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This announcement and the listing document referred to herein 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) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the issuer for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) 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 Hong Kong.

The material contained in this announcement is not for distribution or circulation, directly or indirectly, in or into the United States. This announcement is solely for the purpose of reference and does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the securities offer are being offered and sold only outside the United States in offshore transaction in compliance with Regulation S under the Securities Act.

Notice to Hong Kong investors: The Issuer and the Guarantor (each as defined below) confirm that the Notes (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and will be listed on The Stock Exchange of Hong Kong Limited 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.

Sun Hung Kai & Co. (BVI) Limited

(incorporated in the British Virgin Islands with limited liability)

(as Issuer)



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

(Incorporated in Hong Kong with limited liability)

(as Guarantor)

(Stock Code: 86)

U.S.\$375,000,000 5.00 per cent. Notes due 2026 (the “Notes”)

(Stock Code: 40831)

**under the U.S.\$3,000,000,000 Guaranteed Medium Term Note Programme
(the “Programme”)**

This announcement is issued pursuant to Rule 37.39A of the Listing Rules on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

Please refer to the offering circular dated 13 April 2021 (the “**Offering Circular**”) in relation to the Programme and the pricing supplement dated 31 August 2021 (the “**Pricing Supplement**”) in relation to the Notes each appended hereto. The Issuer announces that the listing of the Notes on the Hong Kong Stock Exchange and permission to deal in the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules) only has become effective on 8 September 2021.

Hong Kong, 8 September 2021

As at the date of this announcement, the directors of the Issuer are Mr. Simon Chow Wing Charn and Mr. Brendan James McGraw.

As at the date of this announcement, the board of directors of the Guarantor comprises:

Executive Directors:

Messrs. Lee Seng Huang (*Group Executive Chairman*) and Simon Chow Wing Charn

Non-Executive Director:

Mr. Peter Anthony Curry

Independent Non-Executive Directors:

Mr. Evan Au Yang Chi Chun, Mr. David Craig Bartlett, Mr. Alan Stephen Jones, Ms. Vivian Alexa Kao, Ms. Jacqueline Alee Leung and Mr. Wayne Robert Porritt

Appendix 1

Offering Circular dated 13 April 2021

IMPORTANT NOTICE

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

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, 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. 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. 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 the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States 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 licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced 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 (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, Standard Chartered Bank and UBS AG Hong Kong Branch (the “**Arrangers**”), Standard Chartered Bank, UBS AG Hong Kong Branch, Bank of China (Hong Kong) Limited and Barclays Bank PLC (the “**Dealers**”), any person who controls the Arrangers or the Dealers, any director, officer, employee nor agent of the Issuer or the Guarantor or the Arrangers 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 Arrangers 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.



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

SUN HUNG KAI & CO. (BVI) LIMITED

(incorporated under the laws of the British Virgin Islands with limited liability) (as Issuer)

Sun Hung Kai & Co. Limited

(incorporated in Hong Kong with limited liability) (as Guarantor)

(Stock Code: 86)

U.S.\$3,000,000,000

Guaranteed Medium Term Note Programme

Under the U.S.\$3,000,000,000 Guaranteed Medium Term Note Programme described in this Offering Circular (the “Programme”), Sun Hung Kai & Co. (BVI) Limited (the “Issuer”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the “Notes”) unconditionally and irrevocably guaranteed (the “Guarantee”) by Sun Hung Kai & Co. Limited (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.\$3,000,000,000 (or its equivalent in other currencies), subject to increase as described herein. The Notes may be issued on a continuing basis to one or more of the Dealers specified under “Summary of the Programme” and any additional Dealer appointed under the Programme from time to time by the Issuer (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” or “HKSE”) for the listing of the Programme 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 Offering Circular on the Hong Kong Stock Exchange. This Offering Circular 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 risks 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 or the Guarantor, or the quality of disclosure 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.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer, the Guarantor, the relevant Dealer and the Trustee (each as defined below). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. 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 any other stock exchange.

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”), 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 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. 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 issued under the Programme 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 ability of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under “Risk Factors” below.

Arrangers

Standard Chartered Bank

UBS

Dealers

Standard Chartered Bank

UBS

Bank of China (Hong Kong)

Barclays

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and their respective subsidiaries (collectively, the “**Group**”), the Notes and the Guarantee, which is material in the context of the issue and offering of the Notes, (ii) the statements contained in it relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Notes or the Guarantee the omission of which would, in the context of the issue and offering of the Notes and the Guarantee, make any statement in this Offering Circular misleading in any material respect and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements. In addition, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular.

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.

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 disclaim 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 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, 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.

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 who come into possession of this Offering Circular are required by the Issuer, the Guarantor, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Arrangers 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 Arrangers 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 EEA, the UK, Italy, Mainland China, Hong Kong, Japan, Singapore, the British Virgin Islands, Switzerland and the Netherlands, and to persons connected therewith. The Notes 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 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. 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*”.

MiFID II product governance / target market — The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II 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 Directive 2014/65/EU (as amended, “**MiFID II**”) 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 MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the 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 such 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 Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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 (“**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 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 “**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 PRIIPs Regulation.

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 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 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (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 the PRIIPs Regulation 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.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

If a jurisdiction requires that the offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced 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 in such jurisdiction.

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 and Financial Information*”). This Offering Circular shall be read and construed on the basis that such documents are incorporated in 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 Guarantor, 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 any 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 or the Group 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 Arrangers, 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.\$3,000,000,000 (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, the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) may not 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 relevant Tranche of Notes is made and, if begun, may be discontinued at any time, and must be brought to an end after a limited period.

The Arrangers and the Dealers have not separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, neither any of the Arrangers nor any of the Dealers, 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 Arrangers nor the Dealers, 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 an 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. Each 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 of 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.

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, the Guarantor 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 Arrangers nor the Dealers 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 nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers or the Dealers or any of them.

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.

Except as otherwise indicated in this Offering Circular, all non-company specific statistics and data relating to the industries in which the Group operates in and the economic development of certain regions within Mainland China 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 Arrangers or the Dealers or by their respective directors and advisers, and none of the Issuer, the Guarantor, the Arrangers, the Dealers 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.

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 “**pounds sterling**” and “**£**” are to the currency of the UK; 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 “**S\$**” are to Singapore dollars; all references to “**yen**” are to Japanese yen; all references to “**Renminbi**”, “**CNY**” and “**RMB**” are to the currency of Mainland China; all references to “**United States**” or “**U.S.**” are to the United States of America; all references to “**China**” and “**Mainland China**” in this Offering Circular mean the People’s Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; all references to “**Mainland China Government**” mean the government of Mainland China; all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; all references to “**Macau**” are to the Macao Special Administrative Region of the People’s Republic of China; and all references to “**UK**” are to the United Kingdom of Great Britain and Northern Ireland. For convenience and unless otherwise noted, translations in this Offering Circular of Renminbi amounts into U.S. dollar amounts have been made at the rate of CNY6.52 to U.S.\$1.00 and translations in this Offering Circular of Renminbi amounts into Hong Kong dollar amounts have been made at the rate of CNY0.84 to HK\$1.00, each being the median rate set by the People’s Bank of China, the central bank of Mainland China (the “**PBOC**”) for foreign exchange transactions prevailing on 31 December 2020. In addition, translations in this Offering Circular of Hong Kong dollar amounts into U.S. dollar amounts have been made at the rate of HK\$7.8 to U.S.\$1. No representation is made that the U.S. dollar, Renminbi or Hong Kong dollar amounts referred to in this Offering Circular could have been or could be converted into Hong Kong dollars, U.S. dollars or Renminbi, as the case may be, at any particular rate or at all.

SUPPLEMENTAL OFFERING CIRCULAR

Each of the Issuer and the Guarantor has given an undertaking to the effect that, unless the Issuer has notified the Dealers in writing that it does not intend to issue Notes under the Programme for the time being, the Issuer and the Guarantor shall prepare and publish an amendment or supplement to the Offering Circular if at any time during the duration of the Programme a significant new factor, material mistake or inaccuracy arises or is noted relating to the information included in the Offering Circular which is capable of affecting an assessment by investors of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and/or the Guarantor and/or of the rights attaching to the Notes and/or the Guarantee.

FORWARD LOOKING STATEMENTS

Certain statements under “*Risk Factors*”, “*Description of the Group*” and elsewhere 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 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. The Issuer and the Guarantor expressly disclaim 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 AND FINANCIAL INFORMATION

This Offering Circular should be read and construed in conjunction with (i) each relevant Pricing Supplement, (ii) the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020, respectively, in each case with the audit report thereon, (iii) the most recently published audited annual consolidated financial statements of the Issuer and the Guarantor (if any), in each case with the audit report thereon (iv) any interim consolidated financial statements (whether audited or unaudited) published subsequently to such annual consolidated financial statements of the Issuer and the Guarantor from time to time (if any), in each case with the audit/review report thereon (if any) and (v) all amendments and supplements from time to time to this Offering Circular, which shall be incorporated in, and form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

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*”) set out at the end of this Offering Circular.

As at the date of this Offering Circular the Issuer has not published and does not propose to publish, any financial statements. The Guarantor has published audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020. 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.

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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	Sun Hung Kai & Co. (BVI) Limited.
Guarantor	Sun Hung Kai & Co. Limited.
Programme Size	Up to U.S.\$3,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors	Investing in Notes issued under the Programme 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.
Arrangers	Standard Chartered Bank and UBS AG Hong Kong Branch.
Dealers	Standard Chartered Bank, UBS AG Hong Kong Branch, Bank of China (Hong Kong) Limited, Barclays Bank PLC 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, CMU Lodging and Paying Agent	Citicorp International Limited.
Registrar	Citigroup Global Markets Europe AG.
Paying Agent and Transfer Agent	Citibank, N.A., London Branch.
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 of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the " Pricing Supplement ").
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.

Form of Notes

The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “*Selling Restrictions*” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”.

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 Fiscal Agent (or, the CMU Lodging and Paying Agent, as the case may be) and the relevant Dealer.

Initial Delivery of Notes

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the 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. Global Notes or Certificates may also be deposited with 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 Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealers.

Maturities

Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer and the relevant Dealer(s).

Specified Denomination

Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement save that unless otherwise permitted by 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 UK or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Fixed Rate Notes

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

Floating Rate Notes

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to LIBOR, EURIBOR, HIBOR or SOFR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

Zero Coupon Notes

Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.

Dual Currency Notes

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in "*Terms and Conditions of the Notes*") will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.

Index Linked Notes

Payments of principal in respect of Index Linked Redemption Notes (as defined in "*Terms and Conditions of the Notes*") or of interest in respect of Index Linked Interest Notes (as defined in "*Terms and Conditions of the Notes*") will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.

Interest Periods and Interest Rates

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Redemption

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in pound 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 UK or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Redemption by Instalments

The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Other Notes

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes,

optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement and the supplementary offering circular.

Optional Redemption

The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Change of Control Redemption

Notes may be redeemed before their stated maturity at the option of the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement upon the occurrence of a Change of Control (as defined in *“Terms and Conditions of the Notes”*).

Status of Notes

The Notes and the Guarantee will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor, respectively, all as described in *“Terms and Conditions of the Notes — Guarantee and Status”*.

Negative Pledge

See *“Terms and Conditions of the Notes — Negative Pledge”*.

Cross Default

See *“Terms and Conditions of the Notes — Events of Default”*.

Early Redemption

Except as provided in *“Optional Redemption”* and *“Change of Control Redemption”* above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See *“Terms and Conditions of the Notes — Redemption, Purchase and Options”*.

Withholding Tax

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the British Virgin Islands or Hong Kong, as the case may be, unless the withholding is required by law. In such event, the Issuer or the Guarantor shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in *“Terms and Conditions of the Notes — Taxation”*.

Governing Law

English.

Listing and Admission to Trading

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme, and for the permission to deal in, and for the listing of, Notes to be issued under the Programme 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.

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).

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).

Selling Restrictions

The United States, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Notes having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Notes), the UK, Mainland China, Hong Kong, Japan, Singapore, the British Virgin Islands, Italy, Switzerland and the Netherlands. See *“Subscription and Sale”*.

Category 1 or Category 2 selling restrictions as specified in the relevant Pricing Supplement will apply for the purposes of Regulation S under the Securities Act, as amended.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the **“Code”**)) the **“D Rules”**) unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the **“C Rules”**) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (**“TEFRA”**) or will be in *“registered form”* for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Legal Entity Identifier (LEI) of the Issuer

254900QOZMIRPHNCNK27

SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR

The summary financial information set forth below has been extracted from the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 (the "Annual Financial Statements"). The Annual Financial Statements have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants. The information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant published consolidated financial statements of the Guarantor, including the notes thereto, incorporated by reference in this Offering Circular. The Guarantor's Annual Financial Statements and Interim Financial Statements are prepared and presented in accordance with the prevailing HKFRS issued by the Hong Kong Institute of Certified Public Accountants.

During the year ended 31 December 2020, the Guarantor has applied the following new and amendments to HKFRS: Amendments to HKAS 1 and HKAS 8, Amendments to HKFRS 3, Amendments to HKFRS 9, HKAS 39 and HKFRS 7.

The application of these amendments to HKFRS in the current year had no material impact on the Guarantor's audited consolidated financial statements.

