualified personnel, its business and prospects may be adversely affected.

The Group depends on commercial and retail tenants for its properties held for lease and may not be able to collect rent on time or at all.

For the year ended 31 July 2021, turnover from rental operations was HK\$890.3 million (2020: HK\$758.1 million). The financial return on these properties held for lease will materially depend on the business and financial stability of the relevant tenants, commercial and retail, which in turn may be impacted by a number of factors, including general economic conditions, consumer confidence, the level of consumer spending, seasonality and the ability to meet rapidly changing customer demands or tastes.

The Group may face difficulties in collecting all rental payments or collecting rental payments on time. Any late payment of rent could adversely affect the Group's cash flow and results of operations. In the event of a default, the Group may incur substantial costs in protecting its investment and re-letting the property. If a lease is terminated, there can be no assurance that the Group will be able to lease the property for the rent previously received or sell the property without incurring a loss. A default by a tenant or other premature termination of a lease, or a tenant's election not to extend a lease upon its expiration or to seek concessions to continue operations, could have an adverse effect on the Group's financial condition and results of operations. Additionally, major tenant closures may result in decreased customer traffic, which could adversely affect the business of the Group's other commercial tenants.

If a tenant declares bankruptcy, the Group may be unable to collect balances due under the relevant lease. Pursuant to the PRC Enterprise Bankruptcy Law (中華人民共和國企業破產法), effective 1 June 2007, if a tenant declares bankruptcy before the rent is paid, the rent becomes an ordinary, unsecured bankruptcy claim that will be paid only after certain priority claims are paid. As a result, the Group's claims for unpaid rent against a bankrupt tenant may not be paid in full. In addition, the Group would incur time and expense relating to any eviction proceedings and may be unable to collect rent during such proceedings. A tenant or lease guarantor bankruptcy could delay efforts to collect past due balances under the relevant leases, and could ultimately preclude full collection of these sums. Such an event could cause a decrease or cessation of rental payments that results in a reduction in the Group's cash flow.

In the event of a bankruptcy, the Group cannot assure investors that the relevant tenant or its trustee will assume such a lease. If a given lease, or lease guarantee, is not assumed, the Group's cash flow and results of operations may be adversely affected.

The Group's profit margin is sensitive to fluctuations in the cost of construction materials.

Construction costs comprise one of the predominant components of the Group's cost of sales. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of construction materials, foundations and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Historically, construction material costs have been the principal driver of the construction costs of the Group's property development projects, with the cost of third-party contractors remaining relatively stable. However, as the construction material costs are often included in the construction costs paid to the Group's contractors, it has been difficult for the Group to estimate such costs.

Construction costs may fluctuate as a result of the price volatility of construction materials such as steel and cement. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), the Group will be required to renegotiate existing construction contracts to top up payments to, or receive refunds from, the contractors, depending on the price movement. Additionally, should the Group's existing contractors fail to perform under their contracts, the Group may be required to pay more to other contractors under replacement contracts. The Group's profit margin is sensitive to changes in the market prices for construction materials, and the Group's profit margins will be adversely affected if it is not able to pass all of the increased costs on to its customers.

Disputes with joint venture partners may adversely affect the Group's business.

The Group has, and expect to have in the future, interests in PRC joint venture entities in connection with its property development plans. In accordance with PRC law, certain matters relating to a joint venture require the consent of all parties to the joint venture. PRC joint ventures may involve risks associated with the possibility that the Group's joint venture partners may:

- have economic or business interests or goals that are inconsistent with the Group's;
- take actions contrary to the Group's instructions or requests or contrary to its policies or objectives;
- be unable or unwilling to fulfil their obligations under the relevant joint venture agreements;
- have financial difficulties; or
- have disputes with the Group as to the scope of their responsibilities and obligations.

The Group cannot assure investors that it will not encounter problems with respect to its joint venture partners, which may have an adverse effect on the Group's business operations, profitability and prospects.

Present or future environmental laws in the PRC may adversely affect the Group's principal business.

The Group's principal business is subject to certain PRC laws and regulations relating to environmental and safety matters. The discharge of waste and pollutants into the environment may give rise to liabilities that may require the Group to incur costs to remedy. In addition, while the Group's management believes that the Group is currently in compliance with all material applicable environmental laws, there is no assurance that any new environmental laws adopted in the future will not materially increase the Group's operating and other expenses. See "*Description of the Guarantor — Environmental Matters*".

The Group may be involved in legal and other proceedings arising from its operations from time to time.

The Group may be involved from time to time in disputes with various parties involved in the development and sale of its properties such as contractors, subcontractors, suppliers, construction companies, purchasers, partners and others. These disputes may lead to legal and other proceedings, and may cause the Group to suffer significant costs and delays. In addition, the Group may have disagreements with regulatory bodies and governmental authorities in the course of its operations, which may subject the Group to administrative proceedings and unfavourable decrees that may result in financial losses and delays in the construction or completion of its property development projects.

Risks Relating to the PRC

Substantially all of the Group's assets are located in the PRC and substantially all of its revenue is sourced from the PRC. Accordingly, the Group's results of operations, financial position and prospects are subject to a significant degree to economic, political and legal developments in the PRC.

The Group is subject to the political, legal and economic risks of doing business in the PRC.

A significant portion of the Group's operations are located in the PRC. The Group's financial condition, results of operations and future prospects depend to a large extent on the success of its operations in the PRC and are subject, to a significant degree, to the political and economic situation and legal developments in the PRC.

- The PRC economy differs from the economies of most developed countries in many respects, including:
- extent of government involvement;
- level of development;
- growth rate;
- economic and political structure;
- control of foreign exchange;
- allocation of resources; and
- regulation of capital reinvestment.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For approximately three decades, the PRC Government has implemented economic reform measures to utilise market forces in the development of the PRC economy. In addition, the PRC Government continues to play a significant role in regulating industries and the economy through policy measures. The Group cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will have any adverse effect on its current or future business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC Government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on the Group's operations and business development. For example, the PRC Government has in the past implemented a number of measures intended to slow down certain segments of the economy that the PRC Government believed to be overheating, including the real estate industry. These measures have included restricting foreign investment in certain sectors of the real estate industry, raising benchmark interest rates of commercial banks, reducing currency supply and placing additional limitations on the ability of commercial banks to make loans by raising bank reserves against deposits and raising the thresholds and minimum loan interest rates for residential mortgages. These actions, as well as future actions and policies of the PRC Government, could cause a decrease in the overall level of economic activity, and, in turn, have a material and adverse impact on the Group's business and financial condition.

Furthermore, starting in April 2018, there have been ongoing trade tensions and disputes between the PRC and the United States involving the mutual introduction of tariffs on certain imported products. Although the United States and the PRC entered into "Phase One" of an economic and trade agreement in January 2020 as an initial step towards resolving the trade disputes between them, the effect of such an agreement and the amicable resolution of trade disputes remains elusive, and the lasting impact that any trade war may have on the global economy and the industries that the Group operates in remains uncertain. There remains considerable uncertainty as to the timeline and outcome of the trade negotiations between the United States and the PRC. Failure of trade negotiations between the United States and the PRC may have an adverse impact on the future economic development of the two countries. In addition, against the backdrop of the trade war between the United States and the PRC, which has brought uncertainty to the global markets and impacted business and financial market sentiments, the U.S. Government has also taken actions beyond tariffs. For example, the U.S. Department of Defense maintains a list of Chinese companies under the National Defense Authorization Act for Fiscal Year 1999, asserting that these companies are Communist Chinese military companies. While the Group is not affected by the list, any trade or investment sanctions developed or promulgated by governments around the world in the future imposing similar effective restrictive measures may affect the market for the Group's securities or impair the Group's ability to gain access to the U.S. capital markets. The adoption and expansion of trade restrictions, the occurrence and escalation of a trade war, or any other government actions related to tariffs, trade agreements or policies have the potential to adversely impact the global credit and financial markets and the property market, which may, in turn, materially and adversely affect the Group's business, financial condition and results of operations.

There can be no assurance that the Group's business, results of operations and financial condition will not be affected by any similar future political and legal developments in the PRC.

The Group's income tax obligations may increase, and dividends from its PRC subsidiaries may be subject to withholding tax under PRC tax laws.

In March 2007, the National People's Congress of the PRC and its Standing Committee (the "National People's Congress") enacted the Enterprise Income Tax Law of the PRC (the "EIT Law"), which took effect on 1 January 2008. The EIT Law imposes a unified income tax rate of 25 per cent. on all PRC enterprises unless they qualify under certain limited exceptions.

The Guarantor is a holding company that financially depends on distributions from its subsidiaries and its business operations are principally conducted through its PRC subsidiaries. Prior to 31 December 2007, dividend payments to foreign investors made by foreign-invested enterprises, such as dividends paid to the Guarantor by its PRC subsidiaries paid, were exempt from PRC withholding tax. The EIT Law and the Regulations for Implementation of Enterprise Income Tax Law of the PRC (together with the EIT Law, the "EIT Laws"), effective 1 January 2008, provide that any dividend payment to foreign investors is subject to a withholding tax at a rate of 10 per cent. Pursuant to the Arrangement between the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed on 21 August 2006, a company incorporated in Hong Kong may be subject to withholding income tax at a rate of 5 per cent. on dividends it receives from its PRC subsidiaries if it holds a 25 per cent. or more interest in that particular PRC subsidiary at the time of the distribution, or 10 per cent. if it holds less than a 25 per cent. interest in that subsidiary subject to approvals from competent PRC tax authorities, although there is uncertainty under a circular regarding whether intermediate Hong Kong holding companies will be eligible for benefits under this arrangement. According to a circular issued by SAT in October 2009, tax treaty benefits will be denied to "conduit" or shell companies without business substance.

The Guarantor and/or its non-PRC subsidiaries may be deemed to be PRC resident enterprises under the EIT Law and may be subject to PRC taxation on the Group's worldwide income.

Under the EIT Laws, enterprises established under the laws of jurisdictions outside China with their "de facto management bodies" located within China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25 per cent. on their worldwide taxable income. For such PRC tax purposes, dividends from PRC subsidiaries paid to their foreign shareholders should be excluded from such taxable worldwide income. The EIT Laws provide that the "de facto management body" of an enterprise is the organisation that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If a majority of the members of the Guarantor's management team continue to be located in China, the Guarantor and/or its non-PRC subsidiaries may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25 per cent. on the Group's worldwide income. In that case, if dividends from the Guarantor's PRC subsidiaries were subject to the withholding tax, or if the Guarantor or its non-PRC subsidiaries have income other than dividends from the Guarantor's PRC subsidiaries, the Group's profitability and cash flow may be adversely affected.

The Group's operations and financial performance could be adversely affected by labour shortages, increases in labour costs, changes to PRC labour-related laws and regulations or labour disputes.

The PRC Labour Contract Law, which became effective on 1 January 2008 (the “**Labour Contract Law**”), imposes greater liabilities on employers and significantly affects the cost of an employer’s decision to reduce its workforce. Further, it requires certain terminations to be based upon seniority and not merit. In the event the Group decides to significantly change or decrease its workforce, the Labour Contract Law could adversely affect the Group’s ability to effect such changes in the most cost-effective or timely manner to its business, hence may adversely affect the Group’s financial condition and results of operations. In addition, the PRC Government has continued to introduce various new labour-related regulations after the promulgation of the Labour Contract Law. Among other things, the paid annual leave provisions require that paid annual leave ranging from five to 15 days be available to nearly all employees, and further require that employers compensate an employee for any annual leave days the employee is unable to take in the amount of three times such employee’s daily salary, subject to certain exceptions.

On 28 October 2010, the Standing Committee of the National People’s Congress promulgated the Social Insurance Law, which became effective on 1 July 2011 (the “**Social Insurance Law**”), to clarify the content of the social insurance system in China. According to the Social Insurance Law and the Regulation on Management of Housing Fund, employees will participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance and housing funds, and the employers must, together with their employees or separately, pay for the social insurance premiums for such employees.

As a result of the implementation of these and any future rules and regulations designed to enhance standards for labour protection, the Group’s labour costs may continue to increase. Furthermore, as the interpretation and implementation of these new laws and regulations are still evolving, the Group cannot assure investors that its employment practice will at all times be deemed fully in compliance, which may cause the Group to face labour disputes or governmental investigations. If the Group is deemed in violation of such labour laws and regulations, it could be subject to penalties, compensation to employees and loss of reputation, and, as a result, the Group’s business, financial condition and results of operations could be materially and adversely affected.

Further, labour disputes, work stoppages or slowdowns at the Group’s operating subsidiaries or project sites or affecting the operations of its business partners could disrupt the Group’s daily operation or expansion plans, which could have a material adverse effect on the Group’s business and results of operations.

Interpretation of the PRC laws and regulations involves uncertainty and the current legal environment in China could limit the legal protections available to you.

The Group’s core business is conducted in China and is governed by PRC laws and regulations. The Group’s principal operating subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions have limited precedential value and can only be used as a reference. Additionally, PRC written laws are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC legislature has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commercial transactions, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and

development. However, because these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree of uncertainty and the legal protection available to you may be limited. Depending on the governmental agency or the presentation of an application or case to such agency, the Group may receive less favourable interpretations of laws and regulations than its competitors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may cause difficulties in the enforcement of the Group's land use rights, entitlements under its permits, and other statutory and contractual rights and interests.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared with more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction.

The national and regional economies in China and the Group's prospects may be adversely affected by natural disasters, acts of God, and the occurrence of epidemics or pandemics.

The Group's business is subject to general economic and social conditions in China. Natural disasters, epidemics, pandemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where the Group operates, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, epidemics such as Severe Acute Respiratory Syndrome (or "SARS"), avian flu or human swine flu or pandemics such as COVID-19. In addition, past occurrences of epidemics and pandemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS, COVID-19 or outbreaks of other epidemics or pandemics in China, such as avian flu or human swine flu, especially in the cities where the Group has operations, may result in material disruptions to its property development and its sales and marketing, which in turn may adversely affect the Group's financial condition and results of operations.

Fluctuations in the value of Renminbi may have a material adverse effect on the Group's business.

On 21 July 2005, the PBOC announced changes to the Renminbi exchange rate regime. From that date onwards, the PRC moved into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies, and the Renminbi will no longer be pegged specifically to the U.S. dollar. The current exchange rate regime does not constitute a strict peg of the Renminbi to the basket of currencies, but instead the Renminbi is allowed to fluctuate within a narrow +/-0.3 per cent. range around a central parity rate defined as the previous day's closing RMB/U.S.\$ rate. The reference basket will be used as a guide as to whether the RMB/U.S.\$ rate should rise or fall. The PBOC has also subsequently introduced a series of measures to facilitate the reform of the Renminbi exchange rate regime, including the introduction of financial derivative products such as currency swaps in the domestic market, the relaxation on Renminbi trading by non-financial institutions and the introduction of market makers, comprising both domestic and foreign banks, for trading of Renminbi.

Substantially all of the Group's revenue and associated operating costs are denominated in Renminbi. As the exchange rate is no longer fixed, and is now allowed to fluctuate within a range around a central parity rate, any volatility of the Renminbi exchange rate in the future may affect the Group's financial condition and results of operations, and any devaluation of the Renminbi against the U.S. dollar will increase the amount of Renminbi the Group needs to service its U.S. dollar obligations. Alternatively, any appreciation of the Renminbi against the U.S. dollar would make any new Renminbi-denominated investments and expenditures more costly to the Group.

There is foreign exchange control in the PRC.

The Guarantor's PRC Subsidiaries are subject to the relevant PRC rules and regulations on currency conversion. In the PRC, SAFE regulates the conversion of Renminbi into foreign currencies. Currently, foreign-invested enterprises ("FIEs") are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs". With such registration certifications, FIEs are allowed to open foreign currency accounts, including a "basic account" and a "capital account". Currently, conversion within the scope of the "basic account", for purposes such as the remittance of foreign currencies for payment of dividends, can be effected without the approval of SAFE. However, the conversion of currency in the "capital account", for capital items such as direct investments, loans and securities, still requires the approval of SAFE. According to the Notice of the State Administration of Foreign Exchange on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-invested Enterprises, which became effective on 1 June 2015, the settlement of foreign exchange capital in the capital accounts of FIEs that have been subject to the confirmation of cash capital contribution at foreign exchange authorities (or the entry registration of cash contribution at banks) may be handled at banks based on the FIEs' actual requirements for business operation. The capital funds of FIEs shall be used within FIEs' business scope under the authenticity and self-use principles.

The Guarantor's PRC Subsidiaries are FIEs, and the ability of such PRC Subsidiaries to pay dividends or make other distributions to the Guarantor may be restricted by, among other things, the availability of funds, and statutory and other legal restrictions, including PRC foreign exchange control restrictions. In the event that the ability of the Guarantor's PRC Subsidiaries to distribute funds to the Guarantor is restricted, it may have an adverse effect on, among others, the Guarantor's ability to distribute dividends to its shareholders in the future.

The Group is subject to significant government regulatory risks.

Property development companies in the PRC, including some of the Guarantor's PRC Subsidiaries, are subject to extensive governmental regulation in virtually all aspects of their operations, including those relating to the acquisition of land use rights, resettlement and clearance of land, the approval of property development proposals and pre-sales. There can be no assurance that these regulations will not change in the future in a manner which could adversely affect the Group's business or results of operations. In addition, the PRC Government is presently strengthening its regulation and control of the development of properties. See "*Risk Factors — Risks Relating to the Group and its Business — The performance of the Group's property development business may be adversely affected by legal and regulatory changes introduced by the PRC Government*". While enforcement of these and other regulations is beneficial to the entire property development industry, it is possible that certain individual regulations could adversely affect property development companies, including the Group. As regulations continue to develop, prevailing industry practices may not comply with such regulations.

Profits from the Guarantor's PRC Subsidiaries available for distribution are determined under PRC GAAP.

The Group derives substantially all of its profits from property development activities and rental income from the investment properties of its operating subsidiary companies established in the PRC. The profits available for distribution by the Guarantor therefore depend on, to a significant extent, the profits available for distribution to it by the PRC Subsidiaries. In turn, profits available for distribution by companies established in the PRC are determined in accordance with PRC GAAP, and such profits differ from profits determined in accordance with HKFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. In addition, under the relevant PRC financial regulations, profits available for distribution are determined after transfers to statutory reserve funds.

The Group cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy, the PRC real estate industry and the selected PRC regional data contained in this Offering Circular.

Facts, forecasts and other statistics in this Offering Circular relating to China, the PRC economy, the PRC real estate industry and the selected PRC regional data have been derived from various official or other publications available in China and may not be consistent with other information compiled within or outside China. However, the Group cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Guarantor, the Arranger and the Dealers or any of their respective affiliates or advisers (including legal advisers), or other participants in this offering and, therefore, no representation is made as to the accuracy of such facts, forecasts and statistics. The Group has, however, taken reasonable care in the reproduction and/or extraction of the official and other publications for the purpose of disclosure in this Offering Circular. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this Offering Circular may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy, the PRC real estate industry and the selected PRC regional data contained in this Offering Circular.

It may be difficult to enforce any judgments obtained from non-PRC courts against the Group in the PRC.

Substantially all of the Group's assets are located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or most other western countries. Therefore, it may be difficult for you to enforce against the Group in the PRC any judgments obtained from non-PRC courts.

Risks Relating to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed.

Unless in the case of any particular Tranche of Notes the relevant Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed, and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Dual Currency Notes have features which are different from single currency issues.

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected; and
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile.

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt.

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the London Interbank Offered Rate (“LIBOR”). The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes carrying an interest rate which may be converted from fixed to floating interest rates and viceversa may have lower market values than other Notes.

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer’s ability to convert the interest rate will affect the secondary market and the market value of such Notes, since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then-prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then-prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared with conventional interest-bearing securities with comparable maturities.

Investors may lose part or all of their investment in any Index-Linked Notes issued.

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index-Linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

Certain benchmark rates, including LIBOR and EURIBOR, may be discontinued or reformed in the future — including phasing-out of LIBOR after 31 December 2021 or 30 June 2023.