Consolidated Statement of Profit or Loss

	For the year ended 31 December		
	2018	2019	2020
		<i>(audited)</i>	
		<i>(HK\$ million)</i>	
Interest income	4,070.0	4,125.1	3,963.0
Other revenue	105.7	91.7	93.6
Other gains	408.9	14.5	76.2
Total income	4,584.6	4,231.3	4,132.8
Brokerage and commission expenses	(50.5)	(43.9)	(47.2)
Advertising and promotion expenses	(159.2)	(147.3)	(119.9)
Direct cost and operating expenses	(89.5)	(104.2)	(107.9)
Administrative expenses	(1,167.2)	(1,152.1)	(1,274.3)
Net gain on financial assets and liabilities at fair value through profit or loss	234.4	1,807.7	2,553.9
Net exchange gain	14.2	82.5	47.5
Net impairment losses on financial instruments	(901.7)	(1,024.4)	(1,052.6)
Finance costs	(666.8)	(777.7)	(807.3)
Other losses	(1.6)	(179.0)	(166.6)
	1,796.7	2,692.9	3,158.4
Share of results of associates	30.8	48.6	42.4
Share of results of joint ventures	3.8	1.9	(0.2)
Profit before taxation	1,831.3	2,743.4	3,200.6
Taxation	(220.7)	(228.8)	(271.7)
Profit for the year	1,610.6	2,514.6	2,928.9
Profit attributable to:			
— Owners of the Company	1,183.8	2,085.2	2,547.7
— Non-controlling interests	426.8	429.4	381.2
	1,610.6	2,514.6	2,928.9
Earnings per share			
— Basic (HK cents)	56.2	104.4	128.3
— Diluted (HK cents)	56.1	104.2	128.0

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December		
	2018	2019	2020
Profit for the year	<u>1,610.6</u>	<u>2,514.6</u>	<u>2,928.9</u>
Other comprehensive (expenses) income:			
Items that will not be reclassified to profit or loss			
Fair value loss on investments in equity instrument of fair value through other comprehensive income	(110.3)	(13.9)	(7.0)
Gain on revaluation of properties	—	—	24.8
	<u>(110.3)</u>	<u>(13.9)</u>	<u>17.8</u>
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translating foreign operations	(335.8)	(113.7)	317.8
Reclassification adjustment to profit or loss on disposal of joint ventures	2.8	—	—
Share of other comprehensive (expenses) income of associates	(0.8)	4.2	28.9
Share of other comprehensive (expenses) income of joint ventures	(3.2)	(3.5)	21.0
Other comprehensive (expenses) income for the year	<u>(447.3)</u>	<u>(126.9)</u>	<u>385.5</u>
Total comprehensive income for the year	<u>1,163.3</u>	<u>2,387.7</u>	<u>3,314.4</u>
Total comprehensive income attributable to:			
— Owners of the Company	876.7	1,997.3	2,809.9
— Non-controlling interests	286.6	390.4	504.5
	<u>1,163.3</u>	<u>2,387.7</u>	<u>3,314.4</u>

Consolidated Statement of Financial Position

	<u>31/12/2018</u>	<u>31/12/2019</u> <i>(audited)</i> <i>(HK\$ million)</i>	<u>31/12/2020</u>
Non-current Assets			
Investment properties	1,360.9	1,312.5	1,276.5
Leasehold interests in land	4.0	—	—
Property and equipment	412.1	377.2	436.5
Right-of-use assets	—	125.5	323.2
Intangible assets	890.2	893.2	904.4
Goodwill	2,384.0	2,384.0	2,384.0
Interest in associates	1,380.4	1,196.1	212.2
Interest in joint ventures	240.2	445.5	466.4
Financial assets at fair value through other comprehensive income	174.4	129.5	120.9
Financial assets at fair value through profit or loss	6,360.9	7,687.2	9,124.6
Deferred tax assets	729.9	780.0	780.7
Amounts due from associates	266.7	261.3	279.0
Loans and advances to consumer finance customers	2,618.9	2,770.5	3,088.9
Mortgage loans	1,956.8	1,270.7	1,192.9
Term loans	33.1	49.6	554.5
Trade receivables, prepayments and other receivables	22.9	20.4	17.3
	<u>18,835.4</u>	<u>19,703.2</u>	<u>21,162.0</u>
Current Assets			
Financial assets at fair value through profit or loss	4,378.6	4,285.6	4,461.5
Taxation recoverable	5.0	3.7	3.3
Amounts due from associates	97.1	68.6	12.1
Loans and advances to consumer finance customers	7,150.8	7,643.0	7,474.8
Mortgage loans	1,897.4	2,356.2	1,820.8
Term loans	2,452.1	1,856.6	1,158.2
Trade receivables, prepayments and other receivables	364.8	466.8	378.3
Amounts due from brokers	507.0	451.7	354.3
Short-term pledged bank deposits and bank balances	20.0	33.2	—
Bank deposits	353.5	68.1	12.3
Cash and cash equivalents	4,622.4	5,624.9	7,245.6
	<u>21,848.7</u>	<u>22,858.4</u>	<u>22,921.2</u>
Current Liabilities			
Financial liabilities at fair value through profit or loss	425.3	715.8	172.8
Bank and other borrowings	5,221.3	5,659.9	6,083.2
Trade payables, other payables and accruals	236.9	338.4	494.1
Financial assets sold under repurchase agreements	1,216.5	386.2	—
Amounts due to fellow subsidiaries and a holding company	519.0	35.3	4.7
Amounts due to associates	1.9	—	—
Provisions	103.5	152.9	257.5
Taxation payable	175.7	339.6	137.6
Lease liabilities	—	89.9	84.2
Notes/paper payable	752.7	569.5	2,013.4
	<u>8,652.8</u>	<u>8,287.5</u>	<u>9,247.5</u>
Net Current Assets	<u>13,195.9</u>	<u>14,570.9</u>	<u>13,673.7</u>
Total Assets less Current Liabilities	<u>32,031.3</u>	<u>34,274.1</u>	<u>34,835.7</u>
Capital and Reserves			
Share capital	8,752.3	8,752.3	8,752.3
Reserves	10,286.9	11,629.4	13,872.9
Equity attributable to owners of the Company	19,039.2	20,381.7	22,625.2
Non-controlling interests	3,805.9	3,194.9	3,327.1
Total Equity	<u>22,845.1</u>	<u>23,576.6</u>	<u>25,952.3</u>
Non-current Liabilities			
Deferred tax liabilities	176.9	143.0	137.1
Bank and other borrowings	1,961.8	2,497.2	2,384.1
Provisions	0.2	0.3	0.3
Lease liabilities	—	27.8	228.5
Notes/paper payable	7,047.3	8,029.2	6,133.4
	<u>9,186.2</u>	<u>10,697.5</u>	<u>8,883.4</u>
	<u>32,031.3</u>	<u>34,274.1</u>	<u>34,835.7</u>

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The following factors are contingencies which may or may not occur and neither the Issuer nor the Company is in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Issuer or the Company or which the Issuer or the Company currently deems to be immaterial, may affect the Company's business operations, financial condition and operating results or its ability to fulfil its obligations under the Notes.

Each of the Issuer and the Company believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Company to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers or the Company based on information currently available to them or which they may not currently be able to anticipate. The Issuer and the Company do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any document incorporated by reference) and reach their own views prior to making any investment decision. In making an investment decision, each investor must rely on its own examination of the Issuer, the Company and the terms of the offering of the Notes.

RISKS RELATING TO THE GROUP'S OVERALL BUSINESS PORTFOLIO

The COVID-19 pandemic may continue to have an adverse effect on the Group's business operations, financial condition and operating results

The coronavirus ("COVID-19") pandemic has resulted in a widespread and global health crisis, causing governments to take measures to prevent the spread of the virus (including the imposition of restrictions on travel, hospitality and leisure activities and prolonged closures of workplaces, businesses and schools) which has led to significant disruption to economies around the world. The COVID-19 pandemic has affected investor sentiment, resulted in sporadic volatility in the global capital markets and oil prices and caused stock markets worldwide to lose significant value and has impacted global economic activity. It is possible that the COVID-19 pandemic will cause a prolonged global economic crisis, recession or depression despite monetary and fiscal interventions by governments and central banks globally. Such disruptions to the economy have had and could continue to have an adverse effect on the Group's business operations, financial condition and operating results.

For the Group's Consumer Finance, Specialty Finance and Mortgage Loans businesses, some of the Group's borrowers may fail to recover or fail to recover quickly from the impact of the COVID-19 pandemic which could affect their ability to repay loans provided by the Group, leading to increased bad debt delinquency. In relation to mortgage loans and secured loans, the potential volatility in property prices in Hong Kong and asset prices in general due to the effect of the prolonged COVID-19 pandemic could lead to an increase in the Group's allowance for doubtful accounts and a reduction in the recovery from collateral realisation. Increased bad debt delinquency, an increase in the Group's allowance for doubtful accounts and a reduction in the recovery from collateral realisation would decrease the Group's assets and therefore could have an adverse effect on the Group's business operations, financial condition and operating results. See "*The Group's business operations are susceptible to customers being unable to repay their loans, thus leading to an increased level credit risk for the Group*" for further information.

For the Group's Investment Management and Funds Management businesses, any downturn in the global economy and/or the global financial markets (including any downturn caused by the COVID-19 pandemic) could have an adverse effect on the returns generated by the Group's investments and asset portfolios and result in an adverse effect on the Group's business operations, financial condition and operating results.

Uncertainties and instability in global market conditions could adversely affect the Group's business operations, financial condition and operating results

The global markets have recently experienced unfavourable financial or economic conditions, such as those caused by the COVID-19 pandemic (see "*The COVID-19 pandemic may continue to have an*

adverse effect on the Group's business operations, financial condition and operating results"), and there remains a concern that the COVID-19 pandemic and increasing geopolitical tensions will continue to have a detrimental effect. Challenging global market conditions may expose the Group to liquidity risk as the Group could face difficulties raising funding in the long-term or short-term debt capital markets or accessing the secured lending markets. This could lead to the Group not being able to finance its operations or meet its financial obligations without experiencing significant business disruption and consequently could adversely affect the Group's financial condition.

In the past, global economic downturns have led to an increased level of borrower delinquencies, a lack of consumer confidence, decreased market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally. Any severe or prolonged slowdown or instability in the global economy could exacerbate the risks faced by the Group, including those described in *"The Group's business operations are susceptible to customers being unable to repay their loans, thus leading to an increased level credit risk for the Group"* and *"Allowances for credit losses may prove inadequate and the Group's credit costs may increase"* and could therefore have a material adverse effect on the Group's business operations, financial condition and operating results.

An increase in interest rates will affect the Group's cost of funding and may also affect the Group's net interest margin, therefore if the Group fails to adequately manage interest rate risk in the future an increase in interest rates could adversely affect the Group's financial condition and operating results

The Group utilises two main funding sources, the issuance of debt securities (which have fixed interest rates) and bank borrowings (which have floating interest rates pegged to HIBOR, LIBOR or SOFR, as the case may be). An increase in interest rates will therefore increase the Group's cost of funding for its bank borrowings, which if there is not a corresponding increase in the Group's revenue could lead to a decrease in the Group's profit and have an adverse effect on the Group's financial condition and operating results.

In relation to the Group's Consumer Finance, Specialty Finance and Mortgage Loans businesses, an increase in market interest rates will not necessarily result in a corresponding increase in the interest received on the Group's interest-earning assets, such as loans, as some of these interest-earning assets may be fixed rate. If there is a high proportion of fixed rate interest-earning assets in the Group's portfolio and interest rates increase, the Group's net interest margin could be materially reduced thus reducing the Group's profitability and adversely affecting the Group's financial condition and operating results.

In relation to the Group's Investment Management and Funds Management businesses, higher market interest rates will in general lead to a decrease in bond price and potentially a decrease in profitability of the companies in which the Group has invested which, if this is the case, is likely to result in reduced dividends from such companies to the Group, therefore an increase in market interest rates is likely to have an adverse effect on the segment's profit and consequently on the Group's financial condition and operating results.

Interest rates are sensitive to many factors beyond the control of the Group. For example, interest rates in Hong Kong and Mainland China are sensitive to, amongst other factors, movements in RMB deposit and lending rates, Prime Rate and HIBOR movements in Hong Kong, Hong Kong and Mainland China's monetary policy, regulations and economic conditions, interest rates in the United States, liquidity of the domestic interbank market, the international capital markets and domestic and international economic and political conditions. If the Group does not adequately manage the risks in relation to increasing interest rates described above, these could have an adverse effect on the Group's cost of funding and net interest margin which could adversely impact the Group's financial condition and operating results.

The Group's business operations are susceptible to customers being unable to repay their loans, thus leading to an increased level of credit risk for the Group which could adversely affect the Group's financial condition and operating results

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

A substantial proportion of the Group's financial portfolio consists of unsecured personal loans or financial guarantee contracts without any collateral. As such, the Group is susceptible to credit risks associated with the deterioration in the credit quality of its customers which may be driven by wider socio-economic factors which are beyond the control of the Group, such as a rise in general unemployment levels or bankruptcy levels due to COVID-19. Such deterioration in the credit quality of its customers could have an adverse impact on the ability of borrowers to make payments and increase the likelihood of potential defaults, which may lead to higher than expected impairment charges, whilst also reducing the demand for loans. In addition, the number of available borrowers which the Group may lend to may be negatively affected by a decline in household income, public concerns about unemployment and/or other negative macroeconomic factors.

The Group also provides loans and advances to consumer finance customers, mortgage loans and term loans which are secured with properties and other assets, which in general are considered as being less exposed to credit risk. However, a reduction in collateral value caused by fluctuations or downturns in the real estate market may increase the exposure of the Company to such related credit risks. In certain instances, there may be no purchaser for a particular collateral or asset, thereby rendering it effectively worthless, and such failure to recover the expected value of the collateral security would expose the Group to loss. Furthermore, any decline in the value of the collateral securing non-performing loans or a decrease in the market value of real estate or other property secured as collateral may result in an increase in the Group's allowance for doubtful accounts and a reduction in the recovery from collateral realisation.

If the Group experiences increased bad debt delinquencies, increased impairment charges, a reduction in collateral value and/or an increase in the Group's allowance for doubtful accounts, this would decrease the Group's assets and the Group's business, financial position and operating results may be adversely affected as a result.

Whilst the Group manages and controls these credit risks by following a set of credit policies devised to minimise losses, maximise recoveries and prevent fraud, any failure by the Group's employees to properly appraise the value of the collateral, credit or financial worth of the Group's clients or to comply with internal procedures, which may result in the Group incurring losses on loans extended to its customers and may eventually result in a bad debt on the Group's accounts, which could adversely affect the Group's business operations, financial condition and operating results.

Damage to reputation or brand, including as a result of negative publicity with respect to other companies affiliated with the Sun Hung Kai brand or the Group or unrelated companies using the Sun Hung Kai brand, could adversely affect the Group's business operations, financial condition and operating results

The Group operates in an industry where customer trust and confidence are paramount. This makes the Group vulnerable to negative publicity and market perceptions that may be difficult or impossible for it to control. The Group's reputation and brand are accordingly vital to the success of its business. If its reputation or brand is damaged or lost, the Group could lose existing customers and goodwill and find it difficult to cultivate new business.

The risk to the Group is increased by the fact that Group uses the Sun Hung Kai brand for its corporate branding and in its products and an unrelated group of companies also uses the Sun Hung Kai brand in relation to its property development and investment business. Adverse developments or negative publicity with respect to companies directly or indirectly affiliated with the Sun Hung Kai brand or unrelated companies using the Sun Hung Kai brand could damage the Group's reputation or the reputation of the Sun Hung Kai brand, in some cases notwithstanding there being no connection with the Group.

Brand-related disputes, or reports of investigations, claims, enforcement actions, fines or other sanctions against the Group, or reports of mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations, or the negative perception resulting from such activities or any allegation of such activities, could lead to a loss in revenue or the imposition of financial penalties and therefore could have an adverse effect on the Group's business operations, financial condition and operating results.

Allowances for credit losses may prove inadequate and the Group's credit costs may increase, which could adversely affect the Group's financial condition and operating results

One of the Group's core businesses is in making loans. If a borrower becomes or is unable to make interest or principal payments on its repayment due dates, then the Group may be required to make an allowance for such credit loss and therefore increase the Group's credit costs.

The Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, prepayments and other receivables, bank deposits, cash and cash equivalents, loans and advances to consumer finance customers, mortgage loans, amounts due from brokers and amounts due from related parties), loan commitments and financial guarantee contracts. The assessment of ECL is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. As many of the factors involved in assessing loss allowances for ECLs are beyond the Group's control, the Group's assessment of and expectations for these factors may not be accurate.

If the Group's assessment of the factors affecting the quality of its assets is inaccurate, the Group's loss allowances for ECLs may not be adequate to cover its actual losses. Where additional provisions are subsequently required for credit losses, this would increase the Group's credit costs and may adversely affect the Group's business, result of operations and financial condition.