The London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”) and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Regulation (EU) No. 2016/1011 (the “**EU Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Benchmarks Regulation**”) applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to LIBOR, EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmark Regulation or UK Benchmark Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the discontinuance or unavailability of quotes of certain “benchmarks”.

As an example of such benchmark reforms, the UK Financial Conduct Authority announced on 27 July 2017 that it would no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021, and confirmed on 5 March 2021 that most LIBOR benchmark tenors would cease or cease to be representative benchmarks from 31 December 2021 or (in the case of certain tenors of USD LIBOR only) from 30 June 2023. On 5 March 2021, the administrator for LIBOR (the ICE Benchmark Administration or IBA) similarly announced that it would cease the publication of the relevant LIBOR settings on 31 December 2021 or 30 June 2023, unless the FCA exercises its proposed new powers (which are included in the current UK Financial Services Bill as proposed amendments to the UK Benchmarks Regulation) to require the IBA to continue publishing such LIBOR settings using a changed methodology (known as a “**synthetic**” basis). Such announcements indicate that LIBOR will not continue in its current form, and the UK Financial Conduct Authority announcement of 5 March 2021 indicated that it is currently contemplating that any “synthetic” basis, if adopted, would be limited to a small number of currencies and settings. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on sterling risk-free rates had been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“**SONIA**”) over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a “risk free overnight rate” which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on euro risk-free rates recommended the new euro short-term rate (“**€ STR**”) as the new risk-free rate for the euro area. The € STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with € STR or an alternative benchmark.

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7(e)(iii) (*Benchmark Replacement (Independent Adviser)*) or Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The “*Terms and Conditions of the Notes*” provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR (including any page on which such benchmark may be published (or any successor service)), becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The market continues to develop in relation to SOFR as a reference rate for Floating Rate Notes.

Investors should be aware that the market continues to develop in relation to the Secured Overnight Financing Rate (“**SOFR**”) as a reference rate in the capital markets and its adoption as an alternative to U.S. Dollar LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SOFR, including term SOFR reference rates (which seek to measure the market’s forward expectation of an average SOFR rate over a designated term). The continued development of SOFR rates as an interest reference rate for the Eurobond markets, as well as continued development of SOFR based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The use of SOFR as a reference rate for Eurobonds continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing SOFR. In particular, investors should be aware that several different SOFR methodologies have been used in SOFR-linked notes issued to date, and no assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance.

The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Terms and Conditions as applicable to the Notes. Furthermore, the Issuer may in future issue Notes referencing SOFR that differ materially in terms of interest determination when compared with the Notes. In addition, the manner of adoption or application of SOFR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Noteholders should carefully consider how any mismatch between the adoption of SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SOFR.

SOFR differs from LIBOR in a number of material respects and has a limited history.

SOFR differs from LIBOR in a number of material respects, including that SOFR is a backwards-looking, compounded, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk element based on inter-bank lending. As such, investors should be aware that LIBOR and SOFR may behave materially differently as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time from LIBOR, which is an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Publication of SOFR in its current form began in April 2018 and, although the New York Federal Reserve has also been publishing historical indicative SOFR since 2014, such historical indicative data inherently involves assumptions, estimates and approximations. Therefore, such risk-free rates have a limited performance history and the future performance of SOFR may be difficult to predict. The level of SOFR during the term of the Notes may bear little or no relation to the historical level of SOFR. Prior observed patterns, if any, in the behaviour of market variables and their relation to SOFR, such as correlations, may change in the future.

Furthermore, the Interest Rate is only capable of being determined at the end of the relevant Reference Period and immediately prior to the relevant Interest Payment Date. It may be difficult for Noteholders to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes. Further, in contrast to LIBOR-based Notes, if the Notes become due and payable as a result of an Event of Default under Condition 13 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Interest Rate payable in respect of the Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable.

The administrator of SOFR may make changes that could change the value of SOFR or discontinue SOFR.

The New York Federal Reserve (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SOFR.

Risks relating to the market generally.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes will, to varying degrees, be influenced by economic, political, social and market conditions in other markets, especially those in Asia.

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Notes have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Notes will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and, in some circumstances, investors may not be able to sell their Notes at all or at their fair market value. Although applications have been made to the Hong Kong Stock Exchange for the Notes to be admitted to listing on the Hong Kong Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

The liquidity and price of Notes may be volatile.

The price and trading volume of Notes may be highly volatile. Factors such as variations in the Group's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to the real estate industry and general economic conditions nationally or internationally could cause the price of Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of Notes. There is no assurance that these developments will not occur in the future.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected.

The Issuer will pay the principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency equivalent yield on the Notes, (2) the Investor’s Currency equivalent value of the principal payable on the Notes and (3) the Investor’s Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Credit ratings may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at anytime by the assigning rating agency. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period of time or that the ratings will not be revised or withdrawn in the future. Neither the Issuer nor the Guarantor has any obligation to inform Noteholders of any such revision or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may adversely affect the market price of the Notes.

Risks Relating to Renminbi-denominated Notes

Notes denominated in Renminbi (“**Renminbi Notes**”) may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes.

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC Government.

Although the People's Bank of China (“PBoC”) has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC Government will liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations will not be promulgated in the PRC in future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite a Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer or the Guarantor to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes.

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While PBoC has entered into agreements (the “Settlement Arrangements”) on the clearing of Renminbi business with financial institutions (the “Renminbi Clearing Banks”) in a number of financial centres and cities, including, but not limited to, Hong Kong, and has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC, although PBoC has gradually allowed participating banks to access the PRC's onshore interbank market for the purchase and sale of Renminbi. Following the implementation of the circular (中國人民銀行國家外匯管理局公告[2015]第40號) issued jointly by PBoC and SAFE in December 2015, which permits eligible overseas participating banks to enter into the inter-bank foreign exchange market, in January and July 2016, the China Foreign Exchange Trading System (“CFETS”) issued another two circulars on access of overseas participating banks conducting Renminbi purchase and sale business to the interbank foreign exchange market (中國外匯交易中心關於人民幣購售業務境外參加行進入銀行間外匯市場有關事項的公告 and 中國外匯交易中心關於加強境外金融機構進入銀行間外匯市場開展人民幣購售業務宏觀審慎管理有關事項的通知), which, among other things, list the eligibility conditions, application materials and procedures. Multiple Renminbi participating banks have already entered into this market. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions, and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future, which will have the effect of restricting the availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer or the Guarantor is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer or the Guarantor will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. PBoC has, in recent years, implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with changes in prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes.

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global certificates held with the common depositary or common safekeeper, as the case may be, for Clearstream Banking S.A. and Euroclear Bank SA/NV or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement, (ii) for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement in accordance with prevailing rules and regulations. The Issuer and the Guarantor cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Remittance of proceeds in Renminbi into or out of the PRC is subject to risks.

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC Government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC Government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future. There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the PRC Government will not impose any interim or long-term restrictions on capital inflow or outflow which may restrict cross-border Renminbi remittances, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

FORMS OF THE NOTES

BEARER NOTES

The Issuer may make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depository for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of Euroclear, Clearstream, Luxembourg and the CMU. Each Global Note will have an International Securities Identification Number (“**ISIN**”) and a Common Code or a CMU Instrument Number, as the case may be. Investors in Notes of such Series may hold their interests in a Global Note only through Euroclear or Clearstream, Luxembourg or the CMU, as the case may be.

REGISTERED NOTES

The Issuer may make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Notes represented by a Global Certificate accepted for clearance through the CMU. Each Global Registered Note will have an ISIN and a Common Code or a CMU Instrument Number. Investors in Notes of such Series may hold their interests in a Global Registered Note only through Euroclear or Clearstream, Luxembourg or the CMU, as the case may be.

INDIVIDUAL CERTIFICATES

Registration of title to Registered Notes in a name other than a depository or its nominee for Euroclear and Clearstream, Luxembourg or the CMU will be permitted only in the circumstances set forth in “*Summary of Provisions Relating to the Notes while in Global Form — Exchange — Permanent Global Notes*”. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg, or the CMU (together, the “**Clearing Systems**”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Guarantor and the Issuer believe to be reliable, but neither the Issuer, nor the Guarantor, the Arranger, any Agent or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

THE CLEARING SYSTEMS

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and Dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, Dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

CMU

The CMU is a central depository service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the “**HKMA**”) for the safe custody and electronic trading between the members of this service (“**CMU Members**”) of capital markets instruments (“**CMU Notes**”) which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Notes issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and “*authorized institutions*” under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike the European Clearing Systems), the HKMA does not, as part of this service, provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Notes. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Notes are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Pricing Supplement, will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” below.

1. Introduction

- (a) *Programme:* Lai Fung MTN Limited (the “**Issuer**”) has established a Medium Term Note Programme (the “**Programme**”) for the issuance of up to U.S.\$2,000,000,000 in aggregate principal amount of notes (the “**Notes**”) unconditionally and irrevocably guaranteed by Lai Fung Holdings Limited (the “**Guarantor**”).
- (b) *Pricing Supplement:* Notes are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of a pricing supplement (the “**Pricing Supplement**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of a fiscal agency agreement dated 22 December 2021 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as CMU lodging and paying agent (the “**CMU Lodging and Paying Agent**”, which expression includes any successor CMU lodging and paying agent appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent and the CMU Lodging and Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrars, the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions, references to the “**Agents**” are to the Paying Agents, the Calculation Agent (as defined below) and the Transfer Agents, and any reference to an “**Agent**” is to any one of them. For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU (as defined below), be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

- (d) *Deed of Guarantee:* The Notes are the subject of a deed of guarantee dated 22 December 2021 (the “**Deed of Guarantee**”) entered into by the Guarantor.
- (e) *Deed of Covenant:* The Notes may be issued in bearer form (“**Bearer Notes**”), or in registered form (“**Registered Notes**”). Registered Notes issued by the Issuer are constituted by a deed of covenant dated 22 December 2021 (the “**Deed of Covenant**”).
- (f) *The Notes:* All subsequent references in these Conditions to “Notes” are to the Notes which are the subject of the relevant Pricing Supplement issued by the Issuer. Copies of the relevant Pricing Supplement are available for viewing by prior written notice, during normal business hours (being between 9.00 a.m. and 3.00 p.m. at the Specified Offices of the Paying Agents and upon satisfactory proof of holding and may be obtained from the Specified Office of the Paying Agents.
- (g) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee and are subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”) and the holders of the related interest coupons, if any, (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee applicable to them. Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection by Noteholders during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the Specified Offices of the Paying Agents as set out below, following prior written request and proof of holding and identity to the satisfaction of the Paying Agents.

2. Interpretation

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Pricing Supplement;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Pricing Supplement;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Pricing Supplement;

“**Business Day**” means (other than in respect of Notes for which the Reference Rate is specified as SOFR in the relevant Pricing Supplement):

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (b) in relation to any sum payable in Renminbi, a day (other than a Sunday or a Saturday) on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law or executive order to be closed; and

- (c) in relation to any sum payable in a currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day, save in respect of Notes for which the Reference Rate is SOFR, for which the final Interest Payment Date will not be postponed and interest on that payment will not accrue during the period from and after the scheduled final Interest Payment Date;
- (c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (e) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means the Fiscal Agent or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

“**Calculation Amount**” has the meaning given in the relevant Pricing Supplement;

“**CMU**” means the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority;

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

- (a) if “**Actual/Actual (ICMA)**” is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
 - (iii) if “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (iv) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;

- (v) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (vi) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{([360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1))}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vii) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{([360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1))}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(viii) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{([360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1))}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“**Early Redemption Amount (Tax)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

“**Early Termination Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

“**Extraordinary Resolution**” has the meaning given in the Agency Agreement;

“**Final Redemption Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

“**Fixed Coupon Amount**” has the meaning given in the relevant Pricing Supplement;

“**Guarantee**” means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation):

- (a) any obligation to purchase such indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such indebtedness; and
- (d) any other agreement to be responsible for such indebtedness;

“**Guarantee of the Notes**” means the guarantee of the Notes given by the Guarantor in the Deed of Guarantee;

“**Holder**”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer — Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer — Title to Registered Notes*);

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

“**Interest Amount**” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

“**Interest Determination Date**” has the meaning given in the relevant Pricing Supplement;

“Interest Payment Date” means any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“ISDA Benchmarks Supplement” means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement)) published by the International Swaps and Derivatives Association, Inc;

“ISDA Definitions” means the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement)) as published by the International Swaps and Derivatives Association, Inc. including, if specified in the relevant Pricing Supplement, the ISDA Benchmark Supplement or (if specified in relevant Pricing Supplement) the 2021 Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement)) published by the International Swaps and Derivatives Association, Inc. or any successor definitional booklet for interest rate derivatives published from time to time;

“Issue Date” has the meaning given in the relevant Pricing Supplement;

“Listed Subsidiaries” means any of the Guarantor’s Subsidiaries which, from time to time, are listed on The Stock Exchange of Hong Kong Limited or any other equivalent stock exchange (including any of their Subsidiaries from time to time) and each, a **“Listed Subsidiary”**;

“Margin” has the meaning given in the relevant Pricing Supplement;

“Material Subsidiary” means any Subsidiary of the Guarantor:

- (a) whose gross revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than 10.0 per cent. of the consolidated gross revenue, or, as the case may be, the consolidated gross assets of the Guarantor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited or reviewed financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited or reviewed consolidated financial statements of the Guarantor, **provided that**:
- (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited or reviewed consolidated financial statements of the Guarantor relate for the purpose of applying each of the foregoing tests, the reference to the Guarantor's latest audited or reviewed consolidated financial statements shall be deemed to be a reference to such audited or reviewed financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited or reviewed financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Guarantor;
 - (ii) if at any relevant time in relation to the Guarantor or any Subsidiary no financial statements are prepared and audited, its gross revenue and gross assets (consolidated, if applicable) shall be determined on the basis of pro forma consolidated financial statements (consolidated, if applicable) prepared for this purpose; and
 - (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor; or
- (b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (A) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (B) the transferee Subsidiary shall immediately become a Material Subsidiary, **provided that** on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of paragraph (a) above.

A report by two of the directors of the Guarantor that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Noteholders;

“**Maturity Date**” has the meaning given in the relevant Pricing Supplement;

“**Maximum Redemption Amount**” has the meaning given in the relevant Pricing Supplement;

“**Minimum Redemption Amount**” has the meaning given in the relevant Pricing Supplement;

“**Noteholder**”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer — Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer — Title to Registered Notes*);

“**Optional Redemption Amount (Call)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

“**Optional Redemption Amount (Put)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

“**Optional Redemption Date (Call)**” has the meaning given in the relevant Pricing Supplement;

“**Optional Redemption Date (Put)**” has the meaning given in the relevant Pricing Supplement;

“**Participating Member State**” means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

“**Payment Business Day**” means:

- (a) if the currency of payment is euro, any day which is:
 - (i) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies and (b) a day on which commercial banks are open for general business (including dealing in foreign currencies) in the city where the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent has its Specified Office; and
 - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day; and

- (b) a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (c) if the currency of payment is not euro, any day which is:
 - (i) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies and (b) a day on which commercial banks are open for general business (including dealing in foreign currencies) in the city where the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent has its Specified Office; and
 - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies (including, in the case of Notes denominated in Renminbi, settlement of Renminbi payments) may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Issuer and specified in the applicable Pricing Supplement;
- (b) in relation to Australian dollars, it means Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case, as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Issuer and specified in the applicable Pricing Supplement; and
- (c) in relation to Renminbi, it means Hong Kong or the principal financial centre as is specified in the applicable Pricing Supplement;

“Put Option Notice” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Rate of Interest” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement;

“**Reference Banks**” has the meaning given in the relevant Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

“**Reference Price**” has the meaning given in the relevant Pricing Supplement;

“**Reference Rate**” means EURIBOR, LIBOR, SOFR or any other applicable benchmarks as specified in the relevant Pricing Supplement in respect of the currency and period specified in the relevant Pricing Supplement. Other than in the case of U.S. dollar-denominated floating rate Notes or a Note for which the “Reference Rate” is specified in the relevant Pricing Supplement as being SOFR, the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*), include any Successor Rate or Alternative Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate or Alternative Rate, also include any further Successor Rate or further Alternative Rate;

“**Register**” has the meaning set out in Clause 5 (*Transfers of Registered Notes*) of the Agency Agreement;

“**Regular Period**” means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“**Relevant Date**” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“**Relevant Financial Centre**” has the meaning given in the relevant Pricing Supplement;

“**Relevant Indebtedness**” means any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) having an original maturity of more than one year from its date of issue but shall not include indebtedness under any secured transferable loan facility (which term shall, for the avoidance of doubt, mean any agreement for or in respect of indebtedness for borrowed money entered into with one or more banks and/or financial institutions whereunder rights and (if any) obligations may be assigned and/or transferred);

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**Relevant Time**” has the meaning given in the relevant Pricing Supplement;

“**Reserved Matter**” means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes, to amend the percentage of Notes outstanding required to call an Event of Default, to amend the terms of the Guarantee of the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest, including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**Specified Currency**” has the meaning given in the relevant Pricing Supplement;

“**Specified Denomination(s)**” has the meaning given in the relevant Pricing Supplement;

“**Specified Office**” has the meaning given in the Agency Agreement;

“**Specified Period**” has the meaning given in the relevant Pricing Supplement;

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (a) if the first Person owns or controls (either directly or indirectly through one or more Subsidiaries) more than 50.0 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of the second person; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles of Hong Kong or any other relevant jurisdiction, from time to time, consolidated with those of the first Person;

“**Talon**” means a talon for further Coupons;

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system or any successor thereto;

“**TARGET Settlement Day**” means any day on which TARGET2 is open for the settlement of payments in euro;

“**Treaty**” means the Treaty on the Functioning of the European Union, as amended; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Pricing Supplement.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement;

- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is “not applicable”, then such expression is not applicable to the Notes; and
- (vii) any reference to the Agency Agreement or the Deed of Guarantee shall be construed as a reference to the Agency Agreement or the Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination, Title and Transfer

- (a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, “**Holder**” means the holder of such Bearer Note and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.
- (c) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.
- (d) *Title to Registered Notes:* The Registrar will maintain the Register outside the United Kingdom in accordance with the provisions of the Agency Agreement. A certificate (each, a “**Note Certificate**”) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.
- (e) *Ownership:* The Holder of any Note or Coupon shall (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 other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

- (f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered:
- (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes;
 - (ii) during the period of 15 days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 9(b) (*Redemption for tax reasons*) or Condition 9(c) (*Redemption at the option of the Issuer*);
 - (iii) after a Put Option Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 9(e) (*Redemption at the option of Noteholders*);
 - (iv) after a Change of Control Put Exercise Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 9(f) (*Redemption for Change of Control*); and
 - (v) during the period of seven days ending on (and including) any Record Date (as defined in Condition 11(f) (*Record date*)).

- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. Status and Guarantee

- (a) *Status of the Notes:* The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Notes:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably *guaranteed* the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general, unconditional unsubordinated and (subject to Condition 5 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. Negative Pledge

So long as any Note remains outstanding, neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of the Guarantor's Material Subsidiaries (other than Listed Subsidiaries) will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

6. Fixed Rate Note Provisions

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments — Bearer Notes*) and Condition 11 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note Provisions

- (a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments — Bearer Notes*) and Condition 11 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Floating Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) *Screen Rate Determination*: If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be (other than in respect of Notes for which SOFR is specified as the Reference Rate in the relevant Pricing Supplement) determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of sub-paragraph (i) above, such rate does not appear on that page or, in the case of sub-paragraph (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) notify the Issuer, who will request the principal Relevant Financial Centre office of each of the Reference Banks to provide to the Calculation Agent a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
 - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination*: If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on (x) the London inter-bank offered rate (LIBOR), (y) the Eurozone inter-bank offered rate (EURIBOR) or (z) the Hong Kong inter-bank offered rate (HIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.
- (e) *Benchmark Discontinuation*:

- (i) *Benchmark Replacement (SOFR)*:

This Condition 7(e) (*Benchmark Discontinuation*) shall not apply to Notes for which the Reference Rate is specified in the relevant Pricing Supplement as being “SOFR”, in respect of which the provisions of Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*) and benchmark discontinuation provisions of Condition 7A(c) will apply.