Fluctuations in exchange rates may adversely affect the Group's reported financial results and a devaluation of the Renminbi may affect the value of assets in Mainland China, which could adversely affect the Group's financial condition and operating results

The value of the Renminbi against the Hong Kong dollar and the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, changes in Mainland China's government policies and Mainland China's domestic and international political and economic conditions. The Group is therefore subject to exchange rate volatility as it funds its operations in Mainland China with U.S. dollars, requiring a conversion to Renminbi.

A rise in the value of the U.S. dollar as against the Renminbi could therefore have an adverse impact on the Group as the Group's liabilities strengthen whereas the Group's assets in Mainland China weaken and adversely affect the Group's financial condition and operating results.

In addition, a certain portion of the Group's revenue and/or expenses is also denominated in foreign currencies such as Renminbi and U.S. dollars whereas the Group's financial statements are also presented in Hong Kong dollars. Therefore, changes in the value of local currencies can cause fluctuations in the Group's operating results and could have an adverse effect on its reported financial results.

If the Group fails to effectively manage or maintain asset quality, this may have a material adverse impact on the Group's financial condition and operating results

The quality of the Group's loan books and assets may decline due to a number of factors, ranging from broader macroeconomic factors such as economic conditions and performance of global markets to any actual or foreseeable deteriorations in the creditworthiness of its borrowers, whether by a decrease of a corporate borrower's profitability or cash flow or the unemployment of consumer borrowers.

The sustainability of the Group's business depends on its ability to effectively and actively manage and maintain the quality of its loan books and assets across its various businesses. Any deterioration in the quality, or a failure to manage any deterioration, of the Group's loan books and assets may affect the Group's ability to realise its assets in time to make any expected gain or to prevent a loss. This may result in an increase in the Group's bad debt delinquency or allowances for impairment losses on loans, which would decrease the Group's assets and thus could adversely affect the Group's financial condition and operating results.

The Group's business is subject to regulation and associated regulatory and litigation risks (including the effects of future changes in the laws, regulations, policies or their respective interpretations in the markets in which it operates) which could have an adverse effect on the Group's business operations, financial condition and operating results

Financial Services Regulation

The Group's operations are subject to legislation, regulations, rules, guidance, codes of conduct and government policies in Hong Kong and Mainland China in which it conducts business and in relation to the products it markets and sells. The Group may therefore be affected by changes in financial services regulations, or other laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations applicable to the Group or affecting the industry and markets in which the Group operates.

In particular, any new legislation restricting lending business activities, especially the reduction in the maximum chargeable interest rate, could reduce the Group's operating margins and could result in material customer losses. Currently, the maximum chargeable interest rate allowed under the Money Lenders Ordinance (Cap. 163), as amended (the "MLO") in Hong Kong, the law in Hong Kong governing non-bank consumer lenders' maximum lending rate, is 60 per cent. per annum and in certain circumstances, 48 per cent. On 1 April 2021 however, the Financial Services and the Treasury Bureau of Hong Kong issued a letter proposing to reduce non-bank consumer lenders' maximum lending rate to 48 per cent. per annum and in certain circumstances, 36 per cent. per annum. In Mainland China, the maximum chargeable interest rate allowed for small loan businesses might not be clear, as the Supreme People's Court in its Official Reply to the Issues concerning the Scope of Application of the New Judicial Interpretation on Private Lending (the "Judicial Reply") on 29 December 2020 clarified that small loan companies supervised by local financial regulatory authorities should not be subject to the judicial interpretation which re-set the maximum interest rate for private lending to be four times of the loan prime rate. As such, some provincial or municipal governments may adopt their own rules, interpretation and restrictions on the businesses from time to time and non-compliance with the local implementing guidelines may expose the Group to sanctions and penalties. Despite the efforts of the Group to comply with applicable regulations, there are a number of associated risks, particularly in areas where applicable regulations may be unclear or where regulators subsequently revise their previous guidance.

Any reduction of the maximum chargeable interest rate or any other changes to the MLO which result in the tightening of the regulatory regime would adversely affect the Group's business, lending policy and credit standards and operating results. Moreover, if maximum chargeable rates were reduced by new or amended legislation, the Group may be unable to extend loans to many of its current customers, as it will be forced to tighten its credit standards in order to maintain credit costs in-line with any reduced chargeable interest rates and these circumstances may reduce the Group's outstanding loan balance. Any losses in the number of customers or a reduction in interest margins earned on loans as a result of a reduction of the maximum chargeable interest rate or any other changes to the MLO are likely to have an adverse impact on the Group's business operations, financial condition and operating results.

In addition, changes in the laws, rules, regulations, or policies on other aspects of financial service may impose additional restrictions on the Group. For example, the Draft Measures on Internet Small Loan Business (as defined below), if eventually adopted, may raise the licencing requirements for internet small loan providers (see "*Changes in Legislation or Regulation*"). If the Group fails to comply with such new rules or regulations, its internet loan business in Mainland China may be restricted, which may have a material adverse impact on the Group's business operations, financial condition and operating results.

Regulatory Approval and Licencing

The Group requires regulatory approvals and/or licences to conduct its businesses and is subject to registration and licencing requirements which vary on a national and regional level and may be amended from time to time.

Withdrawal or amendment of any regulatory approval or of any exemption from registration in respect of any part of the Group's activities in any jurisdiction might compel termination of a particular business or change the way in which it is conducted. Similarly, the withdrawal of either a licence or an approval

of one or more individuals would hinder their ability to perform their current role and the carrying on of regulated activities by unauthorised persons could have a number of consequences, including the possibility of agreements made in the course of carrying on such activities being unenforceable or penalties imposed by the relevant regulatory authority.

If the Group is forced to change the way its business is conducted as a result of the withdrawal of a regulatory approval or licence, this could change the Group's business operations in a way that could affect the Group's revenue sources and/or require significant investment from the Group and this could have a corresponding effect on the Group's financial condition and operating results. In addition, if a regulatory authority imposes financial penalties on the Group for failure to comply with relevant regulatory or licencing requirements, if such financial penalty is significant, this could have an adverse impact on the Group's financial condition and operating results.

Changes in Legislation or Regulation

The Group is also subject to legislation and regulation in each of the markets in which it operates, and such legislation or regulation may be amended from time to time. It may have to respond to any material changes in legislation or regulation by adapting its business model or products in the relevant market. If the Group cannot effectively respond to any such changes, this may affect the Group's operations and the conduct and success of its business in the relevant market and could lead to a decrease in the Group's revenue. Even if the Group can accommodate such changes in legislation or regulations, this is likely to increase the compliance costs of the Group. If the relevant market to which such amended legislation or regulation relates is a significant or important market to the Group, such decrease in the Group's revenue and/or increase in compliance costs may have a material adverse effect upon the Group's business operations, financial condition and operating results. On 22 November 2020, the China Banking and Insurance Regulatory Commission ("**CBIRC**") and the PBOC jointly published *Provisional Administrative Measures on Internet Small Loans Business (Draft for Comments)* (the "**Draft Measures on Internet Small Loan Business**"), which requires that small loan companies conducting internet loan business shall satisfy certain requirements with respect to, for example, the controlling shareholder, the internet platform and the registered capital. The Draft Measures on Internet Small Loan Business also prohibits inter-provincial internet loan business except with approval from the CBIRC. If the Draft Measures on Internet Small Loan Business is eventually adopted, the Group will need to meet such additional requirements and apply to local regulatory authorities or the CBIRC for an internet small loan business licence accordingly.

If the Group fails to comply with such rules and regulations, it may become subject to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines or restrictions on the Group's business activities. If results of any investigations or enquiries are unfavourable towards the Group, the Group may become subject to penalties including censure, reprimand and fines. In extreme cases, the Group may be prevented from conducting business in a normal manner and some or all of the Group's operation licences may become suspended or revoked. Where penalties are substantial or protracted litigation is involved, the Group's reputation and financial position may be jeopardised and, in such cases, there may be a material and adverse impact on the Group's business operations, financial condition and operating results.

Failure to expand into new businesses in time could affect the Group's business which could have an adverse effect on the Group's business operations, financial condition and operating results

The success of the Group's operations depends on, among other things, the proper timing on launching new businesses, products and services to clients. Because the Group's business operates in a highly competitive environment, any delay or failure to introduce new businesses in time or in response to market demand, or any failure of the Group's new products and services to gain timely market acceptance could lead to the Group losing market share to its competitors and therefore could adversely affect the overall businesses and financial performance of the Group.

In addition, certain of the Group's key initiatives involve investments and long-term strategic co-operations between United Asia Finance Limited ("**UAF**") and strategic partners from Mainland China such as China UnionPay Merchant Service Ltd ("**Unionpay**") and Allinpay Network Services Co. Ltd. (通聯支付網絡服務股份有限公司). The success of these ventures is often dependent upon the

financial and legal stability of the Group's counterparties. If one of the counterparties with whom the Group operates a joint venture suffers a decline in its financial condition, or is subject to instability owing to changes in the financial services laws, regulations, rules, guidance and/or government policies in Mainland China, the Group may be unable to successfully expand into new businesses or operate through these joint ventures or partnerships, or may be required to invest additional capital or cease operations altogether. The Group's inability to successfully operate new businesses through joint ventures or alliances may lead to the Group not being able to make sufficient returns on its investment and could adversely affect its business operations, financial condition and operating results.

In 2021, the Group also launched a licenced Funds Management platform, SHK Capital Partners. Please see "*Risk Factors — Risks Relating to the Group's Funds Management Business — The Funds Management business is a new business segment for the Group and it may not be successful*" for specific risks in relation to this new business.

The Group may not be successful in implementing new business strategies and may be prevented from entry or may misjudge entry into new markets or expansion in existing markets, this could have an adverse effect on the Group's business operations, financial condition and operating results

As part of the Group's strategy the Group may want to expand operations in various jurisdictions. However, the Group may be precluded from entry into a new geographic market due to insufficient debt funding being available to fund geographic expansion, or due to a lack of management and/or agent resource. The Group may also not be able successfully to support its growth strategy in a newly entered geographic market if it cannot recruit qualified employees in that market. If the Group fails to expand its operations geographically, it may lose out on opportunities to its competitors which may affect its market share and could result in an adverse effect on its financial condition and operating results.

In addition, if the Group enters a new market or expands in an existing market but misjudges customer demand or requirements, it may not be able to respond to local conditions or competitive pressures so that its operations in new geographic markets or expansion plans do not perform as expected. If the decision is then made to withdraw from or reduce its presence in a market for any of these reasons, it may incur costs of withdrawal which could materially and adversely affect its business operations, financial condition and operating results.

The Group's investment, merger and acquisition, joint venture, divestment and disposal activities may not prove to be successful which could have an adverse effect on the Group's business operations, financial condition and operating results

The Group has undertaken investment, merger and acquisition, joint venture, divestment and disposal activities in the past and may continue to do so in the future in line with day-to-day business and investment strategy.

In relation to investment, merger and acquisition and joint venture activities, although due diligence and detailed analysis are conducted before these activities are undertaken, these may not fully expose all problems, potential liabilities and unresolved disputes that the target company or joint venture partner may have. In addition, valuations and analysis on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and those assumptions may not be correct or appropriate, and may not receive universal recognition. Relevant facts and circumstances used in the analysis could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analysis based thereon obsolete. The Group may also not necessarily be able to successfully integrate target businesses into the Group and may not be able to derive any synergies from its investment, acquisition or entry into the joint venture, or successfully divest or dispose of any existing businesses at the targeted valuation of the Group (or at all), leading to increases in costs, time and resources expended. If any of the Group's investment, merger and acquisition and joint venture activities prove to be unsuccessful and the Group does not achieve sufficient returns, the Group may not be able to recover its initial investment in such activity and, if significant, could have an adverse effect on the Group's financial condition and operating results.

In relation to divestments and disposals, though the Group may seek to take advantage of commercial or strategic opportunities to divest or dispose of its various businesses and assets on commercially attractive terms, the Group may not be able to sell or dispose of its interests readily or at all or at the price as valued by the Group. If the Group fails to divest or dispose of its loss-making businesses and assets, the Group will continue to incur losses from such businesses and/or assets and this could have a continued adverse effect on the Group's financial condition and operating results. In addition, if the Group fails to divest or dispose of any of its business and/or assets at the price as valued by the Group, the difference between the price as valued by the Group and the actual price for which the business or asset was sold will be an additional loss for the Group and, if significant, could have an adverse effect on the Group's financial condition and operating results.

Changes in the legal or financial stability of, or cultural or business strategic differences with, any counterparties with whom the Group enters into joint ventures or alliances could have an adverse effect on the Group's business operations, financial condition and operating results

The Group operates joint ventures and enters into alliances with foreign and domestic counterparties. As at 31 December 2020, the Group's major established joint ventures are LSS Financial Leasing (Shanghai) Co., Ltd. and Isabella Properties Holdings Limited. Joint ventures may expose the Group to new operational, regulatory and market risk, as well as risks associated with additional capital requirements. The success of these operations is often dependent upon the financial and legal stability of its counterparties. If one of the counterparties with whom the Group operates a joint venture or continues a business alliance suffers a decline in its financial condition for any reason, or is subject to instability owing to a change to the laws governing its operations after investment has been made in the joint venture or the business alliance, the Group may be unable to successfully operate the joint venture or alliance, or may be required to invest additional capital or cease operations altogether. Likewise, significant differences in corporate culture and business strategy between the Group and such partners may come to light and may result in significant changes to the assumptions that the Group made in deciding to enter into the joint venture or alliance. If the joint ventures or counterparties are unable to perform as expected, or if any unexpected events relating to the alliances occur, then the Group may be unable to continue those businesses successfully which may lead to a loss of revenue and may adversely affect its reputation and the operating results.

Computer viruses, undetected software errors or hacking may cause delays or interruptions on the Group's systems and damage the Group's reputation and brand, which consequently could have an adverse effect on the Group's financial condition and operating results

The Group's online systems, including its websites, and other software applications, products and systems could contain undetected errors that could adversely affect the Group's performance. In addition, computer viruses and hacking may cause delays or other service interruptions on the Group's systems or expose the Group to liability to any whose data may be inadvertently or maliciously released, or to civil or criminal penalty under applicable personal data or privacy laws or regulations. Unauthorised personnel may gain unauthorised access to information or systems or cause intentional malfunctions, loss or corruption of data, software, hardware or other computer equipment.

The Group maintains IT security teams, and maintains various antivirus and computer protection software, which may not successfully prevent hacking or the transmission of any computer virus, which could result in significant damage to the Group's hardware and software systems and databases, disruptions to its business activities, including to its e-mail and other communications systems, breaches of security and the inadvertent disclosure of confidential or sensitive information, interruptions in access to its websites through the use of "denial of service" or similar attacks. Such disruption to its business activities could affect the Group's ability to operate and damage the Group's reputation, resulting in a loss in revenue which could consequently have an adverse effect on the Group's financial condition and operating results. In addition, inadvertent disclosure of confidential or sensitive information could result in proceedings being brought against the Group or fines being imposed for data breaches, which, if the proceedings are protracted and/or determined adversely to the Group or the fines are significant, this could increase the Group's liabilities and could have an adverse effect on the Group's financial condition and operating results.