- (ii) *Benchmark Replacement (ARRC)*:

In the case of U.S. dollar-denominated floating rate Notes (other than a Note for which the “Reference Rate” is specified in the relevant Pricing Supplement as being “SOFR” and in respect of which the provisions of Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*) will apply), if the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement (ARRC) will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement (ARRC), the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (A) will be conclusive and binding absent manifest error;
- (B) will be made in the sole discretion of the Issuer; and
- (C) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

As used in this Condition 7(e)(ii) (*Benchmark Discontinuation - Benchmark Replacement (ARRC)*):

“**Benchmark**” means, initially, U.S. dollar LIBOR; **provided that** if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to U.S. dollar LIBOR or the then-current Benchmark, then “**Benchmark**” shall mean the applicable Benchmark Replacement (ARRC);

“**Benchmark Replacement (ARRC)**” means the Interpolated Benchmark with respect to the then-current Benchmark; **provided that** if the Issuer cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then “**Benchmark Replacement (ARRC)**” means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the sum of (a) Term SOFR and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;
- (iii) the sum of (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (iv) the sum of (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; and
- (v) the sum of (a) the alternate rate of interest that has been selected by the Issuer or its Designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate mortgage bonds at such time and (b) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the issuer or its Designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer, giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) in the case of sub-paragraph (i) or (ii) of the definition of “Benchmark Transition Event”, the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of sub-paragraph (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“**Corresponding Tenor**” with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

“**Designee**” means a designee as selected and separately appointed by the Issuer in writing;

“**Interpolated Benchmark**” with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

“**ISDA Definitions**” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or (if specified in relevant Pricing Supplement) the 2021 Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“Reference Time” with respect to any determination of the Benchmark means (i) if the Benchmark is U.S. dollar LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination, and (ii) if the Benchmark is not U.S. dollar LIBOR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“Term SOFR” means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

(iii) *Benchmark Replacement (Independent Adviser):*

Other than in the case of a U.S. dollar-denominated floating rate Note, if a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 7(e)(iii)(cc)) and any Benchmark Amendments (in accordance with Condition 7(e)(iii)(dd)).

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Agents or the Noteholders for any determination made by it pursuant to this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*).

- (aa) If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 7(e)(iii)(aa) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*).
- (bb) If the Independent Adviser determines in its discretion that:
- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(e)(iii)(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*) in the event of a further Benchmark Event affecting the Successor Rate; or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(e)(iii)(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*) in the event of a further Benchmark Event affecting the Alternative Rate.
- (cc) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).

- (dd) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 7(e)(iii)(ee), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Agents shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*)).
- (ee) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 19 (Notices), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.
- (ff) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:
- (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 7(e)(iii) (*Benchmark Replacement (Independent Adviser)*); and
- (B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.
- (gg) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the other Paying Agents and the Noteholders.

(hh) As used in this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*):

“**Adjustment Spread**” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or
- (C) (if no such determination has been made) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 7(e)(iii) (*Benchmark Replacement (Independent Adviser)*) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency;

“**Benchmark Event**” means:

- (A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

- (B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the “**Specified Future Date**”); or
- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the “**Specified Future Date**”), be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the “**Specified Future Date**”), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, (i) such Reference Rate is or will, by a specified future date (the “**Specified Future Date**”), be no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or
- (F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraph (B), (C), (D), or (E) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date;

“**Benchmark Amendments**” has the meaning given to it in Condition 7(e)(iii)(dd);

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case selected and appointed by the Issuer at its own expense under Condition 7(e)(iii) (*Benchmark Replacement (Independent Adviser)*);

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

“**Successor Rate**” means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (h) *Calculation of other amounts:* If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

- (i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer and the Paying Agents as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7A. Interest — Floating Rate Notes Referencing SOFR

- (a) This Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable and the “Reference Rate” is specified in the relevant Pricing Supplement as being “SOFR”.
- (b) Where “SOFR” is specified as the Reference Rate in the Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Pricing Supplement) the Margin, all as determined by the Calculation Agent. In no event will the Rate of Interest for any Interest Period be less than the Minimum Rate of Interest.
- (c) For the purposes of this Condition 7A:

“**Benchmark**” means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*);

Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days in the Observation Period will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then Condition 7A(d) below will apply.

“Interest Period” means each period from, and including, an Interest Payment Date (or, in the case of the first Interest Period, the Interest Commencement Date) to, but excluding, the next Interest Payment Date (or, in the case of the final Interest Period, the Maturity Date or, if the Issuer elects to redeem the Notes on any earlier redemption date, the relevant redemption date);

“Interest Payment Determination Dates” means the date falling “p” U.S. Government Securities Business Days before each Interest Payment Date where “p” has the value ascribed to it in the relevant Pricing Supplement;

“U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

“Business Day” means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

“Observation Period” in respect of each Interest Period means the period from, and including, the date falling “p” U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date falling “p” U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period;

“SOFR” with respect to any U.S. Government Securities Business Day, means:

- (a) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator’s Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the **“SOFR Determination Time”**); or
- (b) if the rate specified in paragraph (a) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator’s Website;

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, or any successor source; and

“**Compounded SOFR**” with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{SOFR}_i \times N_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

“**d₀**”, for any Observation Period, is the number of U.S. Government Securities Business Days in the relevant Observation Period;

“**i**” is a series of whole numbers from one to d₀, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Observation Period;

“**SOFR_i**”, for any U.S. Government Securities Business Day “i” in the relevant Observation Period, is equal to SOFR in respect of that day “i”;

“**n_i**”, for any U.S. Government Securities Business Day “i” in the relevant Observation Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day “i” to, but excluding, the following U.S. Government Securities Business Day (“i+1”); and

“**d**” is the number of calendar days in the relevant Observation Period.

- (d) If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) will be conclusive and binding absent manifest error;
- (ii) will be made in the sole discretion of the Issuer; and
- (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

For the purposes of this Condition 7A(c):

“**Benchmark**” means, initially, Compounded SOFR, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then “Benchmark” shall mean the applicable Benchmark Replacement.

“**Benchmark Replacement**” means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (a) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;
- (b) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or
- (c) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment;

“**Benchmark Replacement Adjustment**” means the first alternative set forth in the order below that can be determined by the issuer or its designee as of the Benchmark Replacement Date:

- (a) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (b) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (c) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer, giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (a) in the case of paragraph (a) or (b) of the definition of “Benchmark Transition Event”, the later of (x) the date of the public statement or publication of information referenced therein and (y) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (b) in the case of paragraph (c) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (a) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

- (c) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or (if specified in relevant Pricing Supplement) the 2021 Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor, excluding the applicable ISDA Fallback Adjustment;

“Reference Time” with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (e) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 19 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

- (i) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*); and

- (ii) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

7B. Interest — Floating Rate Notes Referencing SOFR Compounded Index

Where “Index Determination” is specified in the Pricing Supplement as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left(\frac{\text{SOFR Compounded Index End}}{\text{SOFR Compounded Index Start}} - 1 \right) \times \frac{\text{Numerator}}{d}$$

to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Fiscal Agent or the Calculation Agent, as applicable, where:

“**SOFR Compounded Index**” means the Compounded SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source;

“**End**” means the SOFR Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

“**Start**” means the SOFR Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period;

“**d**” is the number of calendar days from (and including) the day on which the SOFR Compounded Index Start is determined to (but excluding) the day on which the SOFR Compounded Index End is determined;

“**Numerator**” means 360, or as otherwise specified in the Pricing Supplement;

“**Relevant Decimal Place**” shall, unless otherwise specified in the Pricing Supplement, be the seventh decimal place, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.0000005 being rounded upwards);

“**Relevant Number**” is as specified in the applicable Pricing Supplement, but, unless otherwise specified, shall be five;

“**Index Days**” means U.S. Government Securities Business Days; and

“**U.S. Government Securities Business Day**” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Provided that a Benchmark Event has not occurred in respect of the SOFR Compounded Index, if, with respect to any Interest Period, the relevant rate is not published for the SOFR Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the applicable Pricing Supplement and as if Compounded SOFR (as defined in Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*)) had been specified instead in the Pricing Supplement and where “p” for the purposes of that definition in Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*) shall be deemed to be the same as the Relevant Number specified in the Pricing Supplement. For the avoidance of doubt, if a Benchmark Event has occurred in respect of the SOFR Compounded Index, the provisions of Condition 7(e) (*Benchmark Discontinuation*) shall apply.

8. Zero Coupon Note Provisions

- (a) *Application:* This Condition 8 (Zero Coupon Note Provisions) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. Redemption and Purchase

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments — Bearer Notes*) and Condition 11 (*Payments — Registered Notes*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
 - (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Pricing Supplement as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) or the Guarantee of the Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts or (as the case may be) the Guarantor has or will become obliged to make such withholding or deduction as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b) (*Redemption for tax reasons*).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the *relevant* Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Issuer determines and in such manner as the Issuer considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

So long as the Notes are in global form and the certificate representing or evidencing such Notes is held on behalf of Euroclear, Clearstream, the CMU and/or any alternative clearing system on behalf of which the Notes in global form may be held, the selection of Notes for redemption under Condition 9(d) (Partial redemption) shall be effected in accordance with the rules of the relevant clearing system.

- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e) (*Redemption at the option of Noteholders*), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e) (*Redemption at the option of Noteholders*), may be withdrawn (except as **provided** in the Agency Agreement) without the prior consent of the Issuer. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e) (*Redemption at the option of Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

- (f) *Redemption for Change of Control*: Unless the relevant Pricing Supplement specifies that the Change of Control Put Option is not applicable, at any time following the occurrence of a Change of Control, the Holder of any Note will have the right, at such Holder's option, to require the Issuer to redeem all, but not in part, of such Holder's Notes on the Change of Control Put Date (as defined below) at 101.0 per cent. of their principal amount, together with accrued interest up to, but excluding, the Change of Control Put Date. To exercise such right, the Holder of the relevant Note must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "**Change of Control Put Exercise Notice**"), together with the Note Certificate evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 19 (*Notices*). The "**Change of Control Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid on the Put Date.

The Issuer shall give notice to Noteholders and the Fiscal Agent in accordance with Condition 19 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 9(f) (*Redemption for Change of Control*).

For the purposes of this Condition 9(f) (*Redemption for Change of Control*):

a "**Change of Control**" occurs when:

- (a) the Controlling Shareholder ceases to hold, directly or indirectly, at least 30.0 per cent. of the voting rights of the issued share capital of the Guarantor (where, for the purpose of this paragraph (a), "**indirectly**" means the Controlling Shareholder holds 50.0 per cent. or more of the voting rights in a corporation which itself, or with the Controlling Shareholder, holds 30.0 per cent. or more of the voting rights in another corporation or chain of corporations and where each corporation in the chain of corporations, or with the Controlling Shareholder, holds 30.0 per cent. or more of the voting rights in the corporation immediately below such corporation and one such corporation, or with the Controlling Shareholder, holds 30.0 per cent. or more of the voting shares in the Guarantor); or
- (b) any Person or Persons, other than the Controlling Shareholder, acting together acquires or acquire Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the Issue Date; or
- (c) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity;

“**Control**” means the acquisition or control of more than 30.0 per cent. of the voting rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms “**Controlling**” and “**Controlled**” shall have meanings correlative to the foregoing;

“**Controlling Shareholder**” means the aggregate shareholdings of Dr. Lam Kin Ngok, Peter (“**Dr. Peter Lam**”) and:

- (a) any heir, estate, lineal descendant (or spouse thereof), spouse or parent of Dr. Peter Lam; or
- (b) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners, owners or Persons are Dr. Peter Lam and/or such other Persons referred to in paragraph (a) above; and

a “**Person**”, as used in this Condition 9(f) (*Redemption for Change of Control*), includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

- (g) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (f) (*Redemption for Change of Control*) above.
- (h) *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 9(h) (*Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (j) *Cancellation*: All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

10. Payments — Bearer Notes

This Condition 10 (*Payments — Bearer Notes*) is only applicable to Bearer Notes.

- (a) *Principal*: Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest*: Payments of interest shall, subject to paragraph (i) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (Principal) above.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Issue Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer, or, as the case may be, the Guarantor, in respect of that payment.

- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (e) *Commissions or Expenses*: No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments

- (f) *Deductions for unmatured Coupons*: If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **provided, however, that** where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (g) *Unmatured Coupons void*: If the relevant Pricing Supplement specifies that this Condition 10(g) (*Unmatured Coupons void*) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*), Condition 9(f) (*Redemption for Change of Control*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (h) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

- (i) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) (*Payments in New York City*) above).
- (j) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (k) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11. Payments — Registered Notes

This Condition 11 (*Payments — Registered Notes*) is only applicable to Registered Notes.

- (a) *Principal*: Payments of principal shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Issue Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer, or, as the case may be, the Guarantor, in respect of that payment.

- (c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed or enfaced, as the case may be, on the relevant Note Certificate.
- (f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

12. Taxation

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of (in the case of the Issuer) Hong Kong, (in the case of the Guarantor) the Cayman Islands or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
 - (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

- (ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.
- (b) Taxing jurisdiction: If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than Hong Kong or the Cayman Islands, references in these Conditions to Hong Kong and/or the Cayman Islands shall be construed as references to Hong Kong, the Cayman Islands and/or such other jurisdiction.

13. Events of Default

If any of the following events occurs (each such event an “**Event of Default**”):

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within three days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within seven days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Covenant or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or
- (c) *Cross default of Issuer, Guarantor or Material Subsidiary*:
 - (i) any indebtedness of the Issuer, the Guarantor or any of their respective Material Subsidiaries (other than Listed Subsidiaries) is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Material Subsidiary (other than Listed Subsidiaries) or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such indebtedness; or
 - (iii) the Issuer, the Guarantor or any of their respective Material Subsidiaries (other than Listed Subsidiaries) fails to pay when due any amount payable by it under any Guarantee of any indebtedness,

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.\$15.0 million (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of an individual amount in excess of U.S.\$15.0 million (or its equivalent in any other currency or currencies) is rendered against the Issuer, the Guarantor or any of their Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material Subsidiary; or
- (f) *Insolvency, etc.*: (i) the Issuer, the Guarantor or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, the Guarantor or any Material Subsidiary or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material Subsidiary is appointed (or application for any such appointment is made), or (iii) the Issuer, the Guarantor or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any Guarantee of any indebtedness given by it; or
- (g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Material Subsidiary (otherwise than, in the case of a Subsidiary of the Issuer or a Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent) or the Issuer, the Guarantor or any Material Subsidiary ceases to carry on all or substantially all of its business (otherwise than, in the case of a Subsidiary of the Issuer or a Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent or as a result of disposal on arm's length terms or as approved by an Extraordinary Resolution of the Noteholders); or
- (h) *Analogous event*: any event occurs which under the laws of Hong Kong or the Cayman Islands has an analogous effect to any of the events referred to in Conditions 13(d) (Unsatisfied judgment) to 13(g) (Winding up, etc.); or
- (i) *Failure to take action etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Deed of Covenant and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons, the Deed of Covenant or the Deed of Guarantee admissible in evidence in the courts of Hong Kong and the Cayman Islands is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes, the Deed of Covenant or the Deed of Guarantee; or
- (k) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or

- (l) *Government intervention:* (i) all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Material Subsidiaries is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or (ii) the Issuer, the Guarantor or any Material Subsidiary is prevented by any such Person from exercising normal control over all or any substantial part of its undertakings, assets and revenues; or
- (m) *Controlling shareholder:* the Issuer ceases to be a wholly-owned Subsidiary of the Guarantor,

then Noteholders holding not less than 5.0 per cent. of the aggregate principal amount of the outstanding Notes may, by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given by the Issuer to all other Noteholders.

The Agents need not do anything to ascertain whether any Event of Default has occurred and will not be responsible to Noteholders or any other person for any loss arising from any failure by them to do so, and, unless and until the Agents otherwise have notice in writing to the contrary, the Agents may assume that (i) no such event has occurred and (ii) the Issuer is performing all of its obligations under the Agency Agreement and the Conditions.

14. Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

15. Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

16. Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar; and
- (b) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer and the Guarantor shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders.

17. Meetings of Noteholders; Modification and Waiver

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, (i) a resolution in writing signed by or on behalf of the Holders of not less than 90.0 per cent. of the aggregate principal amount of Notes outstanding will take effect as if it were an Extraordinary Resolution, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders (a “**Written Resolution**”) and (ii) a resolution passed by way of electronic consents through the clearing systems by or on behalf of the Holders of not less than 90.0 per cent. of the aggregate principal amount of Notes outstanding (an “**Electronic Consent**”) with the effect as if it were an Extraordinary Resolution, in each case whether or not relating to a Reserved Matter.

A Written Resolution and/or an Electronic Consent will be binding on all Holders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be.

- (b) *Modification:* The Notes, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error, make a modification that is of a formal, minor or technical nature, or make a modification that is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer and the Guarantor, not materially prejudicial to the interests of the Noteholders. None of the Agents shall have any responsibility or liability whatsoever with respect to such determination.

18. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

19. Notices

- (a) *Bearer Notes:* Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in Hong Kong or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Asia. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

- (b) Registered Notes: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail (at the Issuer's, failing which, the Guarantor's expense) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or CMU or an Alternative Clearing System, notices to the Holders of the Notes shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or the CMU or the Alternative Clearing System, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.

20. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

21. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22. Governing Law and Jurisdiction

- (a) *Governing law:* The Notes, the Guarantee of the Notes and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee of the Notes are governed by English law.

- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes and the Guarantee of the Notes (including any non-contractual obligation arising out of or in connection with the Notes and the Guarantee of the Notes).
- (c) *Appropriate forum:* The Issuer and the Guarantor agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 22(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 22 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent:* Each of the Issuer and the Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Elemental Process Agent Limited at 27 Old Gloucester Street, London WC1N 3AX, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of each of the Issuer or the Guarantor, the Issuer or, as the case may be, the Guarantor shall, on the written demand of any Noteholder addressed and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer or, as the case may be, the Guarantor and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.
- (f) *Consent to enforcement etc.:* Each of the Issuer and the Guarantor consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings, including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (g) *Waiver of immunity:* To the extent that the Issuer or the Guarantor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer, the Guarantor or their respective assets or revenues, each of the Issuer and the Guarantor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

FORM OF PRICING SUPPLEMENT

[The Pricing Supplement in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.]

Pricing Supplement dated [•••]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**EU MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[Consider if any of the Issuer/Guarantor/Managers are “MiFID II entities” and are “manufacturers” for the purposes of MiFID II]

[EU MiFID II product governance/Professional investors and ECPs only target market — Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**EU MiFID II**”)] [EU MiFID II]; or (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate.

[Consider any negative market.] Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[Consider if any of the Issuer/Guarantor/Managers are “UK MiFIR entities” and are “manufacturers” for the purposes of UK MiFIR]

[UK MiFIR product governance/Professional investors and ECPs only target market — Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and(ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[(Include when the Notes are to be listed on the Hong Kong Stock Exchange)

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (“**Professional Investors**”)) only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer, the Guarantor and the Group (as defined below) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document together with the Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.]

[Singapore Securities and Futures Act Product Classification — Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018.)

LAI FUNG MTN LIMITED
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] due [•••]
Guaranteed by

LAI FUNG HOLDINGS LIMITED

under the U.S.\$2,000,000,000
Medium Term Note Programme

The document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated 22 December 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated [current date] [and the supplemental Offering Circular dated [date]], save in respect of the Conditions which are extracted from the Offering Circular dated 22 December 2021 and are attached hereto.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

- 1 (i) Issuer: Lai Fung MTN Limited
- (ii) Guarantor: Lai Fung Holdings Limited
- 2 [(i) Series Number:] [•••]
- [(ii) Tranche Number:] [•••]

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]

- 3 Specified Currency or Currencies: [•••]
- 4 Aggregate Nominal Amount: [•••]
- [(i)] [Series]: [•••]
- [(ii)] Tranche: [•••]
- 5 (i) Issue Price: [•••] per cent. of the Aggregate Nominal Amount
[plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
- [(ii)] Net Proceeds: [•••] (Required only for listed issues)]
- [(iii)] Private Bank Rebate/Commission: [Applicable/Not Applicable]]
- 6 (i) Specified Denominations:^{1,2} [•••]
- (ii) Calculation Amount: [•••]
- 7 (i) Issue Date: [•••]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
- 8 Maturity Date: [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]³
- 9 Interest Basis: [[•••] per cent. Fixed Rate]
[[*Specify* reference rate] +/- [•••] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (Specify)]
(further particulars specified below)

¹ Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

² If the specified denomination is expressed to be 100,000 or its equivalent and multiples of a lower principal amount (for example 1,000), insert the additional wording as follows: 100,000 and integral multiples of [1,000] in excess thereof up to and including [199,000]. No notes in definitive form will be issued with a denomination above [199,000].

³ Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (Specify)]
- 11 Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
- 13 Listing: [Hong Kong/Other (*specify*)/None] (*For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes*)
- 14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 15 **Fixed Rate Note Provisions** [*Applicable/Not Applicable*] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [•••] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [•••] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•••] per Calculation Amount⁴
- (iv) Broken Amount(s): [•••] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•••]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*Give details*]

⁴ For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01, RMB0.005 for the case of Renminbi denominated Fixed Rate Notes to the nearest HK\$0.01, HK\$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards.

16	Floating Rate Note Provisions	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Interest Period(s):	[...]
	(ii) Specified Period:	[...]
		<i>(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")</i>
	(iii) Specified Interest Payment Dates:	[...]
		<i>(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")</i>
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
	(v) Additional Business Centre(s):	[Not Applicable/give details]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (give details)]
	(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]):	[[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]
	(viii) Screen Rate Determination:	
	• Reference Rate:	[For example, LIBOR, EURIBOR or SOFR]
	• Index Determination	[Applicable/Not Applicable]
	• SOFR Compounded Index	[Applicable/Not Applicable]

- Relevant Decimal Place [Not Applicable/[•••] (unless otherwise specified in Pricing Supplement, be the seventh decimal place in the case of the SOFR Compounded Index)]
 - Relevant Number of Index Days [Not Applicable/[•••] (unless otherwise specified in Pricing Supplement, shall be five in the case of the SOFR Compounded Index)]
 - Interest Determination Date(s): [•••]
 - Relevant Screen Page: [*For example, Reuters LIBOR 01/EURIBOR 01*]
 - Relevant Time: [*For example, 11.00 a.m. London time/Brussels time*]
 - Relevant Financial Centre: [*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*]
- (ix) ISDA Determination:
- Floating Rate Option: [•••]
 - Designated Maturity: [•••]
 - Reset Date: [•••]
 - 2021 Definitions: [Applicable/Not Applicable]
 - [Applicable Benchmark: [•••/Not Applicable]]
 - [Fixing Day: [•••]]
 - [Fixing Time: [•••]]
 - [Any other terms relating to the 2021 Definitions: [•••/Not Applicable]]
- (x) Margin(s): [+/-][•••] per cent. per annum
- (xi) Minimum Rate of Interest: [•••] per cent. per annum
- (xii) Maximum Rate of Interest: [•••] per cent. per annum
- (xiii) Day Count Fraction: [•••]

- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•••]
- 17 Zero Coupon Note Provisions [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Accrual Yield: [•••] per cent. per annum
- (ii) Reference Price: [•••]
- (iii) Any other formula/basis of determining amount payable: [*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 9(h)*]
- 18 **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [•••]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•••]
- (iv) Interest Determination Date(s): [•••]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•••]
- (vi) Interest or calculation period(s): [•••]

- (vii) Specified Period: [•••]
- (Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert “Not Applicable”)*
- (viii) Specified Interest Payment Dates: [•••]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert “Not Applicable”)*
- (ix) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (x) Additional Business Centre(s): [•••]
- (xi) Minimum Rate/Amount of Interest: [•••] per cent. per annum
- (xii) Maximum Rate/Amount of Interest: [•••] per cent. per annum
- (xiii) Day Count Fraction: [•••]
- 19 **Dual Currency Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [•••]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•••]

- (iv) Person at whose option Specified [•••]
Currency(ies) is/are payable:

PROVISIONS RELATING TO REDEMPTION

20 **Call Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [•••]
- (ii) Optional Redemption Amount(s) [•••] per Calculation Amount of each Note and method, if any, of calculation of such amount(s):
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•••] per Calculation Amount
- (b) Maximum Redemption Amount [•••] per Calculation Amount
- (iv) Notice period: [•••]

21 **Put Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [•••]
- (ii) Optional Redemption Amount(s) [•••] per Calculation Amount of each Note and method, if any, of calculation of such amount(s):
- (iii) Notice period: [•••]

22 **Final Redemption Amount of each Note**

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [•••]

- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•••]
- (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [•••]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•••]
- (vi) [Payment Date]: [•••]
- (vii) Minimum Final Redemption Amount: [•••] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [•••] per Calculation Amount

23 **Early Redemption Amount** [Not Applicable]

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): *(If both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24 Form of Notes: Bearer Notes:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•••] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [•••] days' notice]⁵
- [Permanent Global Note exchangeable for Definitive Notes on [•••] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- Registered Notes:**
- [Global Registered Note exchangeable for Individual Note Certificates on [•••] days' notice/at any time/in the limited circumstances described in the Global Registered Note]
- 25 Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details.]
- Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 16(vi) and 18(x) relate*
- 26 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- 27 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/give details]

⁵ if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "[100,000] and integral multiples of [1,000] in excess thereof up to and including [199,000]", the Temporary Global Note shall not be exchangeable on [•••] days' notice.

- 28 Details relating to Instalment Notes: [Not Applicable/*give details*]
amount of each instalment, date on
which each payment is to be made:
- 29 Redenomination, renominatisation and [Not Applicable/The provisions annexed to this
reconventioning provisions: Pricing Supplement apply]
- 30 Consolidation provisions: [The provisions in Condition 18 (*Further Issues*)
[annexed to this Pricing Supplement] apply]
- 31 Any applicable currency disruption/
fallback provisions: [Not Applicable/*give details*]
- 32 Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

- 33 (i) If syndicated, names of [Not Applicable/*give names*]
Managers:
- (ii) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- 34 If non-syndicated, name and address [Not Applicable/*give name and address*]
of Dealer:
- 35 U.S. Selling Restrictions: Reg. S Category 2;

*(In the case of Bearer Notes) – [TEFRA C/TEFRA
D/TEFRA not applicable]*

(In the case of Registered Notes) – Not Applicable
- 36 Additional selling restrictions: [Not Applicable/*give details*]
- 37 Prohibition of Sales to EEA Retail [Applicable/Not Applicable]
Investors:

*If the Notes clearly do not constitute “packaged”
products, “Not Applicable” should be specified. If
the Notes may constitute “packaged” products and
no KID will be prepared, “Applicable” should be
specified.*
- 38 Prohibition of Sales to UK Retail [Applicable/Not Applicable]
Investors:

*If the Notes clearly do not constitute “packaged”
products, “Not Applicable” should be specified. If
the Notes may constitute “packaged” products and
no KID will be prepared, “Applicable” should be
specified.*

OPERATIONAL INFORMATION

ISIN Code: [•••]

Common Code: [•••]

Legal Entity Identifier: 254900G9LGQZ3BL53H05

CMU Instrument Number: [•••]

Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Additional Paying Agent(s) (if any): [•••]

GENERAL

The aggregate principal amount of Notes issued has been translated into US dollars at the rate of [•••], producing a sum of (for Notes not denominated in [US dollars]): [Not Applicable/US\$]

[Ratings: [Not Applicable/The Notes to be issued have been rated:

[S&P: [•••]

Moody’s: [•••]

Fitch: [•••]

Other: [•••]]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]

[USE OF PROCEEDS

Give details if different from the “Use of Proceeds” section in the Offering Circular.]

STABILISATION

In connection with this issue, [insert name of Stabilisation Manager] (the “**Stabilisation Manager**”) (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.\$2,000,000,000 Medium Term Note Programme.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of
LAI FUNG MTN LIMITED:

By:
Duly authorised

Signed on behalf of
LAI FUNG HOLDINGS LIMITED:

By:
Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

INITIAL ISSUE OF NOTES

Global Notes may be delivered on or prior to the original issue date of the Tranche to a Common Depositary for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU.

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) or with a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream, Luxembourg or (ii) the CMU and delivery of the relevant Global Registered Note to the Common Depositary or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream, Luxembourg or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Registered Note must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Registered Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Registered Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Registered Note is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Registered Note are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Issue Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Registered Note and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Registered Note must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Registered Note.

EXCHANGE

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Summary of the Programme — Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

The holder of a temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the temporary Global Note for an interest in a permanent Bearer Global Note or for Definitive Notes is improperly withheld or refused.

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “*Partial Exchange of Permanent Global Notes*” below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or if any of the circumstances described in Condition 13 (*Events of Default*) occurs.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Global Registered Notes

The following will apply in respect of transfers of Notes held in Euroclear, Clearstream, Luxembourg, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Registered Note pursuant to Condition 3(f) may only be made (in whole but not in part):

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if any of the circumstances described in Condition 13 (*Events of Default*) occurs,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Registered Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for enforcement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enforced on each Global Note, which enforcement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 10(b) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “Payment Business Day” set out in Condition 2(a) for the purposes of Condition 10(h).

All payments in respect of Notes represented by a Global Registered Note (other than a Global Registered Note held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Registered Note held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note are credited (as set out in a CMU Issue Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Registered Note shall be required for such purpose.

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 2).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Registered Note shall (unless such permanent Global Note or Global Registered Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholders holding, whether or not represented by a Global Registered Note.

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Fiscal Agent for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Registered Note, by reduction in the aggregate principal amount of the Notes in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, the CMU or any other clearing system (as the case may be).

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent), for notation.

Notices

So long as any Notes are represented by a Global Note or a Global Registered Note and such Global Note or Global Registered Note is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Registered Note.

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be on-lent by the Issuer to the Guarantor and/or its subsidiaries for general corporate purposes, save that if, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

CAPITALISATION AND INDEBTEDNESS

THE GUARANTOR

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 31 July 2021. These table should be read in conjunction with the financial statements of the Group and the accompanying notes included in this Offering Circular.

	As at 31 July 2021 HK\$ '000
Short-term indebtedness	
Interest-bearing bank loans	429,229
Other borrowings	41,159
	<u>470,388</u>
Long-term indebtedness	
Interest-bearing bank loans	7,903,894
Advances from a former substantial shareholder	56,181
Loans from a fellow subsidiary	445,835
Guaranteed notes	2,711,994
	<u>11,117,904</u>
Shareholders' equity	
Issued capital	1,655,167
Reserves	13,776,092
	<u>15,431,259</u>
Total Equity	<u>15,431,259</u>
Total capitalisation ^(Note 1)	<u>26,549,163</u>

Note:

1. Total capitalisation represents the sum of long-term indebtedness and shareholders' equity.

There has been no material change in the consolidated capitalisation and indebtedness of the Group since 31 July 2021.

THE ISSUER

As at the date of this Offering Circular, one share of the Issuer has been duly authorised and issued to the Guarantor and is fully paid, and the Issuer does not have any debt outstanding.

DESCRIPTION OF THE ISSUER

Formation

Lai Fung MTN Limited (the “**Issuer**”) was incorporated on 3 December 2021 in Hong Kong as a company with limited liability under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) with company number 3109168. The registered office of the Issuer is at 11/F., Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong. The Issuer is a direct wholly-owned subsidiary of the Guarantor.

Business Activity

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights, powers and privileges for the above purposes. The Issuer does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a direct wholly-owned subsidiary of the Guarantor and those incidental to the establishment of the Programme and any issue of Notes thereunder.

Financial Statements

Under Hong Kong law, the Issuer is required to file with the Hong Kong Companies Registry its audited financial statements with its annual return for the corresponding financial year. In addition, the Issuer is required to keep proper books of account that are necessary to show and explain the Issuer’s transactions and give a true and fair view of the Issuer’s affairs.

Directors

The directors of the Issuer are Mr. Chew Fook Aun, Mr. Lam Hau Yin, Lester, Mr. Lee Tze Yan, Ernest and Mr. Tham Seng Yum, Ronald. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer. There are no conflicts of interest between the duties to the Issuer of the persons listed above and their private interests and duties.

The Issuer does not have any employees and has no subsidiaries.

Capital

As at the date of this Offering Circular, one share of the Issuer has been duly authorised and issued to the Guarantor and is fully paid. The register of members of the Issuer is maintained at its registered office at 11/F., Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to dealing such securities is being, or is proposed to be, sought.

DESCRIPTION OF THE GUARANTOR

Overview

The Group has successfully developed and managed high-quality real estate projects in China for more than 20 years. The Group's portfolio includes high-quality residential, office and commercial properties, hotels and serviced apartments and theme park operations, which are focused regionally in Shanghai, Guangzhou, Zhongshan and Hengqin that are Tier 1 cities in China and cities within the Greater Bay Area. With its rental strategy, the Group also specialises in developing and managing attractive and well-located office and retail properties and serviced apartments for long-term rental purposes. The Group's residential projects typically incorporate a variety of amenities and public facilities, and are located in prime locations within the inner ring roads and along major transportation routes, including the subway and railway lines, of these cities.

The Group's rental property portfolio consists of its investment properties, as well as a hotel, serviced apartments and other spaces from which it collects rent. As of 31 July 2021, the Group maintained a rental property portfolio (excluding car parking spaces) that consists of completed rental properties with attributable GFA of approximately 3.5 million sq. ft. and completed hotel properties and serviced apartments with attributable GFA of approximately 1.0 million sq. ft. The Group's prime investment properties include the Shanghai Hong Kong Plaza, Shanghai May Flower Plaza, Guangzhou May Flower Plaza, Guangzhou Lai Fung Tower and Hengqin Novotown Phase 1, which are well-known commercial properties in their respective local markets and have generated stable and recurring rental income for the Group. For the years ended 31 July 2020 and 2021, turnover from the Group's rental properties was approximately HK\$758.1 million and HK\$890.3 million, respectively. For these same periods, the Group's rental income as a percentage of its consolidated turnover was approximately 63.1 per cent. and 27.9 per cent., respectively.

The Group currently has three property development projects in various stages of development, of which one is located in Shanghai, one in Guangzhou and the other in Hengqin, with a total attributable GFA of approximately 4.0 million sq.ft. as at 31 July 2021, excluding car parking spaces and ancillary facilities. Construction work of the redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan which includes an office tower, a shopping mall and an underground car parking structure is on track and this project is expected to complete in the second quarter of 2022. Construction of the Guangzhou Haizhu Plaza commenced in the first half of 2019 and the completion is expected to be in the first half of 2023. Construction of Phase II ("**Novotown Phase II**") of the Novotown project in Hengqin ("**Novotown**") is expected to complete in phases by 2024. This mixed-used development project will provide commercial and experiential entertainment facilities, office and serviced apartment spaces upon completion with part of the office and serviced apartment spaces being designated as for-sale properties.

The Group's regional focus and rental-led strategy in its property development business has demonstrated resilience in recent years. Top tier cities and the Greater Bay Area will remain as the primary drivers for the Group's rental growth in coming years. Upon completion of construction works of the existing projects on hand, which include the combined redevelopment of the Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building, the development of Guangzhou Haizhu Plaza and Novotown Phase II, the Group will have a rental portfolio of approximately 6.8 million square feet.

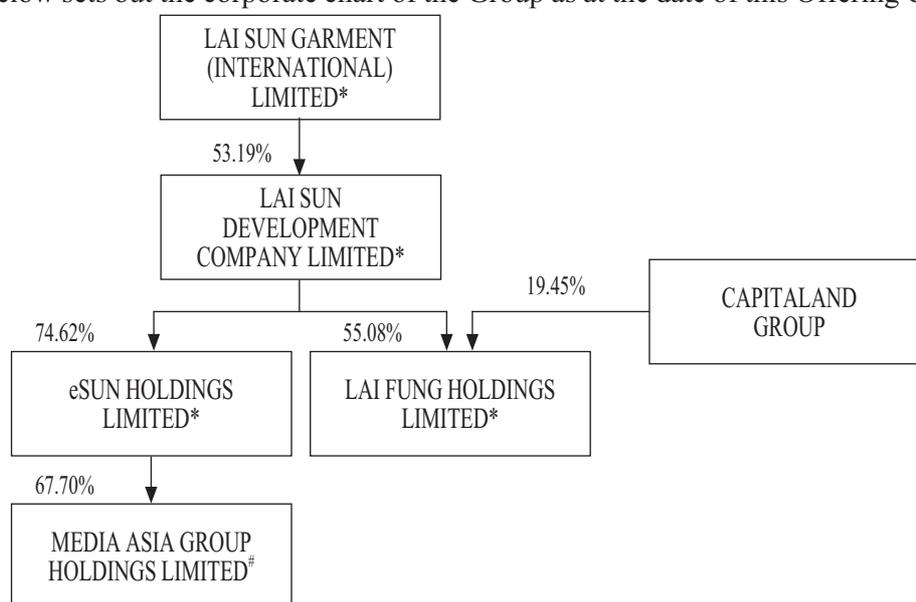
Going forward, the Group intends to retain any sizeable commercial and retail properties whenever possible to grow its rental property portfolio, thus increasing its recurring rental income base, while residential projects will be built primarily for sale. Have said that, property sales have been, and are expected to continue to be in the near future, an important source of income. For the years ended

31 July 2020 and 2021, consolidated turnover from property sales (including income from properties under finance lease) was approximately HK\$424.6 million and HK\$2,275.5 million, respectively. For these same periods, property sales as a percentage of the Group's consolidated turnover was approximately 35.3 per cent. and 71.2 per cent., respectively. The Group intends to continue to grow its property development operations by selectively acquiring or investing in greenfield and partially completed projects that fit with its strategic objectives. For the years ended 31 July 2020 and 2021, the Group's revenue from its theme park operations was HK\$19.1 million and HK\$30.8 million, respectively.

As of 31 July 2021, the Group's equity attributable to owners of the Company was HK\$15,431.3 million. For the years ended 31 July 2020 and 2021, the Group's consolidated turnover was HK\$1,201.8 million and HK\$3,196.6 million, respectively, and its consolidated loss attributable to owners of the Company was HK\$1,006.3 million and HK\$539.0 million, respectively.

Corporate Structure of the Group

The table below sets out the corporate chart of the Group as at the date of this Offering Circular:



* Listed on the Main Board of The Stock Exchange of Hong Kong Limited

Listed on GEM of The Stock Exchange of Hong Kong Limited

Competitive Strengths

The Group believes that it is well-positioned to take advantage of the continued development of the property market in the PRC by leveraging the following competitive strengths:

Strong recurring rental income stream

The Group has carefully maintained a diversified rental property portfolio that includes retail and office properties and hotels and serviced apartments, which are held for long-term rental purposes. Major rental properties in the Group's portfolio are located in downtown areas and accessible by different transportation networks and has delivered relatively stable performance in recurring rental income. The steady rental revenue stream helps to reduce the financial risks inherent in relying on income primarily from property development, which include the cyclicity of the property development business.

Strategic for-sale development projects enhancing corporate franchises

The Group believes that the quality of its for-sale property development projects has enabled it to achieve a strong market position and serve as a strong complementing revenue stream. In addition to its rental-led strategy, the Group plans its property development projects to cater to the needs and expectations of our potential buyers in the middle- to high-end property market.

Prudent financial management and strong balance sheet

The Group believes that its good credit profile, disciplined approach to risk and financial management policies have enabled it to expand its lender base and afford the Group wider financial flexibility through access to diversified financing channels. As at 31 July 2021, the Group had a gearing ratio (total outstanding net debt (total borrowings less cash and bank balances) to net assets attributable to owners of Group) of 45.0 per cent. The Group continually monitors its current and expected liquidity requirements and compliance with borrowing covenants to ensure sufficient cash reserves and adequate facilities to satisfy its short-term and long-term liquidity requirements.