Companies within the Group are unlisted and may in the future be the subject of a spin-off, a public offering or sale which could have an adverse effect on the Group's financial condition and operating results

Whilst the Group does not currently have any plans to dispose of or otherwise monetise any parts of its businesses, in the event that a particular business or company within the Group is of a size and stage of its development where there is an opportunity to seek funding for the business through a public offering, or if a business or company becomes peripheral to the Group's overall business or strategy or if an attractive offer is received, the Group may take advantage of any one of these options. Whilst any offering, restructuring or disposal would be conducted on terms that are commercially attractive to the Group and consideration received would be used for the future development of the Group's remaining businesses, a change in business structure or overall composition of the Group could lead to a temporary loss in revenue and negatively impact the Group's financial condition and operating results in the short to medium term. Investors should note that there are no covenants in the Conditions of the Notes which prevent disposals of assets or shares.

The Group's businesses and future growth may require substantial capital and any disruption or limitations in funding sources could have an adverse effect on the financial condition and operating results of the Group

Though the funding requirements of some of the Group's businesses are met by its internal cash resources, the liquidity and ongoing profitability of the Group is dependent upon timely access to, and the management of costs associated with, raising capital through borrowings from banks and other lenders under certain lines of credit and from accessing the capital markets. The Group's funding requirements are met from a combination of borrowings such as bank loans and facilities, the issuance of bonds, and equity fund raising. The ability of the Group to access debt funding sources on acceptable commercial terms over the longer-term is dependent on a variety of factors, including a number of factors beyond its control, such as general market conditions and confidence in the global banking system. The Group's businesses depend and will continue to depend on its ability to access such diversified funding sources at a low cost. In the event that there are disruptions to the Group's sources of funds, the Group may face an increased cost of funding which could adversely affect the Group's financial condition and operating results.

Further, the Group may find future opportunities to grow through investments, mergers and acquisitions or joint ventures. Under such circumstances, the Group may need to obtain additional debt and/or equity financing and implement these growth opportunities. Additional debt financing may, apart from increasing interest expense and gearing, limit the Group's ability to pay dividends, require the Group to dedicate a substantial portion of its cash flow from operations to debt payments, subject the Group to possible covenant restrictions and/or limit its flexibility in planning for, or reacting to, changes in the finance business and industry. Such additional debt financing is likely to increase the Group's liabilities and the return on such activities is unlikely to be seen immediately, this could therefore adversely affect the Group's financial condition and operating results.

The expected developments in the market for the Group's online products and services may not materialise which could have an adverse effect on the financial condition and operating results of the Group

The markets in Hong Kong and Mainland China for online consumer finance products and services continue to evolve. However, factors that could discourage Hong Kong and Mainland China individuals from using online products and services include regulatory, security or privacy concerns, inconsistent quality of service and frustration with actual or perceived difficulties in using the internet to conduct brokerage and other financial transactions.

The Group offers various online products to its customers, such as the i-Money Internet Loan and e-Cash Revolving Loan for Hong Kong residents, the i-Money Internet Loan in Hong Kong and the UAF POS Loan platform in collaboration with Unionpay and All In Pay in Mainland China. In May 2019, UAF's subsidiary in Shenzhen was granted an internet loan licence by Financial Services Bureau in Shenzhen. These two internet licences authorise UAF to conduct an internet loan business in Mainland China. By building up UAF's technology platform Yirongzhan (壹融站) and adding advanced functionality like the mobile app on the WeChat platform called WeChat mini-programme (微信小程序), UAF seeks to cater to more on-line businesses and UAF continues to upgrade its technology platform to launch more products and services in accordance with regulations.

If the expected developments and benefits in the market for the Group's online products and services do not materialise, the Group may not be able to realise its investment in these online products and services and this may have an adverse effect on the Group's business operations, financial condition and operating results.

All of the Group's operations are dependent upon the services of its executive directors and key management personnel, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Group's business operations, financial condition and operating results

The Group relies upon the ability, expertise, judgment, discretion, integrity and good faith of its executive directors and senior management team, including, among others, Mr. Lee Seng Huang (Executive Director and Group Executive Chairman), Mr. Simon Chow Wing Charn (Executive Director and Deputy Chief Executive Officer), Mr. Akihiro Nagahara (Managing Director and Chief Executive Officer of UAF), Mr. Robert James Quinlivan (Group Chief Financial Officer), Ms. Elsy Li (Group Treasurer and Head of Corporate Development) and Ms. Lindsay Megan Wright (Chief Executive Officer, Funds Management). The Group's success is therefore dependent upon its personnel and key consultants and its ability to recruit and retain high quality employees and must continue to recruit, retain and motivate management and other employees sufficiently to maintain its current business. If a member of the key management personnel joins a competitor or forms a competing company, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Group's business operations, financial condition and operating results.

The Group's professionals and staff are critical to its ability to attract and retain customers and failure to obtain or retain the services of key personnel could have an adverse effect on the Group's business operations, financial condition and operating results

Hiring and retaining highly skilled professionals is critical to the Group's ability to attract and retain customers. The market for professionals, such as product development personnel, marketing and customer support staff and information technology and other operations personnel in the Asia-Pacific region, is highly competitive and movement of such individuals among different firms has become more frequent.

The Group endeavours to provide its management and other professionals with competitive compensation and benefits. However, it may not be successful in hiring or retaining key personnel. Failure to obtain or retain the services of key personnel could materially and adversely affect the performance of its products, its ability to develop new products and the attractiveness of its services to potential and current customers which could reduce the Group's profitability and could have an adverse effect on the Group's business operations, financial condition and operating results.

Misuse of, or failure to properly control customers' personal or financial information could prove harmful to the Group and could adversely affect the Group's financial condition and operating results

The Group is subject to the Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong (the "**Personal Data Privacy Ordinance**") which regulates "data users" such as finance companies that use databases of personal information for their businesses and protects the privacy of individuals in relation to personal data, as well as similar legislation in other jurisdictions where its businesses operate. The Group acquires a large amount of personal and financial information relating to its customers. In addition, certain third-party vendors provide services to the Group using personal and financial information of the Group's customers that the Group provides to them. In particular, as the Group relies on third party encryption and authentication technology to transmit confidential information over public networks, the security of such confidential information may become jeopardised.

Whilst the Group takes precautionary measures, including internal compliance procedures, to prevent and detect misuse or unauthorised or accidental disclosure of customers' personal information, these measures may not be effective in all cases, particularly in respect of third-party vendors. Improper use or disclosure of, or a failure to protect or properly control, such information could result in violations of the Personal Data (Privacy) Ordinance and other applicable laws, harming the Group's reputation and

exposing the Group to a risk of being subject to fines which could adversely affect the Group's financial condition and operating results.

The Group's reputation, business operations, financial condition and operating results may be adversely affected if it fails to maintain its risk management and internal control systems or these systems are proved to be ineffective or inadequate and/or if there is any error, misjudgment and misconduct such as fraud by directors, officers, employees or other agents

Certain areas within the Group's risk management and internal control systems may require constant monitoring, maintenance and continual improvements by its senior management and staff. The Group may be subject to sanctions or penalties, its licence may be suspended or revoked and its businesses and prospects may be materially and adversely affected if its efforts to maintain these systems are proved to be ineffective or inadequate.

Deficiencies in the Group's risk management and internal control systems and procedures may adversely affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as adversely impact its ability to identify any reporting errors and non-compliance with rules and regulations. Failure or inadequacy in addressing any risk management or internal control matters in a timely and effective manner may result in investigations and disciplinary actions against the Group or its employees and reputational damage, which in turn could lead to a loss in revenue and an adverse effect on the Group's financial condition and operating results.

In addition, misconduct by directors, officers, employees or other agents of the Group could result in regulatory violations and sanctions which could harm the Group's reputation and business, particularly since many of the Group's employees are involved in dealing directly with customers. The Group may not always be able to detect or prevent such misconduct in a timely manner, and this risk cannot be completely eliminated. Instances of employee misconduct could lead to fines or restrictions being imposed on the Group's business activities, which could adversely affect the Group's business operations, financial condition and operating results.

System and technological failures or ineffectiveness, failure of business continuity planning, corruption of databases and service disruption may occur and could result in additional administrative and remediation costs, loss of business and profits and/or cause reputational damage to the Group

The performance of the Group's businesses depends heavily on its ability to process a large number of transactions efficiently and accurately. The Group's ability to develop business intelligence systems, to monitor and manage collections, to maintain financial and operating controls, to monitor and manage its risk exposures across the Group, to keep accurate records, to provide high-quality customer service and to develop and sell profitable products and services in the future depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems (including its information technology system) and the successful development and implementation of new systems.

However, in common with information technology systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This may result in a loss of data, a failure to provide quality service to customers and could in limited instances cause incorrect trades to be executed. The Group's information technology, databases and other systems may be subject to damage or interruption from earthquakes, volcanic eruptions, typhoons, floods, fires, power loss, telecommunication failures and similar events as well as to damage from the introduction to its systems of incorrect programming language by its employees and contractors. These systems may also be subject to computer viruses, physical or electronic break-ins, sabotage, vandalism and similar misconduct. The same is true of third party service providers and software providers on which the Group depend.

If any of the above risks materialise, the interruption or failure of the Group's information technology and other systems could impair the Group's ability to provide its services effectively causing direct financial loss and may compromise the Group's strategic initiatives. In addition, it could damage the Group's reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Group's ability to collect loan repayments from customers and to attract new and

retain existing customers. Technology failure or underperformance could also result in a higher number of customer and employee disputes and may increase the Group's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate. All of the above could affect the Group's profitability and could have an adverse effect on the Group's business operations, financial condition and operating results and may damage its reputation and brand.

The Group may not be able to fully detect money laundering and other illegal or improper activities completely or on a timely basis, which could expose the Group to additional liability and harm the Group's business or reputation.

The Group is required to comply with applicable anti-money laundering and anti-terrorism laws and regulations stipulated in the jurisdictions in which it operates. The Group also adopts and enforces "know-your-customer" policies and procedures in order to comply with such applicable regulations. Due to reasons such as the complexity and secrecy of money-laundering activities and other illegal or improper activities, such policies and procedures may not completely identify and eliminate such illegal or improper activities at the time when the Group may be used by other parties to engage in these activities. The Group's business and reputation could be negatively impacted if customers manipulate their transactions with the Group for money laundering or other illegal or improper purposes.

The risk of an unfavourable outcome to litigation against the Company could adversely affect the Group's business and reputation

The Group is exposed to litigation risk relating to the operations of its four core business segments on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters could have an adverse effect on the Group's business operations, financial condition and operating results. Please see "*Description of the Group — Litigation*" for further information on current litigation that the Group is involved in.

RISKS RELATING TO THE GROUP'S FINANCING BUSINESS

The financial performance of the Group is subject, in large part, to the performance of the Group's Consumer Finance Business which is vulnerable to concentration risk in Mainland China

Revenue under the Group's Consumer Finance business for the years ended 31 December 2018, 2019 and 2020 were HK\$3,422.1 million, HK\$3,504.7 million and HK\$3,331.0 million, respectively, which constituted approximately 82 per cent. of the Group's total revenue for the year ended 31 December 2020, as compared with approximately 82 per cent. and approximately 83 per cent. for the years ended 31 December 2018 and 31 December 2019, respectively.

The slowing economic growth in Mainland China has resulted in UAF's business being confronted with significant challenges in a difficult credit environment. In response to the slowing economic growth and further potential downturns and volatility in Mainland China, UAF has since instituted a restructuring of its operations in Mainland China and has looked to revise its operational and credit strategies to reduce overall risk and to realign its cost structure to the current economic environment. In particular, small businesses, which had been an important growth driver of UAF's loan portfolio in Mainland China, have been adversely affected by the slowing economic growth which has in turn impacted loan credit quality and profitability of the Group's business. The Group's Consumer Finance business segment experienced reduced profitability in 2020 as interest income decreased by 5 per cent. compared to 2019. Although business picked up in second half of 2020, the overall increase in its loan portfolio was not sufficient to make up for losses incurred in the first half of 2020, particularly in the Mainland China business.

If the Group's Consumer Finance business fails to adapt and recover, the Group's financial condition and operating results may be adversely affected given the significant revenue contribution of the Consumer Finance business to the overall revenue of the Group.

UAF's operations in Mainland China are subject to evolving regulatory requirements, the non-compliance with which could cause it to incur penalties, which could adversely affect the Group's financial condition and operating results

The finance industry in Mainland China is a regulated industry and relevant rules and regulations could change from time to time based on the development of the lending markets. New rules and regulations and changes in the interpretation or enforcement of currently existing rules and regulations may directly impact the business strategies and prospects of UAF. Currently, microfinance companies operate under the guidelines set by the CBIRC and the PBOC (further details can be found in the "Regulation in Mainland China" section), but are regulated by the provincial or municipal government and local financial authorities who may adopt their own rules, policies, interpretation and restrictions on various aspects of the businesses (such as interest rate, internet loan business, non-performing loans disposal, personal privacy protection, shareholding requirements, etc.) from time to time and non-compliance with the local implementing guidelines or policies may expose the Group to sanctions and penalties. Despite the efforts of UAF to comply with applicable regulations, there are a number of associated risks, particularly in areas where such applicable regulations, rules or policies may be unclear or where regulators subsequently revise their previous guidance. On occasion, UAF has failed to meet certain requirements and guideline interpretations set by the local authorities. For example, the Chongqing branch of UAF was investigated by the Chongqing Finance Office in 2019 for violations of implementing regulations issued by the Chongqing municipality and Contract Law of Mainland China as regards certain of its loan practises. On 3 February 2021, UAF's Shenyang Branch received a report issued by the Financial Services Bureau of Liaoning Province that mentioned UAF had failed to report the launch of its internet loan business to the Financial Services Bureau of Liaoning Province on time, which violated the "Interim Measures of Liaoning Province for Administration of Pilot Operation of Microfinance Companies". UAF's Shenyang Branch has taken remedial measures and submitted the required information to the Financial Services Bureau of Liaoning Province and halted additional internet loan provision. UAF has taken measures to remedy or rectify its loan practises in response to these investigations and orders.

UAF may not be able to meet all the applicable regulatory requirements, or comply with all the applicable regulations and guidelines, at all times. Failure to do so could result in sanctions, fines, penalties or other disciplinary actions, including, among other things, limitations or prohibitions on the future business activities of UAF which may limit the Group's ability to conduct pilot programmes and launch new businesses, this could harm its reputation and consequently materially and adversely affect its financial condition and operating results.

Increased debtor awareness and negative media coverage of the consumer finance industry could adversely affect the Group's business operations, financial condition and operating results

Consumer advocates have been lobbying for stronger rules and regulations on consumer loan businesses to promote consumer protection and awareness. In response, through various campaigns, pamphlets and TV commercials, the Group has been working together with other companies engaged in loan businesses to promote responsible borrowing among borrowers. Despite the Group's efforts to protect itself from risks associated with excessive credit and the adoption of tighter credit approval standards, increased debtor activism has resulted in the past, and may result in future, in negative media coverage or political lobbying efforts against the consumer finance industry. Negative media coverage may result in a loss of customers, potential dissatisfaction amongst the Group's staff or a general inclination against using the Group's services, and political lobbying efforts may result in increased regulations or legislation relating to the consumer finance industry, either of which is likely to lead to reduced profitability and may adversely affect its business operations, financial condition and operating results.