Quality land bank

The Group believes that a quality land bank is one of the most important characteristics for a property developer and that one of the key factors of its success has been its ability to acquire sites at competitive prices at opportune times, thereby enabling the Group to achieve a reasonable return on the properties it has developed and sold or held. As of 31 July 2021, the Group held land under development with a total attributable GFA of approximately 4.0 million sq. ft., the attributable GFA of which the Group intended to use for rental and for sale purposes was approximately 2.3 million sq. ft. and 1.7 million sq. ft., respectively.

Strong shareholder support and capital base

As of 31 July 2021, the Group was 55.08 per cent. owned by Lai Sun Development Company Limited (“LSD”). Along with Lai Sun Development Company Limited, the Group is part of the Lai Sun Group, a conglomerate of five companies listed in Hong Kong. The Lai Sun Group has made extensive investments in China, originating as a garment manufacturing business and retailer, and has been engaged in property development in the PRC since 1993. The Lim/Lam family, which controls the Lai Sun Group, has what the Group considers to be an extensive network of well-developed business relationships in the PRC. Being a member of the Lai Sun Group gives the Group access to this extensive network of local contacts and information on the latest market opportunities.

Seasoned management team

The Group’s senior management team consists of experienced property development and rental property professionals, who have internationally recognised qualifications and extensive experience in the development, sales and management of real estate projects, not only in major PRC cities such as Shanghai and Guangzhou, but also overseas.

The Group has established management and project teams who have been engaged in the PRC property market for over 15 years. The Group believes that, by employing and retaining individuals with domestic or overseas backgrounds, it has been able to capitalise on their collective expertise in both the local and international property markets, and selectively apply different ideas, concepts and practices such that the Group can develop and sell properties that appeal to both domestic as well as overseas customers.

Strategies

The Group aims to continue to grow as a property developer with an increasing focus on rental properties with a presence in the larger cities in the PRC where it has an established base. Overall, the Group intends to continue to pursue a prudent and disciplined corporate strategy of steady and sustainable growth. The Group has developed the following business strategies to pursue its growth objectives:

Increase recurring rental income from core rental properties

The Group intends to continue to derive a significant portion of its revenue from high-quality rental properties in central areas in major cities. Going forward, the Group intends to retain any sizeable commercial and retail properties whenever possible to grow its rental property portfolio, thus increasing the recurring income rental base, while residential projects will be built primarily for sale. The Group maintains and improves the value of its rental properties by investing in refurbishment and renovation. The Group will continue to improve the recurring income base through upgrading existing rental properties and adding new commercial properties from development projects.

Focus on the middle- to high-end market

The Group targets its products at the middle- to high-end market and aim to provide quality office, retail and residential properties and hotels and serviced apartments for purchasers and tenants of this market at affordable prices. The Group believes that the middle- to high-end market still has significant growth potential as demand for middle- to high-end residential, office and retail properties will continue to increase as a result of the rapid development of the PRC economy, and the corresponding urbanisation, increase in income, and improvement in living standards of the urban population. In addition, the Group believes that risks of significant fluctuations in property prices and demand in the middle- to high-end market would be lower than in the luxury property market, since the level of speculative investment in its chosen segment is not as intensive.

Continue to expand the Group's business operations and land bank in a disciplined manner

The Group intends to continue to expand its business operations and replenish its land bank in a prudent and selective manner. Benefiting from the strong recurring income from its rental portfolio, the Group is currently in no rush to acquire any additions to its land bank. The Group will continue to review appropriate opportunities to acquire new development sites and projects, including both greenfield projects and partially completed projects, while maintaining a system of financial controls and managing its costs through a detailed budget-planning process. The Group believes that purchasing land at prices that are low relative to the expected selling prices or capital values of the finished projects is a critical factor in managing financial risk and achieving superior profitability. In its selection of new development sites, the Group will continue to focus on those located in major transportation routes which are convenient and easily accessible.

The Group will also continue to review appropriate opportunities to partner with large and reputable developers and participate or invest in large-scale property development consortiums in the PRC in a selective manner to minimise risks.

Business

The Group's business activities and interests are principally divided into three segments: property investment, property development and theme park operation. The following table sets forth the composition of the Group's property portfolio, including approximate attributable GFA and car parking spaces as of 31 July 2021:

	Commercial/ Retail	Office	Hotel and Serviced Apartment	Residential	Total (excluding car parking spaces & ancillary facilities)	No. of car parking Spaces
Completed Properties Held for Rental ¹	2,437 ²	1,067	—	—	3,504 ²	2,274
Completed Hotel Properties and Serviced Apartments	—	—	978	—	978	—
Properties under Development ³	721	2,696	578	—	3,995	2,232
Completed Properties Held for Sale	164 ⁴	421	297	1,847	2,729	3,514
Total GFA of major properties of the Group	3,322	4,184	1,853	1,847	11,206	8,020

Notes

1. Completed and rental generating properties
2. Including cultural attraction spaces in Novotown Phase I that have been occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin with approximately 194,325 square feet and 40,309 square feet attributable to the Group, respectively
3. All properties under construction
4. Including 33,001 square feet of commercial space in Zhongshan Palm Spring which is currently for self-use

The following tables show a breakdown of the Group's principal businesses by segment in terms of turnover for the periods indicated:

	For the year ended 31 July					
	2021 ¹			2020 ¹		
	(HK\$ million)	(RMB million)	%	(HK\$ million)	(RMB million)	%
Rental income ²	890.3	754.4	28	758.1	686.5	63
Sale of properties ³	2,275.5	1,928.0	71	424.6	384.5	35
Theme park operation	30.8	26.1	1	19.1	17.3	2
Total	3,196.6	2,708.5	100	1,201.8	1,088.3	100

Notes

1. The exchange rates adopted for the years ended 31 July 2021 and 2020 are 0.8473 and 0.9056, respectively
2. Including rental turnover of major properties of the Group, turnover from hotel and serviced apartment operation and property management income
3. Including property sales revenue and income from properties under finance lease

Property Investment

Overview

As of 31 July 2021, the Group had approximately 3,504,137 sq. ft. (excluding car parks and ancillary facilities) of attributable GFA of completed rental properties held for long-term investment with a mix of uses, including office and commercial/retail. The Group also had 2,274 car parking spaces, of which 1,475 are in Novotown Phase 1, 350 in the Shanghai Hong Kong Plaza, 313 in Guangzhou Lai Fung Tower and 136 are in Guangzhou May Flower Plaza.

The following table shows the approximate aggregate GFA of major completed properties held for rental in the Group's rental portfolio by category of use as of 31 July 2021:

Property Name	Approximate Attributable Gross Floor Area (square feet)				Total (excluding car parking spaces & ancillary facilities)	No. of car parking Spaces Attributable to the Group
	Group Interest	Commercial/ Retail	Office			
Shanghai						
Shanghai Hong Kong Plaza	100%	468,434	362,096		830,530	350
May Flower Plaza	100%	320,314	—		320,314	—
Regents Park	95%	77,959	—		77,959	—
Guangzhou						
May Flower Plaza	100%	357,424	79,431		436,855	136
West Point	100%	171,968	—		171,968	—
Lai Fung Tower	100%	112,292	625,821		738,113	313
Zhongshan						
Palm Spring	100%	148,106	—		148,106	—
Hengqin						
Novotown Phase I	80%	780,292*	—		780,292	1,475
Total of major completed properties held for rental:		2,436,789	1,067,348		3,504,137	2,274

* Including cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin with attributable GFA of approximately 194,325 sq.ft. and 40,309 sq.ft., respectively

The following table shows the approximate aggregate GFA of major completed hotel properties and serviced apartments as of 31 July 2021:

Property Name	Group Interest	No. of Rooms	Approximate Attributable Gross Floor Area (square feet)	No. of car parking Spaces Attributable to the Group
Shanghai				
Ascott Huaihai Road Shanghai	100%	310	358,009	—
STARR Hotel Shanghai	100%	239	143,846	—
Hengqin				
Hyatt Regency Hengqin	80%	493	475,810	—
Total of major completed hotel properties and serviced apartments:		1,042	977,665	

The Group intends to continue to expand into the hotel, serviced apartment, retail and office property sectors in the PRC to diversify its sources of future revenue. At the same time, the Group aims to continue to increase the proportion of rental properties, so as to achieve greater revenue stability through recurring rental income.

For the year ended 31 July 2021, the Group's rental operations from property investment recorded a turnover of HK\$890.3 million, representing a 17.4 per cent. increase over the HK\$758.1 million the Group recorded in the corresponding period of the prior year.

Major Rental Properties

The following is a brief description of the Group's major rental properties:

	For the year ended 31 July			For the year ended 31 July			Year end Occupancy (%)
	2021 [#]	2020 [#]	%	2021	2020	%	
	(HK\$ million)	(HK\$ million)	Change	(RMB million)	(RMB million)	Change	
Shanghai							
Shanghai Hong Kong Plaza	398.7	377.6	+5.6%	337.8	341.9	-1.2%	Retail: 90.3% Office: 83.8% Serviced Apartments: 90.2%
Shanghai May Flower Plaza	67.0	63.4	+5.7%	56.8	57.4	-1.0%	Retail: 99.5% Hotel: 80.6%
Shanghai Regents Park	24.8	22.0	+12.7%	21.0	19.9	+5.5%	100.0%
Guangzhou							
Guangzhou May Flower Plaza	122.3	114.8	+6.5%	103.6	104.0	-0.4%	97.9%
Guangzhou West Point	26.5	23.9	+10.9%	22.5	21.6	+4.2%	90.1%
Guangzhou Lai Fung Tower	136.0	123.2	+10.4%	115.2	111.6	+3.2%	Retail: 100.0% Office: 96.5%*
Zhongshan							
Zhongshan Palm Spring	6.8	5.6	+21.4%	5.8	5.1	+13.7%	Retail: 80.0%*
Hengqin							
Hengqin Novotown Phase I	86.1	12.1	+611.6%	73.0	11.0	+563.6%	Retail: 71.0%** Hotel: 40.6%
Others	22.1	15.5	+42.6%	18.7	14.0	+33.6%	N/A
Total	890.3	758.1	+17.4%	754.4	686.5	+9.9%	

[#] The exchange rates adopted for the years ended 31 July 2021 and 2020 are 0.8473 and 0.9056, respectively

* Excluding self-use area

** Including the cultural attraction spaces occupied by Lionsgate Entertainment World[®] and National Geographic Ultimate Explorer Hengqin

Shanghai Hong Kong Plaza

Being the Group's wholly-owned flagship investment property project in Shanghai, Shanghai Hong Kong Plaza is strategically located in the prime district of the city, directly above the Huangpi South Road Metro Station at Huaihaizhong Road in Huangpu District, which is highly accessible by car and well-connected to public transportation networks, as well as within walking distance of Shanghai Xintiandi. Connected by an internal footbridge, the property comprises a 32-storey office building, a 32-storey serviced apartment (managed by the Ascott Group), a shopping mall and car park. The property's total GFA is approximately 1,188,500 square feet excluding 350 car parking spaces, comprising approximately 362,100 square feet for offices, approximately 358,000 square feet for the serviced apartment, and approximately 468,400 square feet for the shopping mall. Anchor tenants, as of the date of this Offering Circular, include Apple Store, Tiffany, Genesis Motor, Tasaki etc. The Group owns 100 per cent. of this property.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai. This project is situated near the Zhongshan Road North Metro Station. The Group owns 100 per cent. of the retail podium which has a total GFA of approximately 320,300 square feet, including the basement commercial area. The asset is positioned as a community retail facility.

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. The Group retains a 95 per cent. interest in the commercial portion which has a total GFA of approximately 82,000 square feet (GFA attributable to the Group is approximately 77,900 square feet).

Guangzhou May Flower Plaza

Guangzhou May Flower Plaza is a prime property situated at Zhongshanwu Road, Yuexiu District directly above the Gongyuanqian Metro Station in Guangzhou, the interchange station of Guangzhou Subway Lines No. 1 and 2. This 13-storey complex has a total GFA of approximately 436,900 square feet excluding 136 car parking spaces. The building comprises of retail units, restaurants, office units and car parking spaces. The property is almost fully leased to tenants comprising well-known corporations, consumer brands and restaurants. The Group owns 100 per cent. of this property.

Guangzhou West Point

Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance of the Ximenkou Subway Station. This is a mixed-use property where the Group has sold all the residential and office units and retained a commercial podium with GFA of approximately 172,000 square feet. Tenants of the retail podium include renowned restaurants and local retail brands. The Group owns 100 per cent. of this property.

Guangzhou Lai Fung Tower

Guangzhou Lai Fung Tower is the office block of Phase V of Guangzhou Eastern Place, which is a multiphase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This 38-storey office building was completed in June 2016. This property has a total GFA of approximately 738,100 square feet excluding car parking spaces. The Group owns 100 per cent. of this property.

Zhongshan Palm Spring Rainbow Mall

Zhongshan Palm Spring Rainbow Mall is the commercial portion of Zhongshan Palm Spring, the multiphase project located in Caihong Planning Area, Western District of Zhongshan. It is positioned as a community retail facility with a total GFA of approximately 181,100 square feet. The anchor tenant is Zhongshan May Flower Cinema, managed and operated by eSun Holdings Limited, a fellow subsidiary of the Company. The Group owns 100 per cent. of this property.

Hengqin Novotown Phase I

Novotown Phase I is an integrated tourism and entertainment project located in the heart of Hengqin, being one of the core cities in Guangdong province within the Greater Bay Area of China, with close proximity to Macau and Hong Kong. Novotown Phase I comprises a 493-room Hyatt Regency hotel, offices, cultural workshops, cultural studios, shopping and leisure facilities with a total GFA of approximately 2.7 million square feet, as well as 1,844 car parking spaces and ancillary facilities. Lionsgate Entertainment World® featuring attractions, retail, and dining experiences themed around Lionsgate's most renowned global film franchises, including The Hunger Games, The Twilight Saga, The Divergent Series, Now You See Me, Gods of Egypt and Escape Plan. It commenced operation on 31 July 2019. The family edutainment centre, National Geographic Ultimate Explorer Hengqin, containing 18 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4D interactive experiences, and other types of entertainment and educational attractions officially commenced operations on 9 September 2019. In February 2021, a new interactive attraction "Wonders of Kung Fu" was launched in the outdoor garden space of Novotown Phase I, which includes light shows providing immersive experience and interactive games, with Chinese Kungfu and cuisine being the key underlying theme. This attraction in the 5,000 square meters outdoor garden offers more than 10 interactive points, aiming not only to bring new experiences to visitors in terms of advanced visual/media technologies and cultural enlightenment, but also with an objective to boost the night-time economy at Novotown. Leasing of the commercial area of Novotown Phase I is underway with approximately 71 per cent. of the leasable area let. Except for the two themed indoor experience centres, key tenants include Pokiddo Trampoline Park, Adidas Outlet, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks and McDonald's. The Group owns 80 per cent. of Novotown Phase I. The remaining 20 per cent. is owned by LSD.

Hotel and Serviced Apartments

The following is a brief description of the Group's hotel and serviced apartments:

Ascott Huaihai Road Shanghai

Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of the premier collection of Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with a total GFA of approximately 359,700 square feet and approximately 358,000 square feet attributable to the Group has 310 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the top two floors (4,520 sq.ft.). An average occupancy rate of 87.7 per cent. was achieved during the year ended 31 July 2021, and the average room tariff was approximately HK\$1,026.

STARR Hotel Shanghai

The STARR Hotel Shanghai is a 17-storey hotel located in the May flower Lifestyle complex in Jing'an District, within walking distance of Lines 1, 3 and 4 of the Shanghai Metro Station and with easy access to major motorways. There are 239 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of business travellers from around the world, and the total GFA is approximately 143,800 square feet. An average occupancy rate of 64.9 per cent. was achieved during the year ended 31 July 2021, and the average room tariff was approximately HK\$430.

Hyatt Regency Hengqin

The Hyatt Regency Hengqin is located in Novotown Phase I in Hengqin, Zhuhai, the heart of the Greater Bay Area and is within easy reach of the bridge linking Zhuhai with Hong Kong and Macau. The Hyatt Regency Hengqin opened on 31 December 2019, and has a total GFA of approximately 594,800 square feet of which approximately 475,800 square feet is attributable to the Group. It has 493 guest rooms including 55 suites, ranging in size from 430 sq.ft. to 2,580 sq.ft., a wide range of dining options, and banqueting and conference facilities of over 40,000 square feet. An average occupancy rate of 34.4 per cent. was achieved during the year ended 31 July 2021, and the average room tariff was approximately HK\$658.

Property Development

Overview

The Group engages in the development and sale of quality private residential properties targeted at the middle- to high-end residential market in the PRC. The Group also develops other commercial properties such as offices, retail malls, hotels and serviced apartments which the Group retains for rental purposes.

The typical development cycle for vacant land in the PRC is approximately three to four years, whereas the development cycle for urban property projects can be longer, particularly for project sites that are not vacant at the time of acquisition.

The Group is actively involved in all the different stages of the development process in order to control the costs, schedule and quality of its projects. Except for the design and construction of development projects, the Group oversees and largely performs all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for development, supervision of the design and construction of development projects, and the marketing and management of completed projects.

For the year ended 31 July 2021, the Group's property development operations recorded a turnover of HK\$2,275.5 million (2020: HK\$424.6 million) from the sale of properties, representing a 435.9 per cent. increase in sales revenue as compared with the year ended 31 July 2020. Total recognised sales were primarily driven by the sales performance of residential units and car parking spaces of the Shanghai Wuli Bridge Project, and residential units of the Zhongshan Palm Spring, as well as the sale of properties in Novotown Phase II, being occupied by Harrow ILA Hengqin, which was classified as income from properties under finance lease.

The Group's current portfolio of property development projects consists of three projects under various stages of development in Shanghai, Guangzhou, Zhongshan and Hengqin. The following tables set out details of the projects completed for sale and currently under development as of 31 July 2021:

Major Completed Properties for Sale

Property Name	Group Interest	Approximately Attributable Gross Floor Area (square feet)					Total (excluding car parking spaces & ancillary facilities)	No. of car parking Spaces Attributable to the Group
		Commercial/Retail	Residential	Office	Serviced Apartments			
Zhongshan								
Palm Spring	100%	164,359	1,700,536	—	—	1,864,895	2,682	
Hengqin								
Novotown Phase I	80%	—	135,867	420,677	297,182	853,726	—	
Shanghai								
Wuli Bridge Project	100%	—	10,715	—	—	10,715	16	
May Flower Plaza	100%	—	—	—	—	—	458	
Regents Park, Phase II	95%	—	—	—	—	—	219	
Guangzhou								
Eastern Place Phase V	100%	—	—	—	—	—	11	
Dolce Vita	50%	—	—	—	—	—	2	
King's Park	100%	—	—	—	—	—	7	
West Point	100%	—	—	—	—	—	119	
Total of major completed properties held for sale:		164,359	1,847,118	420,677	297,182	2,729,336	3,514	

Major Properties Under Development

Property Name	Group Interest	Stage of Construction	Expected Completion Date	Approximately Attributable Gross Floor Area (square feet)						
				Approximate Site Area (square feet) (Note 1)	Commercial/Retail	Office	Serviced Apartments	Residential	Total (excluding car parking spaces & ancillary facilities)	No. of car parking Spaces Attributable to the Group
Guangzhou										
Haizhu Plaza	100%	Construction work in progress	H1 2023	90,708	104,163	476,662	—	—	580,825	305
Shanghai										
Northgate Plaza Redevelopment Project	100%	Construction work in progress	Q2 2022	107,223	92,613	634,635	—	—	727,248	554
Hengqin										
Novotown Phase II	100%	Construction work in progress	2024 (by phases)	1,547,523	524,116 (Note 2)	1,584,267	578,350	—	2,686,733	1,373
Total of major properties under development:				1,745,454	720,892	2,695,564	578,350		3,994,806	2,232

Note 1: On project basis

Note 2: Including 166,988 square feet of space to be occupied by Harrow ILA Hengqin upon completion.