The Group may develop a significant exposure to the Hong Kong property market which has been subject to control measures of the Hong Kong government, such control measures could affect the Group's ability to grow Sun Hung Kai Credit's loan book, which will ultimately affect the Group's financial performance and operating results

Sun Hung Kai Credit was established by the Group in October 2015 to focus on the offering of first and second mortgage loan products to home owners and property investors in Hong Kong. As at

31 December 2018, 2019 and 2020, the gross loan balance for the Mortgage Loans segment was HK\$3,863.9 million, HK\$3,648.6 million and HK\$3,061.1 million, respectively. The Group hopes to continue to grow Sun Hung Kai Credit's loan book and as such, the Group and Sun Hung Kai Credit may develop a significant exposure to the Hong Kong property market due to its growing portfolio of first and second mortgage loans.

The Hong Kong property market is highly cyclical and property prices in general have been volatile. Property prices are affected by a number of factors, including, among other things, the supply of, and demand for, comparable properties, the rate of economic growth in Hong Kong, political and economic developments in Mainland China and the relationship between Mainland China, Hong Kong and other countries. Despite the introduction by the HKMA of measures for mortgage lending and the implementation by the Hong Kong government of cooling measures from time to time as means to address the increasing risk of a property price bubble, property prices in Hong Kong continue to follow an upward trend in recent years. The Group's business operations, financial condition or operating results may be adversely affected if measures introduced by the Hong Kong government or other factors have a negative effect on the property market as these could adversely affect the Group's ability to grow Sun Hung Kai Credit's loan book, which will ultimately affect the Group's financial performance and operating results.

A significant devaluation of prices in the Hong Kong property market could lead to impairment losses in the assets directly held, increased exposure to counterparty risk for loans guaranteed by real estate collateral, as well as increased delinquency among loan borrowers, adversely affecting the Group's non-performing loans, business, financial condition and financial performance.

RISKS RELATING TO THE GROUP'S INVESTMENT MANAGEMENT BUSINESS

The Group and its investment management business are subject to market conditions which could adversely affect the Group's financial condition and operating results

The market conditions in sectors in which the Group invests and other factors beyond the control of the Group can adversely affect the Group's Investment Management business, even though the Group has in place an investment committee comprised of the Group's Executive Chairman and the Group's Chief Financial Officer, among others, to consider and approve investment decisions.

Most of the Group's investments (including public equity, public debt and private equity) are valued at market prices and therefore are exposed to risks arising from fluctuations or downturns in the financial markets. The Group's investment portfolio may also be concentrated in certain sectors, such as consumer finance, technology, financial institutions, healthcare and real estate, and geographic regions thus exposing it to concentration risk if a particular sector or region is performing badly. There may be instances where a devaluation in the Group's assets may not be temporary and may require the recognition of significant impairment losses, which may have a material adverse impact on the Group's operating results and in the event of a downturn, the asset quality of the Group's portfolio may deteriorate materially.

A part of the Group's investment portfolio also consists of interests in unlisted companies, which may subject the Group to liquidity risk as the Group may not be able to sell or dispose of its interests readily and at the price as valued by the Group. Failure to dispose of these interests at the price of valuation, or at all, by the Group may in turn adversely impact the value of the Group's portfolio and result of operations.

Liabilities may be incurred in relation to investments and divestments which could have an adverse effect on the Group's financial condition and operating results

In connection with an investment in, or divestment of, an interest in a company, the Group may be exposed to certain claims or liabilities relating to the subject company (or its ownership interest therein), including without limitation tax or regulatory claims or liabilities. Any such claim or liability, if significant, could be a material expense for the Group and therefore may have an adverse effect on the Group's financial condition and operating results.

RISKS RELATING TO THE GROUP'S FUNDS MANAGEMENT BUSINESS

The Funds Management business is a new business segment for the Group and it may not be successful

In the first quarter of 2021, the Group launched a licenced Funds Management platform, SHK Capital Partners. SHK Capital Partners is licenced to carry on Type 1 (Dealing in Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO"). The Group intends for its Funds Management business to be a new driver for sustainable growth in revenue and assets under management. However, despite the Group having slowly built an ecosystem for its Funds Management business since mid-2019 by curating a bespoke network of alternative investment managers that the Group incubates, seeds, accelerates and supports, the Funds Management business may ultimately prove not to be successful and may not produce the returns that the Group expects. If the Funds Management business fails to be successful, the Group may not be able to recover its initial investment which could have an adverse effect on the Group's financial condition and operating results.

RISKS RELATING TO THE ISSUER

The Issuer is a special purpose vehicle with no business activities of its own and will be dependent on funds from the Company to make payments under the Notes

The Issuer was established by the Company specifically for the purpose of raising finance and the Company will use the net proceeds from the issue of each tranche of Notes under the Programme for the purposes specified in the applicable Pricing Supplement. The Issuer does not and will not have any business activities other than the issue of Notes under the Programme, and its ability to make payments under the Notes issued under the Programme will depend on its receipt of timely remittances from the Company and/or its subsidiaries.

RISKS RELATING TO HONG KONG AND MAINLAND CHINA

Any adverse change or volatility in the economic, legal, political and social conditions in Hong Kong could materially and adversely affect the Group's business operations, financial condition and operating results.

A substantial amount of the Group's assets are located in, and its revenues are derived from, activities in Hong Kong. Accordingly, the Issuer's financial condition and business prospects are subject, to a significant degree, to economic, political and legal developments in Hong Kong.

Hong Kong became a Special Administrative Region of the People's Republic of China on 1 July 1997 (the "Handover"). Although Hong Kong has thus far enjoyed a high degree of legislative and judicial autonomy since the Handover, there may be political or legal change as a consequence of the exercise of China's sovereignty over Hong Kong. If any such change occurs, it could adversely affect the Group's business operations, financial condition and operating results. Any future political or economic instability or a sustained slowdown in regional economic activities may adversely affect the Group's business operations, financial condition and operating results.

Due to close business relations between Hong Kong and Mainland China and neighbouring Asian countries, Hong Kong's economy is in turn affected, directly and indirectly, by the performance of the economies of these areas and countries. As a result, adverse economic developments in Hong Kong, Mainland China or elsewhere in the Asia region, in particular a sustained slowdown in economic activities and property markets, could have a material adverse effect on the Group's business operations, financial condition and operating results.

Mainland China's economic, political and social conditions, as well as government policies, could affect the Group's business operations, financial condition and operating results

For the year ended 31 December 2020, approximately 19 per cent. of the Group's revenue is derived from Mainland China, with the proportion expected to grow in the future. Accordingly, the Group's business operations, financial condition and operating results will, to an increasing degree, be subject to the economic, political and legal developments of Mainland China.

The economy in Mainland China differs from the economies of most developed countries in many respects, including but not limited to its political structure, level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Its economy has been in transition from a planned economy to a market-oriented economy and for the past three decades the government in Mainland China has implemented economic reform measures emphasising utilisation of market forces. However, the government in Mainland China retains the power to implement macroeconomic policies affecting the economy and has previously implemented measures to slow down the pace of growth of the Mainland China economy, including raising interest rates and issuing administrative guidelines to control lending to certain industries. Additionally, the risk remains that the global economy may suffer a recession in the future and the government in Mainland China may have to readjust its macroeconomic control measures accordingly. If growth or demand for the Group's products slows down in Mainland China as a result of the implementation of government policy, this could adversely impact the Group's business operations, financial condition and operating results given the Group's exposure to Mainland China.

Any market volatility in the stock market in Mainland China may negatively affect consumer confidence in Mainland China and have an adverse impact on the wider economy in Mainland China and Hong Kong, which may materially and adversely affect the value of the Group's investments and businesses. In particular, risks and uncertainties remain given macro-economic factors such as the ongoing COVID-19 pandemic and escalating geopolitical tensions which could lead to further shocks to the economies and financial markets in Mainland China and Hong Kong. Market volatility, especially in Mainland China and Hong Kong capital markets, have also previously adversely affected, and could continue to adversely affect, the mark-to-market value of the financial assets held by the different business segments of the Group thus affecting the Group's business, financial position and operating results.

The Group may encounter difficulties in effectively implementing centralised management and supervision of its branches and subsidiaries in Hong Kong and Mainland China, inconsistent application of its policies throughout its operations, and may not be able to timely detect or prevent fraud or other misconduct by its employees or third parties

The Group might not always be able to effectively prevent or detect failures in management at the branch or subsidiary levels in a timely manner. In addition, due to limitations in information systems and differences between domestic and overseas regulatory policies, its efforts to prevent or detect such failures may not be implemented consistently and may not be sufficient to prevent all irregular transactions or incidents.

Efforts by local employees in both Hong Kong and Mainland China to implement these policies and strategic directions may not be successful or effective as a result of the differences between Mainland China and Hong Kong practises and potential irregularity and inconsistency of application of such measures. This may in turn result in an adverse impact on the Group's strategic direction and ultimately results of operations.

The legal system in Mainland China has inherent uncertainties that could limit the legal protections available to potential investors

The legal system in Mainland China is based on written statutes. Since the late 1970s, Mainland China has promulgated a number of laws and regulations dealing with economic matters such as the issuance and trade of securities, foreign investment, corporate organisation and governance, commerce, taxation and trade. However, as many of these laws and regulations are relatively new and continue to evolve, such laws and regulations may be subject to inconsistent interpretation and enforcement. Moreover, published court opinions are limited and these decisions are of limited precedential value because they are not binding on subsequent cases. Uncertainties relating to the interpretation and implementation of laws and regulations in Mainland China may adversely affect the legal protection and remedies that are available to the Group in its operations and to the Noteholders as investors. In addition, any bankruptcy proceeding relating to the Group would likely involve Mainland China bankruptcy laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Noteholders are familiar.

It may be difficult to enforce any judgments obtained from non-Mainland Chinese courts against the Group in Mainland China

A substantial and growing share of the Group's assets are located within Mainland China. However, the enforcement of foreign judgments in Mainland China is still subject to a number of uncertainties.

Mainland China is not a party to any treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the UK, most other Western countries or Japan, and, therefore, enforcement of foreign judgments in Mainland China may be difficult or impossible.

RISKS RELATING TO THE NOTES ISSUED UNDER THE PROGRAMME

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to the Offering Circular or any Pricing Supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Modification and waivers

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Agents may, without the consent of Noteholders or Couponholders agree, to any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Fiscal Agency Agreement dated 13 April 2021 as amended and/or supplemented from time to time that could not reasonably be expected to be prejudicial to the interests of the Noteholders.

A change in English law which governs the Notes may adversely affect Noteholders

The Conditions of the Notes are governed by English law in effect as at the date of issue of the relevant Notes. Any possible judicial decision or change to English law or administrative practise after the date of issue of the relevant Notes may adversely affect Noteholders.

The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or a Global Certificate must rely on the procedures of the relevant Clearing System(s)

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, or lodged with CMU (each of Euroclear, Clearstream, Luxembourg, and CMU, a “**Clearing System**”). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes and the Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders or in the case of the CMU, to the persons for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as set out in the records of the CMU. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes and the Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination (as defined in the Terms and Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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 British Virgin Islands or 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”) or Euro Interbank Offered Rate (“EURIBOR”). 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 vice versa, 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 regulation and reform of “benchmark” rates of interest and indices may adversely affect the value of Notes linked to or referencing such “benchmarks”

Interest rates and indices which are deemed to be or used as “benchmarks”, are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already

effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

More broadly, any of the international reforms 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. For example, the sustainability of the LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “**FCA Announcement**”). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. On 5 March 2021, the UK Financial Conduct Authority announced that: (i) the publication of 24 LIBOR settings (as detailed in the FCA announcement) will cease immediately after 31 December 2021; (ii) the publication of the overnight and 12-month U.S. dollar LIBOR settings will cease immediately after 30 June 2023; (iii) immediately after 31 December 2021, the 1-month, 3-month and 6-month sterling LIBOR settings will no longer be representative of the underlying market and economic reality that they are intended to measure and representativeness will not be restored (and the UK Financial Conduct Authority will consult on requiring the InterContinental Exchange Benchmark Administration (the “**IBA**”) to continue to publish these settings on a synthetic basis, which will no longer be representative of the underlying market and economic reality they are intended to measure, for a further period after 31 December 2021); and (iv) immediately after 30 June 2023, the 1-month, 3-month and 6-month U.S. dollar LIBOR settings will no longer be representative of the underlying market and economic reality that they are intended to measure and representativeness will not be restored (and the UK Financial Conduct Authority will consider the case for using its proposed powers to require the IBA to continue publishing these settings on a synthetic basis, which will no longer be representative of the underlying market and economic reality they are intended to measure, for a further period after 30 June 2023).

The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions of the Notes provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions of the Notes provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

Benchmark Events include (amongst other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an

Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate, despite the continued availability of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to be referenced. In addition, the market (if any) for Notes linked to any such Successor Rate or Alternative Rate may be less liquid than the market for Notes linked to the Original Reference Rate.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities); (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the terms and conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the

Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Floating Rate Notes, in effect, becoming fixed rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of floating rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an “IBOR” Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the floating rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The market continues to develop in relation to risk-free rates (including SOFR) as reference rates for floating rate Notes.

Nascent risk-free rates and market

Investors should be aware that the market continues to develop in relation to risk-free rates, such as the Secured Overnight Financing Rates (“SOFR”), as reference rates in the capital markets for U.S. dollar bonds, as applicable, and their adoption as alternatives to the relevant interbank offered rates.

SOFR are newly established risk-free rates. For example, the Federal Reserve began to publish SOFR in April 2018 and although the New York Federal Reserve has 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 it is impossible to predict the future performance of such risk-free rates. As a consequence no future performance of the relevant risk-free rate or Notes referencing such risk-free rate may be inferred from any of the hypothetical or actual historical performance data. In addition, investors should be aware that risk-free rates may behave materially differently from interbank offered rates as interest reference rates. For example, since the publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Calculation of Interest

Interest is calculated on the basis of the compounded risk-free rate (e.g. compounded SOFR), which is calculated using the relevant specific formula set out in the Terms and Conditions of the Notes, not the risk-free rate published on or in respect of a particular date during such Observation Period. For this and other reasons, the interest rate on the notes during any Observation Period will not be the same as the interest rate on other investments linked to the risk-free rate that use an alternative basis to determine the applicable interest rate.

In addition, market conventions for calculating the interest rate for bonds referencing risk-free rates continue to develop and market participants and relevant working groups are exploring alternative reference rates based on risk-free rates. For example, on 2 March 2020, the Federal Reserve Bank of New York, as administrator of SOFR, began publishing the SOFR Compounded Index. Accordingly, the specific formula for calculating the rate used in the Notes issued under this Offering Circular may not be widely adopted by other market participants, if at all. The Issuer may in the future also issue Notes referencing risk-free rates that differ materially in terms of interest determination when compared with any previous Notes referencing risk-free rate rates issued by it. If the market adopts a different calculation method, that could adversely affect the market value of Notes issued pursuant to this Offering Circular.

Interest on Notes which reference a risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference risk-free rates to reliably estimate the amount of interest which will be payable on such Notes. Further, if the

Notes become due and payable under Condition 10, or are otherwise redeemed early on a date which is not an Interest Payment Date, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter.

Each risk-free rate is published and calculated by third parties based on data received from other sources and the Issuer has no control over their respective determinations, calculations or publications. There can be no guarantee that the relevant risk-free rate (or the SOFR Compounded Index) will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes linked to or which reference a such risk-free rate (or that any applicable benchmark fallback provisions provided for in the Terms and Conditions of the Notes will provide a rate which is economically equivalent for Holders). The Federal Reserve has no obligation to consider the interests of Holders in calculating, adjusting, converting, revising or discontinuing the relevant risk-free rate (or the SOFR Compounded Index). If the manner in which the relevant risk-free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

Market Adoption

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Terms and Conditions of the Notes and used in relation to Notes that reference a risk-free rate issued under this Offering Circular. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any 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 to 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.

RISKS RELATING TO THE MARKET GENERALLY

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

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

Notes issued under the Programme 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). Moreover, one or more initial investors in the Notes may purchase a significant portion of the aggregate principal amount of the Notes pursuant to the offering. The existence of any such significant Noteholder(s) may reduce the liquidity of the Notes in the secondary trading market. 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 an application has been made for the Notes issued under the Programme to be admitted to listing on the Hong Kong Stock Exchange, such application may not 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 issued under the Programme. 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.

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

The Issuer will pay 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.

The credit ratings assigned to the Notes 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 credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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. There are significant restrictions on remittance of Renminbi into and outside Mainland China which may adversely affect the liquidity of RMB Notes

Renminbi is not freely convertible at present. The Mainland China Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

Remittance of Renminbi by foreign investors into Mainland China for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with the relevant authorities and is subject to a strict monitoring system. Regulations in Mainland China on the remittance of Renminbi into Mainland China for settlement of capital account items are developing gradually.

In respect of Renminbi foreign direct investments (“**FDI**”), the PBOC promulgated the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (the “**PBOC FDI Measures**”) on 13 October 2011 as part of the PBOC’s detailed Renminbi FDI accounts administration system. The system covers almost all aspects in relation to RMB FDI, including capital injections, payments for the acquisition of Mainland China domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBOC issued a circular setting out the operational guidelines for FDI. Under the PBOC FDI Measures, special approval for FDI

and shareholder loans from the PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBOC is still necessary. On 5 June 2015, the PBOC further issued the amendment rules for the PBOC FDI Measures as well as its implementing rules, under which the registered capital verification requirement and the precondition of full contribution of the registered capital in respect of the borrowing of foreign debt denominated in Renminbi are cancelled. On 31 December 2020, the PBOC, the National Development and Reform Commission, the Ministry of Commerce of the People's Republic of China ("MOFCOM"), the State-owned Assets Supervision and Administration Commission of the State Council, the CBIRC, and the State Administration of Foreign Exchange jointly issued a circular updating some provisions in the PBOC FDI Measures to further optimise the cross-border RMB policy and to support the stabilisation of foreign trade and foreign investment.

On 3 December 2013, MOFCOM promulgated the Circular *on Issues in relation to Cross-border Renminbi Foreign Direct Investment* (the "**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in Mainland China listed companies as strategic investors) or for entrustment loans in Mainland China. On 30 December 2019, MOFCOM and the State Administration for Market Regulation issued the Measures for Reporting of Information on Foreign Investment to regulate that foreign investors or foreign-invested enterprises shall submit their investment information to the competent commerce authorities where foreign investors make investments in Mainland China directly or indirectly. As such, the aforesaid written approval requirement regarding "Renminbi Foreign Direct Investment" set forth in the MOFCOM Circular has been replaced with a simplified information reporting requirement.

The PBOC FDI Measures, the MOFCOM Circular and other Mainland China laws, regulations and policies in relation to the general administration of Renminbi will be subject to interpretation and application by the relevant authorities in Mainland China.

The Mainland China Government may not continue to gradually liberalise control over cross-border remittance of Renminbi in the future, and any schemes for Renminbi cross-border utilisation may be discontinued or new regulations in Mainland China may be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside Mainland China. In the event that any regulatory restrictions inhibit the ability of the Issuer or the Guarantor to repatriate funds outside Mainland China to meet its obligations under Notes denominated in Renminbi, the Issuer or the Guarantor will need to source Renminbi offshore to finance such obligations under the relevant Notes denominated in Renminbi, and its ability to do so will be subject to the overall availability of Renminbi outside Mainland China.

There is only limited availability of Renminbi outside Mainland China, which may affect the liquidity of the RMB Notes and the ability of the Issuer and the Guarantor to source Renminbi outside Mainland China to service the RMB Notes

As a result of the restrictions by the Mainland China Government on cross-border Renminbi fund flows, the availability of Renminbi outside of Mainland China is limited. Since February 2004, in accordance with arrangements between the Mainland China central government and the Hong Kong government, licenced banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the "**Settlement Agreement**") between the PBOC and the Bank of China (Hong Kong) Limited (the "**RMB Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. In addition, the

PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres (each also a “**RMB Clearing Bank**”), including London, Frankfurt and Singapore to further internationalise the Renminbi.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with Mainland China enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from the 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 such cases, the participating banks will need to source Renminbi from outside Mainland China 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 Mainland China laws and regulations on foreign exchange. New Mainland China regulations may be promulgated and settlement arrangements may be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside Mainland China. The limited availability of Renminbi outside Mainland China may affect the liquidity of the RMB Notes. To the extent the Issuer or the Guarantor is required to source Renminbi in the offshore market to service its RMB Notes, either the Issuer or the Guarantor may not be able to source such Renminbi on satisfactory terms, if at all.

Investment in the RMB Notes is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in Mainland China, by international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to the RMB Notes in Renminbi. As a result, the value of these Renminbi payments in U.S. dollars or other foreign currencies may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates the U.S. dollar or other foreign currencies, the value of investment in U.S. dollars or other applicable foreign currencies will decline. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for the PBOC’s reference rates to consider the previous day’s closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. In May 2017, the PBOC further decided to introduce counter-cyclical factors to offset the market pro-cyclicality, so that the midpoint quotes could adequately reflect China’s actual economic performance. However, the volatility in the value of the Renminbi against other currencies still exists.

Payments in respect of the RMB Notes will only be made to investors in the manner specified in such RMB Notes

All payments to investors in respect of the RMB Notes will be made solely by (i) when the RMB Notes are represented by a global certificate, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when the RMB Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Neither the Issuer nor the Guarantor can be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draught or by transfer to a bank account in Mainland China).

There may be Mainland China tax consequences with respect to investment in the RMB Notes

In considering whether to invest in the RMB Notes, investors should consult their individual tax advisers with regard to the application of Mainland China tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the holder’s investment in the RMB Notes may be materially and adversely affected if the holder is required to pay Mainland China tax with respect to acquiring, holding or disposing of and receiving payments under those RMB Notes.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the Issuer for the purposes as specified in the applicable Pricing Supplement.

CLEARANCE AND SETTLEMENT

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 depositary 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 the CMU, Euroclear and Clearstream, Luxembourg. 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 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 Registered Notes represented by a Global Certificate accepted for clearance through the CMU. Each Global Certificate 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 Certificate 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 depositary 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*”. 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, 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 nor any Arranger nor any Agent nor 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 Fiscal 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 and interest 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 Clearing 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 Exchange Fund Bills and Notes Clearing and Settlement Service securities and 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 financial institutions regulated by the HKMA, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU's custodial services, please refer to the CMU Reference Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the "**income proceeds**") by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual.

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 that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an amended and restated fiscal agency agreement (as amended or supplemented as at the Issue Date, the “**Fiscal Agency Agreement**”) dated 13 April 2021 between the Issuer, the Guarantor, Citicorp International Limited as fiscal agent, Citicorp International Limited as lodging agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU**”) and the other agents named in it and with the benefit of a Deed of Covenant (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 13 June 2012 executed by the Issuer and the Guarantor in relation to the Notes and a Deed of Guarantee (as amended or supplemented as at the Issue Date, the “**Deed of Guarantee**”) dated 13 June 2012 executed by the Guarantor in relation to the Notes. The fiscal agent, the CMU lodging and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**CMU Lodging and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent and the CMU Lodging and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”. For the purposes of these terms and conditions, all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

As used in these terms and conditions (the “**Conditions**”), “**Tranche**” means Notes which are identical in all respects.

Copies of the Fiscal Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside of the United Kingdom and Hong Kong in accordance with the provisions of the Fiscal Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2 (b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Fiscal Agency Agreement) the costs of such other method of delivery and/or such

insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Transfer Free of Charge:** Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3 Guarantee and Status

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes, the Receipts and the Coupons. Its obligations in that respect (the “**Guarantee**”) are contained in the Deed of Guarantee.
- (b) **Status of Notes and Guarantee:** The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and with all other present and future unsecured obligations of the Guarantor. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

4 Negative Pledge

- (a) So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement) neither the Issuer nor the Guarantor will, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10) will create, or have outstanding any mortgage, charge, lien, pledge or other security interest (“**Security Interest**”), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.
- (b) Condition 4 (a) does not apply to:
 - (i) any Security Interest of United Asia Finance Limited (“**UAF**”) or any of its Subsidiaries existing on the date on which the Notes are originally issued and heretofore disclosed to the Fiscal Agent in writing (under a certificate signed by an authorised officer of the Guarantor) and securing Relevant Indebtedness outstanding as of the date hereof or such Relevant Indebtedness as extended (in respect of the maturity thereof), renewed or replaced, from time to time, provided that the principal amount of such Relevant Indebtedness is not increased in connection with such extension, renewal or replacement;
 - (ii) any Security Interest on properties or assets of UAF or any of its Subsidiaries acquired after the date on which the Notes are originally issued, which security interests have been in existence prior to such acquisition or which are created at the time of purchase solely to secure the purchase price of such properties or assets (other than in relation to Condition 4(b)(iii) below); and

- (iii) any Security Interest (including extensions and renewals thereof) upon land or real property of UAF or any of its Subsidiaries; provided that (1) such Security Interest is created solely for the purpose of securing Relevant Indebtedness Incurred for the purpose of acquiring or purchasing land or real property; (2) the aggregate principal amount of the Relevant Indebtedness secured by such Security Interest does not exceed 100 per cent. of the cost of the land or real property so acquired or purchased; and (3) the Debt Servicing Costs of such Relevant Indebtedness secured by such Security Interest, when aggregated with the Debt Servicing Costs of the UAF Relevant Indebtedness secured by such other Security Interests, for any Relevant Period does not exceed 10 per cent. of the EBIT for the Relevant Period. EBIT will be calculated and interpreted on a consolidated basis in respect of UAF in accordance with HKFRS or other internationally recognised reporting standards as may be applicable to UAF from time to time applicable to the relevant Financial Statements and shall be expressed in Hong Kong dollars and tested against each set of Financial Statements. The Guarantor will provide to the Fiscal Agent for inspection by any Noteholder within 90 days after the end of each semi-annual period (other than the final period of a Financial Year) and 180 days after the end of each Financial Year, an Officer's Certificate confirming compliance with all of the covenants contained in Condition 4(b)(iii)(3), showing in reasonable detail the calculations demonstrating compliance with such covenant.

In this Condition:

- (i) **"Debt Servicing Costs"** means, in respect of any Relevant Period, the aggregate of all payments of Total Interest Expenses on or in respect of the UAF Relevant Indebtedness falling due;
- (ii) **"EBIT"** means, in respect of any Relevant Period, the consolidated operating profit of UAF and its Subsidiaries for that Relevant Period (as determined from the relevant Financial Statements of UAF) before (i) taxation and (ii) deducting any Total Interest Expenses;
- (iii) **"Financial Statement"** means the consolidated financial statements of UAF, (1) in respect of each financial year, audited by a member firm of an internationally recognised firm of independent accountants and including a profit and loss account, balance sheet and cash flow statement; and (2) in respect of each semi-annual period (other than the final period of a Financial Year) unaudited but including a profit and loss account and balance sheet;
- (iv) **"Financial Year"** means a financial year of UAF, for the time being ending on 31 December;
- (v) **"HKFRS"** means the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
- (vi) **"Incur"** means, with respect to any indebtedness, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such indebtedness. The terms "Incurrence", "Incurred" and "Incurring" have meanings correlative with the foregoing;
- (vii) **"Officer's Certificate"** means a certificate signed by a Director of the Guarantor;
- (viii) **"Relevant Indebtedness"** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended on the part of the Issuer thereof to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;
- (ix) **"Relevant Period"** means:
- (1) each Financial Year of UAF; and
 - (2) each period beginning on the first day of the first half of a Financial Year of UAF and ending on the last day of the first half of that Financial Year;
- (x) **"Subsidiary"** means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer or the Guarantor or UAF, as the case may be.

- (xi) **“Total Interest Expenses”** means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of indebtedness for borrowed money (such amount excluding borrowings by UAF or any of its Subsidiaries from UAF or, as the case may be, any of its other Subsidiaries) whether paid, payable or capitalised by UAF or, as the case may be, any of its Subsidiaries in respect of that Relevant Period; and
- (xii) **“UAF Relevant Indebtedness”** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any guarantee or indemnity against financial loss of any person granted by UAF or any of UAF’s Subsidiaries or any derivative transactions entered into by UAF or any of UAF’s Subsidiaries (and when calculating the value of any derivative transaction, only the marked-to-market value shall be taken into account) or any liability under or in respect of any acceptance or acceptance credit or receivables sold or discounted (otherwise than on a non-recourse basis) or any financing lease entered into primarily as a method of raising finance or financing the acquisition of an asset.

5 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(j).
- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes:**
 - (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined by the Calculation Agent in accordance with Condition 5(j). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
 - (ii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.
 - (A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), **“ISDA Rate”** for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

 - (x) the Floating Rate Option is as specified hereon
 - (y) the Designated Maturity is a period specified hereon and
 - (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), **“Floating Rate”**, **“Calculation Agent”**, **“Floating Rate Option”**, **“Designated Maturity”**, **“Reset Date”** and

“**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR, EURIBOR or HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong

inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR Benchmark

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any) in accordance with Condition 5(j), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The “**SOFR Benchmark**” will be determined based on Compounded Daily SOFR or SOFR Index, as follows (subject in each case to Condition 5(e) as further specified hereon):

- (x) If Compounded Daily SOFR (“**Compounded Daily SOFR**”) is specified hereon as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant Interest Accrual Period (where SOFR Lag, SOFR Payment Delay or SOFR Lockout is specified as applicable hereon to determine Compounded Daily SOFR) or the SOFR Observation Period (where SOFR Observation Shift is specified as applicable hereon to determine Compounded Daily SOFR).

Compounded Daily SOFR shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified as applicable hereon:

- (i) SOFR Lag:

$$\left(\prod_{i=1}^{d_0} \left(1 + \frac{SOFR_{i-xUSBD} \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent.

(or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR_{i-xUSBD}**” for any U.S. Government Securities Business Day “i” in the relevant Interest Accrual Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day “i”;

“**Lookback Days**” means such number of U.S. Government Securities Business Days as specified hereon;

“**d**” means the number of calendar days in the relevant Interest Accrual Period;

“**d_o**” for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

“**i**” means a series of whole numbers ascending from one to d_o, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period; and

“**n_i**” for any U.S. Government Securities Business Day “i” in the relevant Interest Accrual Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day for which SOFR_{i-xUSBD} applies.