As at 31 July 2021, completed properties held for sale of the Group amounted to approximately 2,696,000 square feet, excluding the commercial portion of the Zhongshan Palm Spring for self-use. Upon completion of Novotown Phase II by 2024, part of the spaces to be occupied by Harrow ILA Hengqin and part of the office and serviced apartment buildings in Novotown Phase II, with an attributable saleable GFA of approximately 1,724,000 square feet, will be added to the for-sale portfolio of the Group.

Shanghai Northgate Plaza Redevelopment Project

Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal. It comprises office units, a retail podium and car parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 6th to 11th floors of the Hui Gong Building, which is physically connected to Northgate Plaza I, together with the right to use 20 car parking spaces in the basement. Redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan which includes an office tower, a shopping mall and an underground car parking structure is in progress and is expected to add a total GFA of approximately 727,200 square feet, excluding car parking spaces to the rental portfolio of the Group. Construction work is on track and this project is expected to complete in the second quarter of 2022.

Shanghai Wuli Bridge Project

Shanghai Wuli Bridge Project is a high-end luxury residential project located by Huangpu River in Huangpu District in Shanghai with a site area of approximately 74,100 square feet. Construction work has been completed in August 2019. This project providing 28 residential units with an attributable GFA of approximately 77,900 square feet and 43 car parking spaces was launched for sale in September 2020 and has had an enthusiastic response from the market. During the year ended 31 July 2021, sales of 24 residential units with a total GFA of 60,148 square feet were recognised at an average selling price of HK\$15,331 per square foot, which contributed a total of HK\$846.0 million to the Group's turnover, while the sale of 27 car parking spaces contributed HK\$17.9 million to the Group's turnover. As at 31 July 2021, contracted but not yet recognised sales for two residential units and two car parking spaces amounted to HK\$63.0 million. As at 31 July 2021, four residential units and 16 car parking spaces of this development remained unsold with a total carrying amount of approximately HK\$150.8 million.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai, situated near the Zhongshan Road North Metro Station. As of 31 July 2021, 458 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$108.0 million.

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 July 2021, a total of 230 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$58.8 million.

Guangzhou King's Park

This is a high-end residential development located on Donghua Dong Road in the Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car parking spaces and ancillary facilities. During the year ended 31 July 2021, the sales of two car parking spaces contributed HK\$1.2 million to turnover. As at 31 July 2021, the contracted but not yet recognised sales of two car parking spaces amounted to approximately HK\$1.5 million, while the seven car parking spaces as yet unsold have a total carrying amount of approximately HK\$4.9 million.

Guangzhou Haizhu Plaza

Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. The Group owns the entire project. The proposed development has a total project GFA of approximately 580,800 square feet and is intended to be developed for rental purposes. Construction commenced in the first half of 2019 and completion is expected to be in the first half of 2023.

Zhongshan Palm Spring

This project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.075 million square feet. The project comprises high-rise residential towers, townhouses and commercial blocks totalling 4.466 million square feet. Construction of Phases III and IV of Zhongshan Palm Spring has been completed and handover of pre-sold units is in progress. During the year ended 31 July 2021, 423,309 square feet of high-rise residential units and 55,808 square feet of house units were recognised at average selling prices of HK\$1,698 and HK\$3,248 per square foot, respectively, which contributed a total of HK\$836.3 million to sales turnover. As at 31 July 2021, contracted but not yet recognised sales for high-rise residential units and house units amounted to HK\$1,246.6 million and HK\$96.1 million, respectively, at average selling prices of HK\$1,838 and HK\$3,540 per square foot, respectively.

The STARR Resort Residence Zhongshan comprising two 16-storey blocks in the Palm Lifestyle complex was closed in 2019. The serviced apartment units were launched for sale in May 2019 and have been reclassified from “Property, plant and equipment” to “Assets classified as held for sale” in the consolidated statement of financial position of the Group. During the year ended 31 July 2021, seven serviced apartment units have been sold for a total sales proceeds of approximately HK\$9.8 million. The sale of these serviced apartment units is recorded as disposal of assets classified as held for sale, and the sales proceeds net of cost are included in other operating income in the consolidated income statement of the Group. As at 31 July 2021, contracted but not yet recognised sales for serviced apartment units amounted to HK\$4.5 million, at an average selling price of HK\$1,460 per square foot.

As at 31 July 2021, completed units held for sale in this development, including residential units, serviced apartment units and commercial units, amounted to approximately 1,831,894 square feet with a total carrying amount of approximately HK\$1,346.8 million. The carrying amount of the 2,682 unsold car parking spaces of this development as at 31 July 2021 was approximately HK\$252.2 million.

Hengqin Novotown — Phase I

Sales of the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. During the year ended 31 July 2021, sales of 16,965 square feet of cultural studios and 5,154 square feet of cultural workshop units were recognised at an average selling price of HK\$4,983 and HK\$3,531 per square foot, respectively, which contributed a total of HK\$97.2 million to the Group's turnover. As at 31 July 2021, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK\$71.3 million and HK\$3.8 million, respectively, at an average selling price of HK\$5,137 per square foot and HK\$3,950 per square foot, respectively. As at 31 July 2021, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshops units and office units, amounted to approximately 1,067,000 square feet with a total carrying amount of approximately HK\$2,538.1 million. The Group owns 80 per cent. of Novotown Phase I. The remaining 20 per cent. is owned by LSD.

Hengqin Novotown — Phase II

Novotown Phase II is situated adjacent to Novotown Phase I with a total site area of approximately 143,800 square meters and a maximum plot ratio of two times. The Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai through the listing-for-sale process in December 2018. Construction works are on track and completion is expected to be in phases by 2024. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office space and serviced apartment space of 357,100 square feet, 1,584,300 square feet and 578,400 square feet, respectively. The Group entered into a licence agreement with Real Madrid Club de Fútbol in June 2017 in relation to the development and operation of the location-based entertainment centre, namely Real Madrid World in Novotown. Real Madrid World is currently under construction and is expected to contain over 20 attractions upon completion. It will be made up of several signature experiences including an array of interactive training games, a walkthrough of Real Madrid's history, and dining and retail outlets. The Group is in the process of identifying and planning a motor-themed experience centre, as well as other facilities in Novotown Phase II. Properties in Novotown Phase II occupied by Harrow ILA Hengqin have been sold to the school operator during the year ended 31 July 2021, which enabled the Group to crystallise the value of its investment in Novotown Phase II and recycle the capital to improve its working capital position. Harrow ILA Hengqin opened in February 2021. The Group remains confident that the deepening of co-operation between Hengqin and Macau, as announced by the Guangdong and Macau governments on 17 September 2021, will encourage more of the population to live in Hengqin and further enhance the tourism market, making Novotown a new contributor to the Group's results in the long run.

The Group's theme park operation includes the two themed indoor experience centres in Novotown Phase I, namely "Lionsgate Entertainment World[®]" and "National Geographic Ultimate Explorer Hengqin". Lionsgate Entertainment World[®] features attractions, retail and dining experiences themed around Lionsgate's most renowned global film franchises, including The Hunger Games, The Twilight Saga, The Divergent Series, Now You See Me, Gods of Egypt and Escape Plan. It commenced operation on 31 July 2019. The family edutainment centre, National Geographic Ultimate Explorer Hengqin, containing 18 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment and educational attractions, officially commenced operations on 9 September 2019. The Group's turnover from its theme park operation was HK\$30.8 million for the year ended 31 July 2021 as compared with HK\$19.1 million for the year ended 31 July 2020.

Leasing

The Group's office and retail leases are typically entered into for two- to three-year terms with some having the option to renew. Lease terms for food and beverage tenants, which almost always contain an option to renew, are generally longer and are typically entered into for three to six years.

The Group's rents are generally quoted in square meter per lettable area. In most cases (except for the serviced apartments), the rents quoted by the Group exclude property management charges. In determining rents, the Group considers the positioning of the property to determine the appropriate tenant mix in order to maximise rental return and, in the case of a shopping centre, the retail flow.

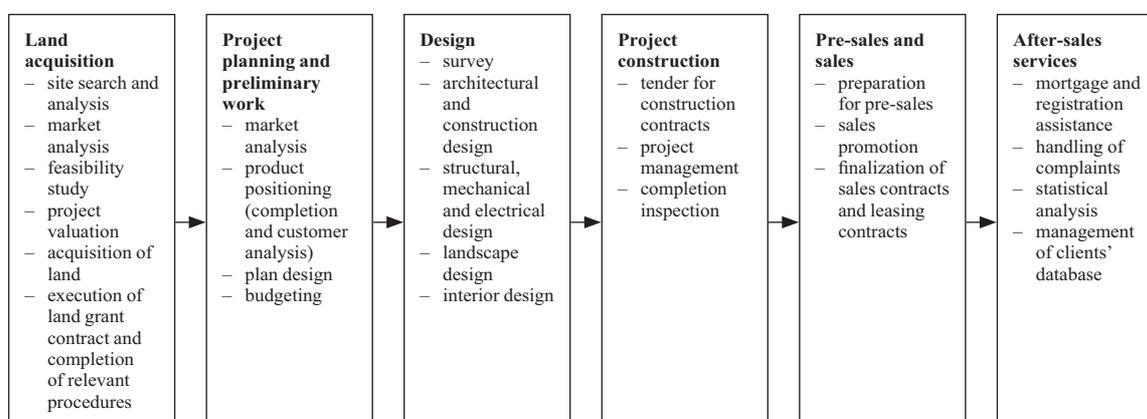
Property Management

The Group aims to provide customers with high-quality services in its property management operations. The Group regularly sends questionnaires to customers in order to obtain their opinions and satisfaction level regarding the Group's services, such as customer service, security service, environmental greening and construction management. During year ended 31 July 2021, the Group recorded a high customer satisfaction rate across its properties. In Guangzhou, the overall satisfaction rate of Lai Fung Tower, West Point and May Flower Plaza were 99 per cent., 97 per cent. and 100 per cent., respectively. Moreover, Lai Fung Tower was awarded "Super Grade A Commercial Office Building", as one of the 17 office buildings receiving such honour issued by the Guangzhou Municipal Commerce Bureau. The customer satisfaction rate in Zhongshan Palm Spring reached 96 per cent. To further improve performance of its property management operations, the Group has also provided employees with training in customer service and makeup skills.

Property Development Phases

Property developers in the PRC are required to obtain qualification certificates in order to develop property. See "Regulation" for more information on property qualification certificates. The Group has valid qualification certificates in respect of all its PRC Subsidiaries that are currently engaged in property development in the PRC.

Development of the Group's properties usually entails six phases: land acquisition, project planning and preliminary work, design, project construction, pre-sales and sales, and after-sales services. The following diagram illustrates the typical stages of the property development cycle and the key elements and milestones within each stage:



Project Management

Headquarters. The Group's headquarters located in Hong Kong oversee and control the major steps of all of its property development projects, including strategic planning, project identification, site acquisition, financing and budget control. The Group's headquarters include, among others, its human resources division, legal division, and accounts and finance division.

Local offices. The Group seeks to maintain direct management control over its projects through its on-the-ground staff in Shanghai, Guangzhou, Zhongshan and Hengqin. The Group's local staff is responsible for the day-to-day operations and project management of each individual project, including implementing infrastructure, engineering and supervision of day-to-day construction work.

Feasibility studies, which include market analyses of prospective projects to assist the Group management with deciding whether to develop a particular site, are prepared by its local office and approved by its headquarters. During the construction phase, the Group's local project management team responsible for managing site progress works closely with the contractors to control costs and to ensure the quality of the construction work.

Project selection. Opportunities are often brought to the Group's attention by real estate brokers, agents, current partners and, occasionally, banks. In conjunction with the Group's ongoing market research, its senior management continually works to identify and evaluate potential sites for new projects. The Group assesses land parcels for use in potential projects based on its analysis of, among other things:

- location of the land parcel;
- transportation access and infrastructure support;
- development prospects, taking into account social, economic and environmental effects;
- government development plans for the relevant site and the neighbouring area;
- local customer demand and expected growth of the city in which the land is located;
- timing and cost of relocating existing occupants;
- applicable zoning regulations and government preferential policies; and
- project evaluation according to the Group's internal predetermined criteria, such as whether bank financing will be readily available.

Feasibility studies, where the Group considers numerous factors, including acquisition and development costs, its ability to obtain financing and ultimate return, are conducted by its finance and marketing teams. If the senior management considers a potential site worth pursuing after completion of the feasibility studies, then the approval of the Board will need to be obtained to proceed further. After the approval of the Board has been obtained, senior management will appoint lawyers to commence formal due diligence and begin negotiations. Senior management will also consider the most appropriate mechanism for the investment and whether to enter into a joint venture in respect of it.

Land Acquisition

All of the land in the Group's current land bank was purchased from the PRC Government or private enterprises by way of public auction or direct negotiation. The Group previously funded all of its land acquisitions from internal cash resources.

In 2007, the MLR issued the Rules Regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-Sale which provided that, commencing from 28 September 2007, with limited exemptions, State-owned land use rights for the purposes of retail, tourism, entertainment and commodity residential development in the PRC can only be granted by the government through public tender, auction or listing-for-sale. In deciding to whom the land use rights should be awarded, the local government considers not just the tender price, but also the credit and qualification of the tenderer and the proposal. By participating in tenders, the Group will generally incur higher land acquisition costs than when it acquires land through private acquisitions.

While the Group believes these measures will result in a more transparent land grant process, which will enable developers to compete more effectively, the Group also expect that in the future the costs of purchasing land use rights will increase. The Group plans continue its prudent and flexible approach in land acquisition.

For details of the laws and regulations governing land acquisition, please refer to the section headed "*Regulation — The Land System of the PRC*".

Pre-construction

Once the Group has obtained the rights to develop a parcel of land, it begins applying for the various permits and licences that it needs in order to begin construction and sale of its properties. If the land use right is acquired by way of grant, the land grant contract will be a precondition to applications for the following certificates and permits:

- Land use right certificate. This is a certification of the right of a party to use a parcel of land. In Shanghai or some other cities, a real estate title certificate will be issued instead;
- Construction land planning permit. This is a permit authorising a developer to begin the survey, planning and design of a parcel of land;
- Construction works planning permit. This is a certificate indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a work commencement permit;
- Work commencement permit. This is a permit required for commencement of construction; and
- Pre-sale permit. This is a permit authorising a developer to start the pre-sale of property still under construction.

Financing of Projects

The Group finances its projects primarily through capital contributions from its shareholders, bank loans and internal cash flows, including proceeds from the pre-sale of its properties. According to guidelines issued by CBRC, no loan shall be granted to projects which have not obtained the relevant land use right certificates, construction land planning permits, construction works planning permits and work commencement permits. The guidelines also stipulate that not less than 50 per cent. of the total investment in a property development project must come from a real estate developer's own capital for the development project in order for banks to extend loans to the real estate developer. The Group's policy is to finance its property development projects with internal resources to the extent practicable so as to reduce the level of external funding required.

For the years ended 31 July 2020 and 2021, the Group's total debt was HK\$10,339.5 million and HK\$11,588.3 million, respectively. The following table sets forth the Group's debt repayment schedule as of 31 July 2021.

Time	Amount <i>(HK\$ million)</i>
Within 1 year	470.4
1-2 years	4,284.6
3-5 years	5,397.9
Over 5 years	1,435.4
Total	11,588.3
Undrawn facilities	3,026.3

Of the Group's total debt of HK\$8,876.3 million as of 31 July 2021 (excluding notes guaranteed by the Guarantor), 50 per cent. was denominated in RMB, 46 per cent. was denominated in Hong Kong dollars and 4 per cent. was denominated in US dollars.

Project Design

The Group contracts out project design work for its property development projects to reputable architectural and other consultancy firms (for any project, the "**External Team**") which are selected through a tender process.

The Group's in-house project management team then works with the selected External Team to determine the design of a particular property development by taking into account certain factors such as:

- the proposed type of development;
- the target market; and
- the advice provided by the Group's sales and marketing department on the expectations of its target market.

Once the master design concept for a project is established, the Group's project management team will collaborate with the External Team to transform the concept into a more detailed design drawing (the "**Design Development Document**"). This is a crucial part of the design process. The Design Development Document must be approved by the relevant PRC Governmental authorities. Once approved, the Design Development Document then becomes the basis for the detailed design and construction of the project.

The Group's project management team also works with the External Teams to develop and determine the appropriate building methods and materials so that project costs can be controlled and its developed properties are more likely to be accepted by the targeted markets.

During the construction phase, the Group's project management team works closely together with the contractor, the project engineers and the External Team to manage and oversee the project's progress. In addition to focusing on the functional and aesthetic aspects of the project, the Group's project management team also provides constant site supervision and conducts progress audits in order to ensure that construction progresses according to the design plan and schedule.

Resettlement

Resettlement, where necessary, is carried out according to the land grant contract. The Group's only current project of which the resettlement process has not been fully completed is Guangzhou Haizhu Plaza. Resettling the residents has been completed and the Group is working with local authorities on relevant administrative procedures to finalise the resettlement process and the completion is expected to be in coming months.

Construction

The Group engages third-party contractors to provide various services, including, but not limited to, construction, piling and foundation, building and property fitting-out work, interior decoration and the installation of air conditioning units and elevators.

Contractors are selected by way of negotiated tender on the basis of the quality of their work, pricing and completion schedule. The Group has a list of approved contractors whom it has previously worked with and who are invited to tender. The tender procedures must comply with the relevant local regulations. The Group does not directly engage suppliers, although it participates in, and closely monitors, the selection of suppliers of key construction materials by its main contractors.

The construction contracts contain warranties and indemnities from the construction companies in respect of quality and timely completion of the construction. The Group requires construction companies to comply with PRC laws and regulations on the quality of construction products. The contractors are also subject to the Group's quality control standards and procedures, including examination of materials and supplies and on-site inspection, and contractor's fees are paid in instalments according to the progress of construction. Construction payments are determined primarily on the basis of the estimated labour and material costs and fitting requirements completed at each stage and certified by the relevant External Team.

The Group has not had any major disputes with any of its construction contractors. The Group believes it maintain good relationships with all of its third-party contractors. All payments are made in Renminbi.

Quality Control and Construction Supervision

The Group places a strong emphasis on quality control to ensure that its properties comply with relevant regulations and are of high quality. As part of its quality control procedures, it is the Group's policy to only contract with reputable design and construction companies.

The general contractors procure most of the equipment and construction materials necessary for each project in accordance with the Group's specifications. The Group does not own any construction equipment and do not maintain any inventory of building materials. To maintain quality control, the Group employs very strict procedures for the selection, inspection and testing of materials. The Group's project management teams inspect all equipment and materials to ensure compliance with the contractual specifications before accepting the materials on site and approving payment.

To ensure quality and monitor the progress and workmanship of construction, each project has its own on-site project management team. The Group's project management teams provide on-site supervision of the project. In addition, the Group's project management teams also inspect the quality of the construction work on a selective basis.

Pre-sale

In line with the market practice in the PRC, the Group usually commences pre-sales (i.e., sales of properties by contract in advance of the completion of construction) in accordance with applicable PRC laws and regulations. The Group's policy is to pre-sell a property as soon as the development has reached the stage that pre-sales are permitted under PRC laws. The majority of the Group's properties developed for sale are sold on a pre-sale basis. Pre-sales of a given project typically occur phase by phase and the Group uses such pre-sale proceeds to fund a significant portion of the project construction costs for the relevant project.

According to the Urban Real Property Law and the Administrative Measures Governing the Pre-sale of Urban Real Estate, the following conditions must be fulfilled before the pre-sale of a particular property can commence:

- the land premium must be paid in full and the land use right certificate must have been obtained;
- the constructive land planning certificate, the construction works planning permit and the work commencement permit must have been obtained;
- the funds contributed to the development of the project shall amount to at least 25 per cent. of the total amount to be invested in the project and the project progress and the date of completion of the project for use must have been ascertained; and
- registration for pre-sale shall be filed and a pre-sale permit shall be obtained.

As permission to pre-sell is usually granted by the local government, the Group may also have to abide by additional requirements. For details of the laws and regulations governing pre-sales, please refer to the section headed "*Regulation — The Land System of the PRC — National Legislation — Pre-sale and Sale*".