(ii) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

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

“**SOFR Observation Period**” means, in respect of an Interest Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Accrual Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Accrual Period;

“**SOFR Observation Shift Days**” means the number of U.S. Government Securities Business Days as specified hereon;

“**d**” means the number of calendar days in the relevant SOFR Observation Period;

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

“**i**” means a series of whole numbers ascending from one to d_o, representing each U.S. Government Securities Business Day from

(and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period; and

“ n_i ” for any U.S. Government Securities Business Day “ i ” in the relevant SOFR Observation Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “ i ” up to (but excluding) the following U.S. Government Securities Business Day for which SOFR _{i} applies.

(iii) SOFR Payment Delay:

$$\left(\prod_{i=1}^{d_0} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“SOFR _{i} ” for any U.S. Government Securities Business Day “ i ” in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “ i ”;

“**Interest Payment Date**” shall be the number of Interest Payment Delay Days following each Interest Period Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the Maturity Date or, if the Issuer elects to redeem the Notes prior to the Maturity Date, the relevant Optional Redemption Date;

“**Interest Payment Delay Days**” means the number of Business Days as specified hereon;

“ d ” means the number of calendar days in the relevant Interest Accrual Period;

“ d_0 ” for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

“ i ” means a series of whole numbers ascending from one to d_0 , representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period; and

“ n_i ” for any U.S. Government Securities Business Day “ i ” in the relevant Interest Accrual Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “ i ” up to (but excluding) the following U.S. Government Securities Business Day for which SOFR _{i} applies.

For the purposes of calculating Compounded Daily SOFR with respect to the final Interest Accrual Period where SOFR Payment Delay is specified hereon, the SOFR reference rate for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Maturity Date or the relevant Optional Redemption Date, as applicable, shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date.

(iv) SOFR Lockout:

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

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“**SOFR_i**” for any U.S. Government Securities Business Day “**i**” in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “**i**”, except that the SOFR for any U.S. Government Securities Business Day “**i**” in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date for such Interest Accrual Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

“**d**” means the number of calendar days in the relevant Interest Accrual Period;

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

“**i**” means a series of whole numbers ascending from one to **d₀**, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period; and

“**n_i**” for any U.S. Government Securities Business Day “**i**” in the relevant Interest Accrual Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “**i**” up to (but excluding) the following U.S. Government Securities Business Day for which SOFR_i applies.

The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(ii)(C)(x) and Condition 5(b)(ii)(C)(y):

“**Bloomberg Screen SOFRRATE Page**” means the Bloomberg screen designated “SOFRRATE” or any successor page or service;

“**Reuters Page USDSOFR=**” means the Reuters page designated “USDSOFR=” or any successor page or service;

“**SOFR**” means, in respect of a U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

- (i) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator’s Website;
- (ii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator’s Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website; or

- (iii) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(e) shall apply as specified hereon;

“SOFR Rate Cut-Off Date” means the date that is a number of U.S. Government Securities Business Days prior to the end of each Interest Accrual Period, the Maturity Date or the relevant Optional Redemption Date, as applicable, as specified hereon; and

“SOFR Determination Time” means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day.

- (y) If SOFR Index (**“SOFR Index”**) is specified as applicable hereon, the SOFR Benchmark for each Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left(\frac{\text{SOFR Index}_{\text{End}}}{\text{SOFR Index}_{\text{Start}}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“SOFR Index” means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator’s Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, *provided that*:

- (a) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the “SOFR Index” shall be calculated on any Interest Determination Date with respect to an Interest Accrual Period, in accordance with the Compounded Daily SOFR formula described above in Condition 5(b)(ii)(C)(y)(ii) “SOFR Observation Shift”, and the term “SOFR Observation Shift Days” shall mean two U.S. Government Securities Business Days; or
- (b) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(d) shall apply as specified hereon;

“SOFR Index_{End}” means, in respect of an Interest Accrual Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified hereon prior to the Interest Period Date for such Interest Accrual Period (or in the final Interest Accrual Period, the Maturity Date);

“SOFR Index_{Start}” means, in respect of an Interest Accrual Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified hereon prior to the first day of such Interest Accrual Period;

“SOFR Index Determination Time” means, in respect of a U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

“SOFR Observation Period” means, in respect of an Interest Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Accrual

Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Accrual Period;

“**SOFR Observation Shift Days**” means the number of U.S. Government Securities Business Days as specified hereon; and

“**d_c**” means the number of calendar days in the applicable SOFR Observation Period.

The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(ii)(C):

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

“**SOFR Benchmark Replacement Date**” means the date of occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark;

“**SOFR Benchmark Transition Event**” means the occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark; 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.

(c) **Rate of Interest for Index Linked Interest Notes:** The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(d) **Benchmark Discontinuation (General)**

Where this Condition 5(d) is specified as applicable hereon:

(i) *Independent Adviser:*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which an Alternative Rate (if any, in accordance with Condition 5(d)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(d)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(d) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it, pursuant to this Condition 5(d).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(d)(i) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the

avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(d)(i).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser, determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(d)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(d)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(d) and the Independent Adviser (in consultation with the Issuer), determines (A) that amendments to these Conditions and/or the Fiscal Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(d)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Fiscal Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(d), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(d) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Fiscal Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 5(d)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(d) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Fiscal Agent, the Calculation Agent and the Paying Agents. In accordance with Condition 14, notice shall be provided to the Noteholders promptly thereafter. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

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

- (A) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) the applicable Adjustment Spread and (d) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(d); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices, for inspection by the Noteholders at all reasonable times during normal business hours.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate, 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 the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5(d), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(d), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 5(d)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(ii) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions:*

As used in this Condition 5(d):

"Adjustment Spread" means either (A) a spread (which may be positive, negative or zero) or (B) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the 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 in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (b) the Independent Adviser determines (in consultation with the Issuer), is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);

- (c) the Independent Adviser determines (in consultation with the Issuer) is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by 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 Condition 5(d)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“Benchmark Amendments” has the meaning given to it in Condition 5(d)(iv).

“Benchmark Event” means:

- (1) the Original Reference Rate ceasing to be published as a result of such benchmark ceasing to be calculated or administered;
- (2) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes;
- (5) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (6) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (2) and (3) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (4) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (5) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Calculation Agent.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(d)(i).

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

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

- (x) 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
- (y) 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.

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

(e) **Benchmark Discontinuation (SOFR)**

This Condition 5(e) shall only apply to U.S. dollar-denominated Notes where so specified hereon.

The following provisions shall apply if Benchmark Discontinuation (SOFR) is specified as applicable hereon:

(i) **Benchmark Replacement**

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark 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.

(ii) **Benchmark Replacement Conforming Changes**

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Fiscal Agency Agreement and these Conditions as may be required to give effect to this Condition 5(e). Noteholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Fiscal Agent (if required). Further, none of the Fiscal Agent, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(iii) **Decisions and Determinations**

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(e), 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 or its designee, as applicable, 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.

(iv) The following defined terms shall have the meanings set out below for purpose of this Condition 5(e):

“Benchmark” means, initially, the relevant SOFR Benchmark specified hereon; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the

calculation thereof) or the then-current Benchmark, then “**Benchmark**” means the applicable Benchmark Replacement;

“**Benchmark Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any 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;

“**Benchmark Replacement**” 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 sum of:
 - (x) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and
 - (y) the Benchmark Replacement Adjustment;
- (B) the sum of:
 - (x) the ISDA Fallback Rate; and
 - (y) the Benchmark Replacement Adjustment; or
- (C) the sum of:
 - (x) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Floating Rate Notes at such time; and
 - (y) 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 or its designee 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 (including any daily published component used in the calculation thereof) 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) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

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

- (A) in the case of sub-paragraph (A) or (B) of the definition of “Benchmark 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 sub-paragraph (C) of the definition of “Benchmark Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving 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;

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

“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 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 (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“Reference Time” with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Simple SOFR Average or Compounded Daily SOFR is specified as applicable hereon) or SOFR Index Determination Time (where SOFR Index is specified as applicable hereon), or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee 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.

- (f) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (g) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined by the Calculation Agent in the manner specified hereon.
- (h) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.
- (i) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (j) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
 - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph
 - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the countries of such currency.
- (k) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any

other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

- (l) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (m) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or
- (iv) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual—ISDA”** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that 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)

- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, 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 and D₁ is greater than 29, in which case D₂ will be 30.

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, 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.

- (vii) if “**30E/360 (ISDA)**” is specified hereon, 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.

(viii) if “**Actual/Actual-ICMA**” is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Interest Accrual Period**” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date.

“**Interest Amount**” means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified:

- (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR; or
- (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi; or
- (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro; or
- (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR; or
- (v) (where SOFR Benchmark is specified hereon as the Reference Rate and where Simple SOFR Average is specified as applicable hereon or where SOFR Lag, SOFR Observation Shift or SOFR Lockout is specified as applicable hereon to determine Compounded Daily SOFR or where SOFR Index is specified as applicable hereon) the second U.S. Government Securities Business Day prior to the last day of each Interest Period; and
- (vi) (where SOFR Benchmark is specified hereon as the Reference Rate and where SOFR Payment Delay is specified as applicable hereon to determine Compounded Daily SOFR) the Interest Period Date at the end of each Interest Accrual Period, provided that the Interest Determination Date with respect to the final Interest Accrual Period will be the U.S. Government Securities Business Day immediately following the relevant SOFR Rate Cut-Off Date.

“Interest Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (n) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.
- (o) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption:

- (i) *Zero Coupon Notes:*
- (a) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (b) Subject to the provisions of sub-paragraph (c) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a

percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

- (c) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note) or, at any time, (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note), 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 (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (in the case of payment by the Issuer) or Hong Kong (in the case of payment by the Guarantor) or, in each case, 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, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or either Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer (or the Guarantor, as the case may be) 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 an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed

specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Fiscal Agency Agreement) without the prior consent of the Issuer.

- (f) **Redemption for Change of Control:** Following the occurrence of a Change of Control (as defined below), the holder of each Note will have the right, at such holder's option, to require the Issuer (failing whom the Guarantor) to redeem all, or some only, of that holder's Notes on the Change of Control Redemption Date (as defined below) at the Early Redemption Amount (Change of Control) specified hereon together with interest accrued to the Change of Control Redemption Date. To exercise such right, the holder of the relevant Note must complete, sign and 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 (the "**Change of Control Redemption Notice**") together with the 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 14. The "**Change of Control Redemption Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

A Change of Control Redemption Notice, once delivered, shall be irrevocable and the Issuer failing whom the Guarantor shall redeem the Notes the subject of Change of Control Redemption Notices delivered as aforesaid on the Change of Control Redemption Date. The Issuer, failing whom the Guarantor, shall give notice to Noteholders and the Fiscal Agent in accordance with Condition 14 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 and shall give brief details of the Change of Control. For the avoidance of doubt, the Fiscal Agent shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred.

For the purposes of this Condition 6(f):

"**Control**" means the direct or indirect ownership of, or the power to control directly or indirectly, at least 35 per cent. of the Voting Rights of the issued share capital of the Guarantor;

a "**Change of Control**" occurs when: (i) the Controlling Shareholder ceases to have Control of the Guarantor; or (ii) the Guarantor consolidates with or merges into or sells or transfers

all or substantially all of the Guarantor's assets to any Person or Persons other than the Controlling Shareholders (collectively or individually), provided that no Change of Control shall occur if the consolidation, merger, sale or transfer will not result in the Controlling Shareholders (collectively or individually) ceasing to have Control over the Guarantor or the successor entity;

"Controlling Shareholder" means the largest holder or group of shareholders (being the trustee of the Lee and Lee Trust (as referred to in the Annual Report dated 26 March 2012)) as at 13 June 2012 of Voting Rights of the issued share capital of the Guarantor;

a **"Person"** as used in this Condition 6(f), includes any individual, company corporation, firm, partnership, joint venture, undertaking, associations, organisation, trust, state or agency of state (in each case whether or not being a separate legal entity) but does not include the Guarantor's wholly owned direct or indirect Subsidiaries; and

"Voting Rights" means the right generally to vote at a general meeting of shareholders of the Guarantor (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.
- (h) **Purchases:** Each of the Issuer, the Guarantor and their Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) Bearer Notes:

- (i) In relation to Bearer Notes not held in the CMU, payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong. In this Condition 7(a) and 7(b), **"Bank"** means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (ii) In relation to Bearer Notes held in the CMU, 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 Fiscal Agency Agreement) at the relevant time.

(b) **Registered Notes:**

- (i) In relation to Registered Notes not held in the CMU, payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
 - (ii) In relation to Registered Notes not held in the CMU, interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Renminbi, on the fifth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made (x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and (y) in the case of Renminbi, by transfer to the registered account of the Noteholder. In this Condition 7(b), "registered account" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.
 - (iii) In relation to Registered Notes held in the CMU, 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 at the relevant time.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Interest Notes), those Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
 - (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Interest Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the

relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or

- (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
- (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or Hong Kong or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders 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 with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the British Virgin Islands or, in the case of payments by the Guarantor, Hong Kong other than the mere holding, or receipt of payment on, of the Note, Receipt or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

The Issuer and the Guarantor shall be permitted to withhold or deduct any amounts required by the rules of US Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service (“**FATCA withholding**”) as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding. Neither the Issuer nor the Guarantor shall be liable for, or otherwise obliged to pay, any FATCA withholding deducted or withheld by the Issuer, the Guarantor, any paying agent or any other party.