Sales and Marketing

The Group has a dedicated sales and marketing team of over 130 employees responsible for determining the appropriate advertising and sales plans for its property development projects. The Group's sales and marketing teams are responsible for conducting the detailed analysis of market conditions, preparing promotional materials, conducting general promotional campaigns, recommending unit prices and pricing-related policies for its projects and co-ordinating and monitoring its relationship with the media. After senior management receives the results of the detailed analysis, unit prices are determined by them.

Payment and End-user Financing

Purchasers of the Group's properties can choose between payment by instalments or a lump sum payment. Where a purchaser chooses to pay by instalments, approximately 30 per cent. of the purchase price is typically required to be made as a down payment when the sales contract is entered into. Mortgages will be arranged for the remaining purchase price and the full purchase price must be paid within six months of the date of the sales contract or by the delivery of the unit, whichever is earlier.

In accordance with industry practice, the Group is required to provide guarantees to mortgagee banks in respect of mortgages offered to its customers until completion of construction and the relevant property ownership certificates and certificates of other interests in the property are submitted to the relevant mortgagee banks. If a purchaser defaults under the mortgage loan and the bank calls on the loan before the relevant individual property ownership certificate is obtained, the Group is obligated to repay the entire outstanding principal amount of the loan, together with all accrued interest thereon, owed by the purchaser to the relevant mortgagee bank. In such circumstances, the Group would have the right to take possession and resell the mortgaged property. Accordingly, the period in which the Group actually bears the credit risk of its customers starts from the date it delivers vacant possession to the purchaser.

In line with industry practice, we do not conduct independent credit checks on purchasers but rely on the credit checks conducted by the mortgagee banks. The Group has not experienced any default by a material portion of such customers under the pre-registration guarantees.

After-sales Services

In line with industry practice, the Group provides comprehensive after-sale services to its customers, which include assisting with financing applications, title registration and obtaining the relevant title certificates

Competition

The Group believes that the property market in the PRC is fragmented and that there is no single dominant market player. Competition is primarily based on factors such as location, facilities, supporting infrastructure, services and pricing. In recent years, a large number of property developers have begun to undertake property development and investment projects in Shanghai, Guangzhou and elsewhere in the PRC. These include overseas property developers (including a number of leading Hong Kong property developers) and local property developers in the PRC, many of whom have greater financial and other capital resources, marketing and other capabilities and/or name recognition than us. In addition, some local companies have extensive local knowledge and business relationships and/or a longer operational track record in the relevant local markets than us, while international companies are able to capitalise on their overseas experience to compete in the PRC markets. Intensified competition between property developers may result in increased costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property development projects by the relevant government authorities.

The Group believes that the extensive experience built up by its senior management in property development will enable the Group to compete effectively. Furthermore, the Group believes that its strategy of site acquisition at reasonable costs, its continuous focus on the development of quality properties and the provision of premium customer service will enable it to maintain its reputation as a developer of quality properties.

Employees

As of 31 July 2021, the Group had approximately 2,000 employees. None of the Group's employees are members of a trade union and the Group has not experienced any strikes or other disruptions due to labour disputes. The Group continues to maintain good relationships with its employees. The compensation the Group offer its employees is in line with the market.

The Group places emphasis on the training and development of its employees and provide a range of training programmes for them. In addition to providing internal courses, the Group also engages outside professionals and consultants to organise seminars and training courses to equip its employees with new knowledge in the industry. The Group also sponsors its employees to attend external training programmes organised by various institutions to acquire advanced knowledge and skills.

All of the Group's Hong Kong employees have joined a mandatory provident fund scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its employees makes a minimum monthly contribution of the employee's relevant income as defined under the mandatory provident fund legislation. In addition, as stipulated by rules and regulations in the PRC, the Group is required to make monthly contributions to State-sponsored social labour insurance plans and housing reserve funds for the benefit of its local PRC employees. The amounts of such contributions will depend on local laws and regulations. The Group has no further obligations in respect of the actual payment of pensions beyond these contributions. The State-sponsored plans are responsible for the entire pension obligations payable to retired employees.

Insurance

As required under PRC insurance laws and regulations, the Group maintains all risk and third-party insurance policies for all its properties under construction. The Group does not maintain insurance policies for properties that have been delivered to its customers. The Group also maintains, on a voluntary basis, personal accidental insurance and supplementary medical insurance for its employees. The Group confirms that its insurance coverage is sufficient for its present purposes and is consistent with coverage for other similar companies in the real estate industry in China. Please refer to the section headed “*Risk Factors — The Group is subject to uninsured risks*” for additional information.

Environmental Matters

Real estate developers in China are subject to a number of environmental laws and regulations, including the PRC Environment Protection Law, the PRC Law on Prevention and Control of Noise Pollution, the PRC Law on Environmental Impact Assessment, and the Administrative Regulations on Environmental Protection in relation to Construction Environment. Please refer to “*Risk Factors — Present or future environmental laws in the PRC may adversely affect the Group’s principal business*” for details of these environmental laws and regulations and the effect that they may have on the Group’s business.

Each of the Group’s property developments is required to undergo environmental assessments and submit the related environmental impact assessment document to the relevant government authorities for approval prior to the commencement of property development. On the completion of each property development, the relevant government authorities inspect the site to ensure that applicable environmental standards have been complied with, and the resulting report is then presented together with other specified documents to the local construction administration authorities for their record. The Group believes that its operation is in compliance with currently applicable national and local environmental and safety regulations in all material respects.

Legal Proceedings

The Group is not currently engaged in any material litigation as a defendant in any arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to its directors to be pending or threatened by or against the Group that would have a material adverse effect on its results of operations or financial condition.

DIRECTORS

The Directors of the Guarantor who were in office as at the date of this Offering Circular are named as follows:

Executive Directors

Chew Fook Aun (*Chairman*)
Lam Kin Hong, Matthew (*Executive Deputy Chairman*)
Lam Hau Yin, Lester (*Chief Executive Officer*)
(*also alternate director to U Po Chu*)
Cheng Shin How
Lee Tze Yan, Ernest
Tham Seng Yum, Ronald
U Po Chu

Independent Non-executive Directors

Ku Moon Lun
Lam Bing Kwan
Law Kin Ho
Mak Wing Sum, Alvin
Shek Lai Him, Abraham

The biographies of the Directors of the Guarantor are as follows:

Executive Directors

Each of the Executive Directors of the Guarantor named below holds directorships in a number of subsidiaries of the Guarantor and all of them (except Mr. Cheng Shin How and Mr. Lee Tze Yan, Ernest) hold directorships in all or certain of the Guarantor's listed affiliates, namely Lai Sun Garment (International) Limited ("**LSG**"), Lai Sun Development Company Limited ("**LSD**") and eSun Holdings Limited ("**eSun**"). The issued shares of LSG, LSD and eSun are listed and traded on the Main Board of the Hong Kong Stock Exchange. LSG is the ultimate holding company of the Guarantor while LSD is a subsidiary of LSG and the intermediate holding company of the Guarantor and eSun.

Mr. Chew Fook Aun, Chairman, aged 59, has been the Chairman of the board of directors of the Guarantor since 1 November 2012. He was appointed an Executive Director of the Guarantor on 5 June 2012 and is currently a member of both the Executive Committee and the Remuneration Committee of the Guarantor. Mr. Chew is also the deputy chairman and an executive director of LSG, the deputy chairman and an executive director of LSD, as well as an executive director of eSun.

Prior to joining the Lai Sun Group, Mr. Chew was an executive director and the group chief financial officer of Esprit Holdings Limited (“**Esprit**”) from 1 February 2009 to 1 May 2012, and an executive director and the chief financial officer of The Link Management Limited (now known as Link Asset Management Limited), acting as manager of The Link Real Estate Investment Trust (now known as Link Real Estate Investment Trust (“**Link REIT**”)), from February 2007 to January 2009. He was also the chief financial officer of Kerry Properties Limited (“**Kerry Properties**”) from 1996 to 2004, a director of corporate finance for Kerry Holdings Limited from 1998 to 2004, and an executive director of Kyard Limited in charge of the property portfolio of a private family office from 2004 to 2007. The issued shares of Esprit and Kerry Properties and the issued units of Link REIT are listed and traded on the Main Board of the Hong Kong Stock Exchange.

Mr. Chew has over 30 years of experience in accounting, auditing and finance in the United Kingdom (“**UK**”) and Hong Kong. He graduated from the London School of Economics and Political Science of the University of London in the UK with a Bachelor of Science (Economics) degree. Mr. Chew is a fellow member of both the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and The Institute of Chartered Accountants in England and Wales. He was also a council member of the HKICPA and its vice president in 2010. Mr. Chew is a board member of the Hong Kong Sports Institute Limited and has been appointed as its vice chairman for a term of two years with effect from 1 April 2021. He was reappointed as a member of the Barristers Disciplinary Tribunal Panel for a further term of five years with effect from 1 September 2020. He was a member of the Advisory Committee of the Securities and Futures Commission, the Corruption Prevention Advisory Committee and the Operations Review Committee of the Independent Commission Against Corruption, the Standing Committee on Company Law Reform of the Companies Registry and a council member of the Financial Reporting Council (“**FRC**”). He was a member of the Investigation and Compliance Committee of the FRC until 30 September 2021.

Mr. Lam Kin Hong, Matthew, Executive Deputy Chairman, aged 53, was appointed an Executive Director of the Guarantor in December 2001. Mr. Lam is an executive director of LSG and Crocodile Garments Limited (a company listed on the Main Board of the Hong Kong Stock Exchange).

Mr. Lam graduated from University College London in the UK with a Bachelor of Science degree and underwent training as a lawyer with Reed Smith Richards Butler, an international law firm. He is a Co-founding Partner and Managing Partner of Nixon Peabody CWL in Hong Kong and a member of The Law Society of Hong Kong, The Law Society of Singapore and The Law Society of England and Wales.

Mr. Lam has considerable experience in property development and corporate finance in Hong Kong and Mainland China. He is the vice president of the Hong Kong Real Property Federation and a standing committee member of the Chinese People’s Political Consultative Conference in Shanghai.

Mr. Lam was appointed a Non-official Justice of the Peace in July 2021. He serves as an Honorary Consul of the Republic of Estonia in Hong Kong, a member of the Consumer Council, a member of the Fight Crime Committee and the observer of the Independent Police Complaints Council. Mr. Lam also serves as an Honorary Judge of Racing at the Hong Kong Jockey Club and is a council member of the Better Hong Kong Foundation. Mr. Lam was a former member of the Employees Compensation Assistance Fund Board and a former member of the Advisory Committee on Admission of Quality Migrants and Professionals.

Mr. Lam is the younger brother of Dr. Lam Kin Ngok, Peter (a substantial shareholder of the Guarantor within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“**SFO**”)) and an uncle of Mr. Lam Hau Yin, Lester (an Executive Director and the Chief Executive Officer of the Guarantor).

Mr. Lam Hau Yin, Lester, Chief Executive Officer, aged 40, was appointed an Executive Director of the Guarantor in April 2005 and is currently a member of the Executive Committee of the Guarantor. He is the alternate director to Madam U Po Chu, an Executive Director of the Guarantor. Mr. Lam is an executive director of LSG, LSD and eSun. He is also the alternate director to Madam U Po Chu in her capacity as an executive director of LSG as well as a non-executive director of each of LSD and eSun.

Mr. Lam holds a Bachelor of Science in Business Administration degree from the Northeastern University in Boston of the United States of America. He completed the Kellogg-HKUST Executive MBA programme in 2016. Mr. Lam has acquired working experience since 1999 in various companies engaged in securities investment, hotel operations, environmental products, entertainment and property development and investment. He is a member of the general committee of The Chamber of Hong Kong Listed Companies.

Mr. Lam is a son of Dr. Lam Kin Ngok, Peter (a substantial shareholder of the Guarantor within the meaning of Part XV of the SFO), a nephew of Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman and an Executive Director of the Guarantor) and a grandson of Madam U Po Chu (Executive Director of the Guarantor).

Mr. Cheng Shin How, aged 55, was appointed an Executive Director of the Guarantor in June 2007 and is currently a member of the Executive Committee of the Guarantor.

Prior to joining the Guarantor, Mr. Cheng was the Regional Director of the Hong Kong and Macau office of CapitaLand Limited (now known as CapitaLand Group Pte. Ltd.) (“**CapitaLand**”). He joined CapitaLand in 1999 and has been involved in CapitaLand’s real estate investment in Hong Kong, Macau and the Mainland of China. Prior to joining CapitaLand, Mr. Cheng worked with CB Richard Ellis, an international property consultancy firm where he was involved in property valuation, development and investment consultancy. He has been involved in the PRC business since 1993. Mr. Cheng graduated with an Honours Degree in Land Management from the University of Reading, UK.

Mr. Lee Tze Yan, Ernest, aged 57, was appointed an Executive Director of the Guarantor in January 2015 and is currently a member of the Executive Committee of the Guarantor.

Mr. Lee joined the Lai Sun Group as Group Director — Project Development in June 2012. He has over 20 years of experience in the architectural and property development industries, holding senior positions. Prior to joining the Lai Sun Group, he was a senior project management executive of the Henderson Land Group for 18 years, supervising the execution and completion of numerous large-scale quality developments in both Hong Kong and the People’s Republic of China (“**PRC**”).

Mr. Lee graduated from the Faculty of Architecture, the University of Hong Kong, with a Bachelor of Architecture degree and a Bachelor of Arts in Architectural Studies degree. He also holds a post-graduate degree in Master of Business Administration from the Southern Illinois University at Carbondale in the United States of America. Mr. Lee has been a member of both the Hong Kong Institute of Architects (HKIA) and the Royal Institute of British Architects (RIBA), as well as an Authorized Person (List of Architects) and a Registered Architect in Hong Kong for over 20 years. He attained the qualifications of PRC Class 1 Registered Architect Qualification and BEAM Pro.

Mr. Tham Seng Yum, Ronald, aged 52, was appointed an Executive Director of the Guarantor in August 2019 and is currently a member of the Executive Committee of the Guarantor. He is also an executive director of LSD.

Mr. Tham has over 30 years of experience in banking, accounting and finance and management, gained mainly in Greater China, Asia Pacific and the UK. Mr. Tham was awarded a Master of Engineering degree in Chemical Engineering from Imperial College, University of London, UK in 1991. Mr. Tham is a fellow member of both the Institute of Chartered Accountants in England and Wales and the HKICPA. He is also a member of the Hong Kong Securities and Investment Institute. Mr. Tham is currently a member of the Finance Committee of the Council of The Hong Kong University of Science and Technology and the Chairman of the Registration and Practicing Committee of the HKICPA.

Prior to joining the Guarantor, Mr. Tham was General Manager, Corporate Banking of Sumitomo Mitsui Banking Corporation, Hong Kong Branch since June 2018. He worked for the Swire Group from July 2012 to May 2018 where he held the positions of Finance Director of Swire Pacific Offshore based in Singapore and Director of Corporate Finance of Swire Pacific Limited based in Hong Kong. He was Managing Director, Head of Family Office and Coverage, Hong Kong at HSBC Global Banking from January 2011 to June 2012. He worked for Macquarie Capital Asia based in Hong Kong from August 2004 to December 2010 where his last position was Senior Managing Director, Head of Real Estate, Asia. He worked for HSBC Investment Banking, Asia based in Hong Kong from November 1994 to July 2004 where his last position was Director, Corporate Finance. He worked for Price Waterhouse, in London, UK and Hong Kong as an auditor from August 1991 to October 1994.

Madam U Po Chu, aged 96, was appointed an Executive Director of the Guarantor in February 2003. She is also an executive director of LSG and a non-executive director of each of LSD and eSun.

Madam U has over 55 years of experience in the garment manufacturing business and had been involved in the printing business in the mid-1960s. She started to expand the business to fabric bleaching and dyeing in the early 1970s and became involved in property development and investment in the late 1980s.

Madam U is the mother of Dr. Lam Kin Ngok, Peter (a substantial shareholder of the Guarantor within the meaning of Part XV of the SFO), and the grandmother of Mr. Lam Hau Yin, Lester (an Executive Director and the Chief Executive Officer of the Guarantor).

Independent Non-Executive Directors

Mr. Ku Moon Lun, aged 70, was appointed an Independent Non-executive Director of the Guarantor in June 2006 and is currently a member of both the Audit Committee and the Remuneration Committee of the Guarantor.

Mr. Ku has over 35 years of experience in the real estate industry. He is currently a non-executive director of Surbana Jurong Pte Ltd. in Singapore. Mr. Ku is a member of the Hospital Governing Committee of Queen Elizabeth Hospital, Hong Kong Hospital Authority. He is also a fellow member of the Hong Kong Institute of Surveyors.

Mr. Ku was an executive director of Davis Langdon & Seah International (“**DLSI**”), a property consultancy firm, until the end of 2005 where he was responsible for formulating the policies and steering the direction of the DLSI group of companies. He was also the chairman of the board of directors of Davis Langdon & Seah Hong Kong Limited from 1995 to 2004. Mr. Ku was previously the chairman of Premas Hong Kong Limited, a facilities management company, from 2000 to 2002 and icFox International, an information technology company, from 2000 to 2003. He was an independent non-executive director of Ascott Residence Trust Management Limited in Singapore from 2006 to 2016 and an independent non-executive director of Kerry Properties Limited (the issued shares of which are listed and traded on the Main Board of the Hong Kong Stock Exchange) from 2007 to 2020.

Mr. Lam Bing Kwan, aged 71, was appointed an Independent Non-executive Director of the Guarantor in July 2001 and is currently the chairman of the Remuneration Committee and a member of the Audit Committee of the Guarantor.

Mr. Lam graduated from the University of Oregon in the United States of America with a Bachelor of Business Administration degree in 1974. Having been actively involved in property development and investment in the PRC since the mid-1980s, he has substantial experience in this industry. Mr. Lam has served on the boards of directors of several listed companies in Hong Kong for over 15 years and is currently an independent non-executive director of LSG and LSD as well as a non-executive director of Sino-i Technology Limited and Nan Hai Corporation Limited. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Hong Kong Stock Exchange.

Mr. Law Kin Ho, aged 54, was appointed an Independent Non-executive Director of the Guarantor in March 2009 and is currently the chairman of the Audit Committee and a member of the Remuneration Committee of the Guarantor.

Mr. Law is a fellow member of the HKICPA and the Association of Chartered Certified Accountants, UK. He has extensive experience in the auditing and accounting fields in Hong Kong and is currently a practising certified public accountant in Hong Kong. Prior to starting his own practice, Mr. Law worked with Yuanta Securities (Hong Kong) Company Limited, the Hong Kong Stock Exchange and Ernst & Young.

Mr. Law was an independent non-executive director of Creative China Holdings Limited and Sunlight (1977) Holdings Limited. The issued shares of the aforesaid companies are listed and traded on GEM of the Hong Kong Stock Exchange.

Mr. Mak Wing Sum, Alvin, aged 69, was appointed an Independent Non-executive Director of the Guarantor in November 2012, and is currently a member of the Audit Committee of the Guarantor.

Mr. Mak is a Chartered Accountant and is a member of the Canadian Institute of Chartered Accountants as well as a member of the HKICPA. He is currently an independent non-executive director of Luk Fook Holdings (International) Limited, Hong Kong Technology Venture Company Limited (formerly known as Hong Kong Television Network Limited), Goldpac Group Limited and Crystal International Group Limited. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange. Mr. Mak is a member of Hong Kong Housing Society (“**HKHS**”) and a member of certain of its committees. He is also a member of the Supervisory Board of the HKHS.

After working at Citibank for over 26 years, Mr. Mak retired on 1 May 2012. He last served as the Head of Markets and Banking for Citibank Hong Kong, being the country business manager for corporate and investment banking business. In Citibank, he had held various senior positions including Head of Global Banking responsible for managing all the coverage bankers. Prior to that, he managed the Hong Kong’s corporate finance business, regional asset management business and was the Chief Financial Officer of North Asia. Before joining Citibank in 1985, Mr. Mak was an audit group manager at Coopers & Lybrand (now PricewaterhouseCoopers). He worked for Coopers & Lybrand for eight years, five of which were in Toronto, Canada. He was an independent non-executive director of I.T Limited (the issued shares of which are listed and traded on the Main Board of the Stock Exchange). He graduated from the University of Toronto with a Bachelor of Commerce degree in 1976.

Mr. Shek Lai Him, Abraham, aged 76, was appointed an Independent Non-executive Director of the Guarantor in December 2012. He was appointed a Justice of the Peace in 1995 and awarded the Gold Bauhinia Star in July 2013. He has been a member of the Legislative Council for the Hong Kong Special Administrative Region of the PRC, representing the real estate and construction functional constituency since 2000.

Mr. Shek acts as an independent non-executive director of a number of companies listed on the Main Board of the Hong Kong Stock Exchange, including Paliburg Holdings Limited, Lifestyle International Holdings Limited, Chuang’s Consortium International Limited, NWS Holdings Limited, Country Garden Holdings Company Limited, China Resources Cement Holdings Limited, Cosmopolitan International Holdings Limited, Eagle Asset Management (CP) Limited acting as the manager of Champion Real Estate Investment Trust, Regal Portfolio Management Limited acting as the manager of Regal Real Estate Investment Trust, Everbright Grand China Assets Limited, CSI Properties Limited, Far East Consortium International Limited, Landing International Development Limited, Hao Tian International Construction Investment Group Limited, International Alliance Financial Leasing Co., Ltd. (from 28 July 2021) and SJM Holdings Limited (retired on 28 May 2021).

Moreover, Mr. Shek is the honorary chairman and an independent non-executive director of Chuang’s China Investments Limited, the vice chairman and an independent non-executive director of ITC Properties Group Limited, as well as an executive director of Goldin Financial Holdings Limited. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

Mr. Shek is also a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption, a Member of the Court and the Council of The University of Hong Kong and an Honorary Member of the Court of The Hong Kong University of Science and Technology. He was the Vice-Chairman of the Independent Police Complaints Council in Hong Kong, a director of The Hong Kong Mortgage Corporation Limited and a non-executive director of the Mandatory Provident Fund Schemes Authority. He graduated from the University of Sydney, Australia with a Bachelor of Arts degree and a Diploma in Education.

DIRECTORS', SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

Directors' Interests

As at the date of this Offering Circular, the following Directors and chief executive of the Guarantor who held office and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following interests or short positions in the shares, underlying shares and debentures of the Guarantor or any of its associated corporations (within the meaning of the SFO) on that date (a) as required to be notified to the Guarantor and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Guarantor pursuant to section 352 of the SFO (“**Register of Directors and Chief Executive**”); or (c) as otherwise notified to the Guarantor and the Hong Kong Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Guarantor (“**Securities Code**”); or (d) as known to the Directors:

(1) The Guarantor

Long positions in the ordinary shares of HK\$5.00 each of the Guarantor (“**Shares**”) and underlying Shares

Name of Director	Capacity	Number of Shares		Number of underlying Shares	Total	Approximate percentage of total issued Shares
		Personal interests	Corporate interests	Personal interests (Note 1)		(Note 2)
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	3,219,182	3,219,182	0.97%
Cheng Shin How	Beneficial owner	Nil	Nil	643,836	643,836	0.19%
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	640,000	640,000	0.19%
Tham Seng Yum, Ronald	Beneficial owner	Nil	Nil	500,000	500,000	0.15%

Notes:

- These interests in underlying Shares represented interests in share options granted to the Directors under the share option scheme of the Guarantor, particulars of which are as follows:

Name of Director	Date of grant	Number of underlying Shares comprised in share options	Exercise period	Exercise price per Share (HK\$)
Lam Hau Yin, Lester	18/01/2013	3,219,182	18/01/2013 – 17/01/2023	11.40
Cheng Shin How	18/01/2013	643,836	18/01/2013 – 17/01/2023	11.40
Lee Tze Yan, Ernest	18/01/2013	640,000	18/01/2013 – 17/01/2023	11.40
Tham Seng Yum, Ronald	19/08/2019	500,000	19/08/2019 – 18/08/2029	6.784

- The percentage has been compiled based on the total number of issued Shares as at the date of this Offering Circular (i.e., 331,033,443 Shares).

(2) Associated corporations of the Guarantor

(i) *Lai Sun Garment (International) Limited (“LSG”)*

Long positions in the ordinary shares of LSG (“LSG Shares”) and underlying LSG Shares

Name of Director	Capacity	Number of LSG Shares		Number of underlying LSG Shares	Total	Approximate percentage of total issued LSG Shares (Note 2)
		Personal interests	Corporate interests	Personal interests (Note 1)		
Chew Fook Aun	Beneficial owner	Nil	Nil	4,869,867	4,869,867	0.83%
Lam Hau Yin, Lester	Beneficial owner	18,688,812	Nil	4,869,867	23,558,679	4.00%
U Po Chu	Beneficial owner	1,238,287	Nil	Nil	1,238,287	0.21%

Notes:

1. *These interests in underlying LSG Shares represented interests in share options granted to the Directors under the share option schemes of LSG, particulars of which are as follows:*

Name of Director	Date of grant	Number of underlying LSG Shares comprised in share options	Exercise period	Exercise price per LSG Share (HK\$)
Chew Fook Aun	19/06/2017	4,869,867	19/06/2017 – 18/06/2027	11.763
Lam Hau Yin, Lester	19/06/2017	4,869,867	19/06/2017 – 18/06/2027	11.763

2. *The percentage has been compiled based on the total number of issued LSG Shares as at the date of this Offering Circular (i.e., 588,915,934 LSG Shares).*

(ii) **Lai Sun Development Company Limited (“LSD”)**

Long positions in the ordinary shares of LSD (“LSD Shares”) and underlying LSD Shares

Name of Director	Capacity	Number of LSD Shares		Number of underlying LSD Shares	Total	Approximate percentage of total issued LSD Shares (Note 2)
		Personal interests	Corporate interests	Personal interests (Note 1)		
Chew Fook Aun	Beneficial owner/ Owner of controlled corporation	Nil	1,831,500 (Note 3)	2,275,301	4,106,801	0.42%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	4,864,519	4,864,519	0.50%
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	969,854	969,854	0.10%
Tham Seng Yum, Ronald	Beneficial owner	Nil	Nil	932,552	932,552	0.10%
U Po Chu	Beneficial owner	40,378	Nil	Nil	40,378	0.00%

Notes:

1. These interests in underlying LSD Shares represented interests in share options granted to the Directors under the share option schemes of LSD, particulars of which are as follows:

Name of Director	Date of grant	Number of underlying LSD Shares comprised in share options	Exercise period	Exercise price per LSD Share (HK\$)
Chew Fook Aun	05/06/2012	2,275,301	05/06/2012 – 04/06/2022	4.59
Lam Hau Yin, Lester	18/01/2013	4,864,519	18/01/2013 – 17/01/2023	13.811
Lee Tze Yan, Ernest	18/01/2013	969,854	18/01/2013 – 17/01/2023	13.811
Tham Seng Yum, Ronald	19/08/2019	932,552	19/08/2019 – 18/08/2029	8.509

2. The percentage has been compiled based on the total number of issued LSD Shares as at the date of this Offering Circular (i.e., 968,885,887 LSD Shares).
3. These LSD Shares are held by The Orchid Growers Association Limited, the entire issued share capital of which is beneficially owned by Mr. Chew Fook Aun.

(iii) eSun Holdings Limited (“eSun”)

Long positions in the ordinary shares of HK\$0.50 each of eSun (“eSun Shares”)

<u>Name of Director</u>	<u>Capacity</u>	<u>Number of eSun Shares</u>		<u>Approximate percentage of total issued eSun Shares</u> <i>(Note)</i>
		<u>Personal interests</u>		
Lam Hau Yin, Lester	Beneficial owner	2,794,443		0.19%

Note: The percentage has been compiled based on the total number of issued eSun Shares as at the date of this Offering Circular (i.e., 1,491,854,598 eSun Shares).

(iv) LSD Bonds (2017) Limited

Long position in the 4.6 per cent. guaranteed notes due 2022

<u>Name of Director</u>	<u>Capacity</u>	<u>Nature of interests</u>	<u>Principal amount</u>
Mak Wing Sum, Alvin	Beneficial owner	Personal	US\$200,000 <i>(Note)</i>

Note: These notes were jointly held by Mr. Mak Wing Sum, Alvin and his spouse.

Save as disclosed above, as at the date of this Offering Circular, none of the Directors and chief executive of the Guarantor and their respective close associates was interested or was deemed to be interested in long and short positions in the shares, underlying shares and debentures of the Guarantor or any of its associated corporations, which were required to be notified to the Guarantor and the Hong Kong Stock Exchange, recorded in the Register of Directors and Chief Executive, notified under the Securities Code, or otherwise known to the Directors.

Substantial Shareholders’ and Other Persons’ Interests

As at the date of this Offering Circular, so far as is known or otherwise notified to any Director or the chief executive of the Guarantor, the particulars of the corporations or individuals who had 5 per cent. or more interests in the following long positions in the Shares and underlying Shares as recorded, other than a Director or the chief executive of the Guarantor, in the register required to be kept under section 336 of the SFO (“**Register of Shareholders**”) or were entitled to exercise, or control the exercise of, 10 per cent. or more of the voting power at any general meeting of the Guarantor (“**Voting Entitlements**”) (i.e., within the meaning of substantial shareholders of the Listing Rules) were as follows:

(A) Long positions in the Shares of the Guarantor

Name	Capacity	Nature of interests	Number of Shares	Approximate percentage of total issued Shares <i>(Note 1)</i>
Substantial Shareholders				
Lai Sun Development Company Limited (“LSD”)	Owner of controlled corporations	Corporate	182,318,266 <i>(Note 2)</i>	55.08%
Lai Sun Garment (International) Limited (“LSG”)	Owner of controlled corporations	Corporate	182,318,266 <i>(Note 3)</i>	55.08%
Lam Kin Ngok, Peter	Owner of controlled corporations	Corporate	182,318,266 <i>(Note 4)</i>	55.08%
Holy Unicorn Limited (“Holy Unicorn”)	Beneficial owner	Corporate	180,600,756 <i>(Note 2)</i>	54.56%
Transtrend Holdings Limited (“Transtrend”)	Beneficial owner	Corporate	1,717,510 <i>(Note 2)</i>	0.52%
CapitaLand China Holdings Pte Ltd (“CapitaLand China”)	Owner of controlled corporation	Corporate	64,400,000 <i>(Note 5)</i>	19.45%
CapitaLand China Investments Limited (“CapitaLand China Investments”)	Owner of controlled corporations	Corporate	64,400,000 <i>(Note 5)</i>	19.45%
CapitaLand LF (Cayman) Holdings Co., Ltd. (“CapitaLand Cayman”)	Beneficial owner	Corporate	64,400,000	19.45%
CapitaLand Group Pte. Ltd. (“CapitaLand”)	Owner of controlled corporations	Corporate	64,400,000 <i>(Note 5)</i>	19.45%
Temasek Holdings (Private) Limited (“Temasek”)	Owner of controlled corporations	Corporate	64,400,000 <i>(Note 5)</i>	19.45%
Other Persons				
Yu Cheuk Yi	Beneficial owner	Personal	33,070,237 <i>(Note 6)</i>	9.99%
Yu Siu Yuk	Beneficial owner	Personal	33,070,237 <i>(Note 6)</i>	9.99%
Moerus Capital Management LLC	Investment manager	Corporate	24,969,825	7.54%

Notes:

1. The percentage has been compiled based on the total number of issued Shares as at the date of this Offering Circular (i.e., 331,033,443 Shares).
2. These interests in the Guarantor represented all the Shares beneficially owned by Holy Unicorn (180,600,756 Shares or approximately 54.56 per cent. of the total issued Shares) and Transtrend (1,717,510 Shares or approximately 0.52 per cent. of the total issued Shares), both being wholly-owned subsidiaries of LSD.
3. LSG owned approximately 53.19 per cent. shareholding interests in LSD. As such, LSG was deemed to be interested in the same 182,318,266 Shares in which LSD had interests.
4. Dr. Lam Kin Ngok, Peter was deemed to be interested in 182,318,266 Shares by virtue of his personal and deemed shareholding interests in approximately 41.89 per cent. (excluding a share option) in LSG which in turn owned approximately 53.19 per cent. shareholding interests in LSD.
5. These interests in the Guarantor represented the Shares beneficially owned by CapitaLand Cayman which is wholly owned by CapitaLand China which in turn is wholly owned by CapitaLand China Investments while CapitaLand China Investments is wholly owned by CapitaLand. CapitaLand is in turn a wholly-owned subsidiary of CLA Real Estate Holdings Pte. Ltd. Temasek is deemed to be interested in the same 64,400,000 Shares held by CapitaLand Cayman as CLA Real Estate Holdings Pte. Ltd. is an indirect wholly-owned subsidiary of Temasek.
6. Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 33,070,237 Shares which were held jointly by them.

(B) Long positions in the underlying Shares of the Guarantor

Name	Capacity	Number of underlying Shares	Approximate percentage of total issued Shares (Note 1)
Lam Kin Ngok, Peter	Beneficial owner	321,918 (Note 2)	0.10%

Notes:

1. The percentage has been compiled based on the total number of issued Shares as at the date of this Offering Circular (i.e., 331,033,443 Shares).
2. A share option was granted by the Guarantor to Dr. Lam Kin Ngok, Peter on 18 January 2013 to subscribe for a total of 321,918 Shares at an exercise price of HK\$11.40 per Share during the period from 18 January 2013 to 17 January 2023.

Save as disclosed above, the Directors are not aware of any other corporation or individual who, as at the date of this Offering Circular, had Voting Entitlements or 5 per cent. or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular, all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that none of the Issuer, the Guarantor or any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

THE CAYMAN ISLANDS

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws:

- (i) Payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.
- (ii) No stamp duty is payable in respect of the issue of Bearer Notes. The Bearer Notes themselves will be stampable if they are executed in or brought into the Cayman Islands.
- (iii) No stamp duty is payable in respect of the issue of the Registered Notes. An instrument of transfer in respect of a Registered Note is stampable if executed in or brought into the Cayman Islands.

The Guarantor has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands in the following form:

The Tax Concessions Act (2011 Revision) — Undertaking as to Tax Concessions

In accordance with the Tax Concessions Act (2011 Revision), the Governor in Cabinet undertakes with the Guarantor:

- (i) that no law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Guarantor or its operations; and
- (ii) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (a) on or in respect of the shares, debentures or other obligations of the Guarantor; or
 - (b) by way of the withholding in whole or part, of any relevant payment as defined in the Tax Concessions Law Act (2011 Revision).
- (iii) These concessions shall be for a period of 20 years from the 7th day of January 2014.

HONG KONG

Withholding Tax

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

Profits Tax

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

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

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

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted.

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

The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of. In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisers to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes **provided that** either:

- (i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117 of Hong Kong) (the “**SDO**”)).

If stamp duty is payable it is payable by the Issuer on the issue of Bearer Notes at a rate of three per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any sale and purchase or change in beneficial ownership of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any sale and purchase or change in beneficial ownership of Registered Notes **provided that** either:

- (i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.26 per cent. (of which 0.13 per cent. is payable by the seller and 0.13 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “**foreign financial institution**” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued before the date that is two years after the date on which final regulations defining “foreign passthru payments” are published. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

SUMMARY OF DEALER AGREEMENT

The Arranger has, in a dealer agreement (the “**Dealer Agreement**”) dated 22 December 2021, agreed with the Issuer and the Guarantor a basis upon which it may from time to time agree to purchase Notes. The Issuer and Guarantor may appoint other Dealers who may from time to time agree to purchase Notes on the same basis. The Issuer (failing which, the Guarantor) will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer (failing which, the Guarantor) has agreed to reimburse the Arranger for certain of its expenses incurred in connection with any future update of the Programme and will reimburse any Dealers for certain of their activities in connection with the Programme.

The Issuer (failing which, the Guarantor) has agreed to indemnify any Dealer against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the relevant Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilisation or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilisation activities may only be carried on by the Stabilisation Manager(s) named in the applicable Pricing Supplement (or persons acting on behalf of any Stabilisation Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

In connection with each Tranche of Notes, the relevant Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

SELLING RESTRICTIONS

United States of America

The Notes and the Guarantee thereof have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in certain transactions not subject to the registration requirements of the Securities Act. The Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes or the Guarantee thereof, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, the Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”);
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area, the Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of Notes to the public in that Member State:

- (a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the EU Prospectus Regulation in that Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, **provided that** any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the EU Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**EU Prospectus Regulation**” means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, the Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
- (i) retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”);
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, the Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Article 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, **provided that** any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (c) at any time to fewer than 150 persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other UK Regulatory restrictions

The Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

People’s Republic of China

The Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Hong Kong

The Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “**structured product**” as defined in the SFO (Cap. 571) of Hong Kong (the “**SFO**”) other than (a) to “**professional investors**” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.”

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”) and accordingly, the Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme be required to represent, warrant and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, “**resident of Japan**” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

The Arranger has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Arranger has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

The Cayman Islands

The Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme be required to represent, warrant and agree, that no offer of the Notes will be made directly or indirectly to the public in the Cayman Islands.

General

The Arranger has agreed, and each further Dealer appointed under the Programme will be required to agree, that to the best of its knowledge and belief, it has complied and will comply in all material respects with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular or any Pricing Supplement or any related offering material, in all cases at its own expense. Other persons into whose hands this Offering Circular or any Pricing Supplement comes are required by the Issuer, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any Pricing Supplement or any related offering material, in all cases at their own expense.

None of the Issuer, the Guarantor or the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

OTHER RELATIONSHIPS

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associated companies and may be paid fees in connection with such services from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associated companies, including Notes, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes.

BROKER-DEALER AFFILIATES

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

GENERAL INFORMATION

1. LISTING

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only. Separate application will be made for the listing of the Notes on the Hong Kong Stock Exchange. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the next business day following the date of listing of the relevant Notes.

2. AUTHORISATION

The establishment of the Programme, the issue of the Notes thereunder and the giving of the Guarantee were authorised by minutes of the board of directors of the Issuer held on 13 December 2021 and by resolutions of the board of directors of the Guarantor passed on 13 December 2021. The Issuer and the Guarantor have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the Guarantee relating to them.

3. LEGAL AND ARBITRATION PROCEEDINGS

None of the Issuer, the Guarantor and any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

4. SIGNIFICANT/MATERIAL CHANGE

Save as disclosed herein, since 31 July 2021, there has been no material adverse change in the financial position or prospects of the Group.

5. AUDITOR

Ernst & Young, Certified Public Accountants, the Guarantor's independent auditor has audited, and rendered an unqualified audit report on, the consolidated financial statements of the Guarantor at and for the years ended 31 July 2020 and 31 July 2021, which are incorporated by reference in this Offering Circular.

6. DOCUMENTS AVAILABLE

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the specified office of the Guarantor at 19/F, AIA Central, 1 Connaught Road Central, Central, Hong Kong and the specified office of the CMU Lodging and Paying Agent at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong for so long as the Notes are capable of being issued under the Programme:

- (i) articles of association of the Issuer and the Guarantor;
- (ii) copies of the latest annual report of the Guarantor (as at the date of this Offering Circular, being the annual report containing the audited consolidated financial statements of the Guarantor as at and for the financial year ended 31 July 2021);
- (iii) if published later than the latest annual report of the Guarantor, copies of the latest interim report of the Guarantor;
- (iv) each Pricing Supplement (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity);
- (v) a copy of this Offering Circular together with any Supplement to this Offering Circular;
- (vi) the Agency Agreement;
- (vii) the Dealer Agreement;
- (viii) the Deed of Guarantee;
- (ix) the Deed of Covenant; and
- (x) the Programme Manual (which contains the forms of the Notes in global and definitive form).

7. CLEARING OF THE NOTES

The Notes may be accepted for clearance through Euroclear, Clearstream, Luxembourg and CMU. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The Legal Entity Identifier of the Issuer is 254900G9LGQZ3BL53H05.

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