9 Prescription

Claims against the Issuer and / or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, the holder of, individually or in the aggregate, not less than 10 per cent. of the aggregate principal amount of the Notes outstanding may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

- (i) **Non-payment:** the Issuer (failing which, the Guarantor), fails to pay any amount of principal or premium or interest due in respect of any of the Notes provided that, in the case of principal or premium, the default continues for a period of 5 days and, in the case of interest, the default continues for a period of 10 days; or
- (ii) **Breach of Other Obligations:** the Issuer or the Guarantor fails to perform or observe any of their respective other obligations under these Conditions or the Guarantee and the failure continues for the period of 30 days following the service by Noteholders holding, individually or in the aggregate, not less than 10 per cent. of the aggregate principal amount of the Notes outstanding on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or
- (iii) **Cross-Acceleration:** (i) any present or future Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any of the Guarantor’s Principal Subsidiaries becomes due and repayable prior to its stated maturity by reason of an event of default or the like (howsoever described); (ii) the Issuer, the Guarantor or any of the Guarantor’s Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or, as the case may be, within any originally applicable grace period; (iii) any security given by the Issuer, the Guarantor or any of the Guarantor’s Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer, the Guarantor or any of the Guarantor’s Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that the aggregate amount of the relevant Indebtedness for Borrowed Money in respect of which one or more of the events mentioned above in this paragraph 10 (iii) have occurred equals or exceeds U.S.\$35 million or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank); or
- (iv) **Winding-up:** any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, the Guarantor or any of the Guarantor’s Principal Subsidiaries, save, in the case of a Principal Subsidiary of the Guarantor, for (i) any voluntary solvent winding up, liquidation or dissolution or, any reorganisation or restructuring whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor and/or other Subsidiaries of the Guarantor; or (ii) the purposes of reorganisation or restructuring on terms previously approved by an Extraordinary Resolution; or
- (v) **Insolvency:** the Issuer, the Guarantor or any of the Guarantor’s Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, a material part of its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (vi) **Suspension of Business:** the Issuer or the Guarantor suspends or ceases to carry on, or the Issuer or the Guarantor threatens to suspend or cease to carry on, all or substantially all of its business or operations, or any Principal Subsidiary of the Guarantor other than the Issuer suspends for a continuing period of 3 months due to regulatory reasons or ceases to carry on, or such Principal Subsidiary threatens to suspend or cease to carry on, all or substantially all of its business or operations, except: (i) for the purposes of, or pursuant to and followed by, a consolidation or amalgamation with, or merger into, the Guarantor or any other Subsidiary, (ii) for the purposes of, or pursuant to and followed by, a consolidation, amalgamation, merger

or reorganisation (other than as described in (i) above) the terms of which shall have previously been approved by an Extraordinary Resolution of the Noteholders, or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets are distributed to the Guarantor and/or any such other Subsidiaries of the Guarantor or (iv) for a disposal of any assets on an arm's length basis to any third party where all of the undertaking and assets resulting from such disposal are vested in the Guarantor and/or other Subsidiaries of the Guarantor; or

- (vii) **Enforcement Proceedings:** (i) proceedings are initiated against the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries or the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed in relation to all or a material part of the undertaking or assets of the Issuer or the Guarantor, or all or substantially all of the undertaking or assets of any of the Guarantor's Principal Subsidiaries other than the Issuer or an encumbrancer takes possession of all or any substantial part of the undertaking or assets of the Issuer or the Guarantor, or all or substantially all of the undertaking or assets of any of the Guarantor's Principal Subsidiaries other than the Issuer, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or any substantial part of the undertaking or assets of the Issuer or the Guarantor, or all or substantially all of the undertaking or assets of any of the Guarantor's Principal Subsidiaries other than the Issuer and (ii) in any case (other than the appointment of an administrator) is not discharged within 30 days; or
- (viii) **Illegality:** the Notes, the Guarantee or the Fiscal Agency Agreement is or becomes or is claimed by the Issuer or the Guarantor to be unenforceable or invalid; or
- (ix) **Authorisation and Consent:** any regulation, decree, consent, approval, licence or other authority necessary to enable the Issuer or the Guarantor to perform its obligations under the Notes, the Guarantee or the Fiscal Agency Agreement expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified; or
- (x) **Ownership:** the Issuer ceases to be a subsidiary wholly owned and controlled, directly or indirectly, by the Guarantor; or
- (xi) **Analogous Events:** any event occurs which, under the laws of any Relevant Jurisdiction has an analogous effect to any of the events referred to in paragraphs (iv) to (x) above.

For the purposes of this Condition:

"Indebtedness for Borrowed Money" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit; and

"Principal Subsidiary" means any Subsidiary of the Guarantor:

- (a) whose profits before taxation and exceptional items ("**pre-tax profit**") (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited income statement, are at least 10 per cent. of the consolidated pre-tax profit as shown by the latest published audited consolidated income statement of the Guarantor and its consolidated Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or

- (b) whose gross assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited balance sheet, are at least 10 per cent. of the consolidated gross assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries, including the investment of the Guarantor and its consolidated Subsidiaries in each subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and of associate companies and after adjustment for minority interests;

provided that, in relation to paragraphs (a) and (b) above:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, pre-tax profit or gross assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Noteholders; and
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Noteholders; and
- (iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor, or
- (c) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate), of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a) or (b) above.

A certificate prepared by the directors of the Guarantor certifying that, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate would, if requested by the holder(s) of, individually or in the aggregate, not less than 10 per cent. of the aggregate principal amount of the Notes outstanding, be accompanied by a report by an internationally recognised firm of accountants addressed to the directors of the Guarantor as to proper extraction of the figures used by the Guarantor in determining the Principal Subsidiaries of the Guarantor and mathematical accuracy of the calculation.

11 Meeting of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency

Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

- (b) **Modification of Fiscal Agency Agreement:** The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.
- (c) **Substitution:**

The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons, any company (the “**Substitute**”), provided that no payment in respect of the Notes, the Receipts or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form scheduled to the Fiscal Agency Agreement as Schedule 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute, and in the case of the Deed Poll of the Issuer

have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this paragraph (iii) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

12 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

14 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Notes are listed on the Stock Exchange and the rules of that Exchange so require, published in a leading newspaper having general circulation in Hong Kong (which is expected to be in the Asian Wall Street Journal). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Hong Kong and, so long as the Notes are listed on the Stock Exchange and the rules of that Exchange so require, published in a daily newspaper with general circulation in Hong Kong (which is expected to be the Asian Wall Street Journal). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear 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 Certificate.

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer, failing whom the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

17 Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Service of Process:** Each of the Issuer and the Guarantor irrevocably appoints Law Debenture Corporate Services Limited of 5th Floor, 100 Wood Street, London EC2V 7EX as their agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such

process agent (whether or not, it is forwarded to and received by the Issuer or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

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.

[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 (as defined below) and the Guarantor (as defined below) 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 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 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 and the Guarantor. 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.]

[PRIIPs Regulation — 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 (“**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, “**MiFID II**”); [or] (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**”).]¹ Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**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 PRIIPs Regulation.]

[UK 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 (“**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**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under

¹ Paragraph (iii) is not required where the Notes have a denomination of at least €100,000 or equivalent.

the FSMA to implement the Insurance Distribution Directive, 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 Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.]² Consequently no key information document required by the PRIIPs Regulation 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.]

[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, “**MiFID II**”)]**[MiFID II]**; 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 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.]

[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]/**[EUWA]** (“**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**”)]**[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.]

[In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes [are] / [are not] prescribed capital markets products (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)³

Pricing Supplement dated [●]

Sun Hung Kai & Co. (BVI) Limited
Issue of [Aggregate Nominal Amount of Tranche]
[Title of Notes]

Guaranteed by
Sun Hung Kai & Co. Limited
under the U.S.\$3,000,000,000 Guaranteed Medium Term Note Programme

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

² Paragraph (iii) is not required where the Notes have a denomination of at least €100,000 or equivalent.

³ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

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 13 April 2021 [and the Supplemental Offering Circular dated [date]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement [, /and the Offering Circular [and the Supplemental Offering Circular].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

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 13 April 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated 13 April 2021 [and the supplemental Offering Circular dated [date]], save in respect of the Conditions which are extracted from the Offering Circular dated 13 April 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: | Sun Hung Kai & Co. (BVI) Limited
(incorporated under the laws of the British Virgin Islands with limited liability) |
| | (ii) Guarantor: | Sun Hung Kai & Co. Limited |
| 2. | [(i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> |
| 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)] |
| 6. | (i) Specified Denominations: ^{4 5 6} | [●] |

⁴ Notes (including Notes denominated in pounds 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 must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

⁵ 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].

⁶ Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK\$500,000 (or its equivalent in other currencies).

- (ii) Calculation Amount: [●]
- (The applicable Calculation Amount will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations or the circumstances referred to in Footnote 2 below apply, the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).*
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]⁷
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)
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: [Put Option]
- [Call Option]
- [Change of Control Put]
- [(further particulars specified below)]
13. (i) Status of the Notes: Senior
- (ii) Status of the Guarantee: Senior
- (iii) Date of [Board] approval for issuance of [●] [and [●], respectively Notes and Guarantee obtained:

⁷ 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.

14. 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*)
15. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **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 Amount⁸
- (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) or Actual/365 (Fixed)⁹ / other]
- (vi) [Determination Dates: [●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [] [*to insert each of the Interest Payment Dates for the Interest Period*]
- (iii) Interest Period Date: [...] (*Not applicable unless different from Interest Payment Date*)
- (iv) Business Day Convention: [Floating Rate Convention / Following Business Day Convention/ Modified Following Business Day Convention / Preceding Business Day Convention / other (*give details*)]
- (v) Business Centre(s): [●]

⁸ 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 CNY0.01, CNY0.005 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.

⁹ Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi-denominated Fixed Rate Notes.

- (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 Calculation Agent): [●]
- (viii) Screen Rate Determination:
- Reference Rate: [LIBOR/EURIBOR/HIBOR/SOFR Benchmark/ Other (*give details*)]
 - Interest Determination Date(s): [●]
 - Relevant Screen Page: [●]
 - Party responsible for calculation of Rate of Interest: [●] (*Specify where this is not the Calculation Agent*)
 - SOFR: [Applicable/Not Applicable]
 - SOFR Benchmark: [Compounded Daily SOFR/SOFR Index]
 - Compounded Daily SOFR: [Not Applicable/SOFR Lag/SOFR Observation Shift/SOFR Payment Delay/SOFR Lockout]

(Only applicable in the case of Compounded Daily SOFR)
 - Lookback Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)]

(Only applicable in the case of SOFR Lag)
 - SOFR Observation Shift Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)]

(Only applicable in the case of SOFR Observation Shift or SOFR Index)
 - Interest Payment Delay Days: [Not Applicable/[●] U.S. Government Securities Business Day(s)]

(Only applicable in the case of SOFR Payment Delay)
 - SOFR Rate Cut-Off Date: [Not Applicable/The day that is the [●] U.S. Government Securities Business Day(s) prior to the end of each Interest Accrual Period]

(Only applicable in the case of Compounded Daily SOFR: SOFR Payment Delay or Compounded Daily SOFR: SOFR Lockout)
 - SOFR Index_{Start}: [Not Applicable/[●] U.S. Government Securities Business Day(s)]

(Only applicable in the case of SOFR Index)
 - SOFR Index_{End}: [Not Applicable/[●] U.S. Government Securities Business Day(s)]

(Only applicable in the case of SOFR Index)

- (ix) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
- (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: [Benchmark Discontinuation (General) (Condition 5(d))/Benchmark Discontinuation (SOFR) (Condition 5(e))/ *specify other if different from those set out in the Conditions*]
- 18. Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Day Count Fraction: [●]
- (iii) Any other formula/basis of determining amount payable: [●]
- 19. Index-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) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted: [●]
- (iv) Interest Period(s): [●]
- (v) Specified Interest Payment Dates: [●]
- (vi) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (*give details*)]
- (viii) Business Centre(s) : [●]
- (ix) Minimum Rate/Amount of Interest: [●] per cent. per annum
- (x) Maximum Rate/Amount of Interest: [●] per cent. per annum
- (xi) Day Count Fraction: [●]

20. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs 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

21. **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) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount [●] per Calculation Amount
- (iv) Notice period: [●]¹⁰
22. **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) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Notice period: [●]¹⁰
23. **Change of Control Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Early Redemption Amount (Change of Control) per Calculation Amount payable on redemption for a Change of Control and/or the method of calculating the same (if required): [●]
24. **Final Redemption Amount of each Note** [●] per Calculation Amount

¹⁰ If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent.

25. **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 (other than on redemption for Change of Control) 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

26. **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]¹¹
- [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 Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate
27. 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 15(vi) and 16(x) relate]*
28. 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]*
29. 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]*
30. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details]*
31. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]

¹¹ 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.

32. Consolidation provisions: [Not Applicable/The provisions [in Condition [13] (*Further Issues*)] [annexed to this Pricing Supplement] apply]
33. Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

34. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
(ii) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
35. Private bank rebate/commission: [Applicable/Not Applicable]
36. U.S. selling restrictions: Reg. S Category [1/2];
(In the case of Bearer Notes) — [TEFRA C/TEFRA D/TEFRA not applicable]
(In the case of Registered Notes) — TEFRA Not Applicable
37. Additional selling restrictions: [Not Applicable/*give details*]
38. (i) Prohibition of Sales to EEA Retail Investors: [[Applicable/Not Applicable]
(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.)]
- (ii) Prohibition of Sales to UK Retail Investors: [[Applicable/Not Applicable]
(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

39. ISIN Code: [●]
40. Common Code: [●]
41. Legal Entity Identifier (LEI): 254900QOZMIRPHNCNK27
42. CMU Instrument Number: [●]
43. 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)*]
44. Delivery: Delivery [against/free of] payment
45. Additional Paying Agent(s) (if any): [●]

GENERAL

46. The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in U.S. dollars): [Not Applicable/U.S.\$[●]]
47. Use of proceeds [●]

[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, the Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) may not 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 discontinued at any time, and must be brought to an end after a limited period.]

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.\$3,000,000,000 Guaranteed Medium Term Note Programme.

RESPONSIBILITY

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

Signed on behalf of Sun Hung Kai & Co. (BVI) Limited:

By: _____
Duly authorised

Signed on behalf of Sun Hung Kai & Co. Limited:

By: _____
Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

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

Upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”) 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 Hong Kong Monetary Authority as operator of the CMU and delivery of the relative Global Certificate to the Common Depository 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 Depository 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 Certificate 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 Certificates, 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 Certificate 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 Certificate 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 Certificate are credited as being held in the CMU in accordance with the CMU Rules 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 Certificate 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 Certificate must look solely to the CMU for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

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 Fiscal 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 CMU may require the issue and deposit of such permanent Global Note with its sub-custodian without permitting the withdrawal of the temporary Global Note so exchanged, although any interests thereon exchanged shall have been properly effected in its records.

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 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:

- (i) 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
- (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent or CMU Lodging and Paying Agent (as applicable) of its election for such exchange.

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 Certificates

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 Certificate pursuant to Condition 2(b) may only be made 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) upon or following any failure to pay principal in respect of any Notes when it is due and payable; or
- (iii) with the consent of the Issuer,

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. 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 Fiscal Agency Agreement. 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.

The CMU may require the issue and deposit of such permanent Global Note with its sub-custodian without permitting the withdrawal of the temporary Global Note so exchanged, although any interests thereon exchanged shall have been properly effected in its records.

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 Certificates 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 Fiscal 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 endorsement 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 enfaced on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

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 “**business day**” set out in Condition 7(h) (Non-Business Days).

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate 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 Certificate representing Notes 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 or Global Certificate are credited (as set out the records of the CMU Lodging Agent by the CMU) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose.

So long as the Notes are represented by a Global Note or Global Certificate and the Global Note or Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay in respect of such Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by the Global Certificate or Global Certificate.

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 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate 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 or of the Notes represented by a Global Certificate 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 Certificate.

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 (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates 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, the Guarantor or any of their respective 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 accountholders 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 the option may be exercised in respect of the whole or any part of such permanent Global Note, 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. Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Certificate may be exercised in respect of the whole or any part of the holding of Notes represented by such Global Certificate.

Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent or the CMU Lodging and Paying Agent (as applicable) the nominal amount of such Global Note that is becoming due and payable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer and the Guarantor under the terms of a Deed of Covenant executed as a deed by the Issuer on 13 June 2012, as amended and/or supplemented from time to time, to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion of Notes or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

Notices

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate 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 CMU in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate, and any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the CMU.

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.

CAPITALISATION

Capitalisation and Indebtedness of the Guarantor

As at 31 December 2020, the share capital, on a consolidated basis, was HK\$8,752.3 million, consisting of 1,982.3 million ordinary shares.

The following table sets out the consolidated capitalisation and indebtedness of the Group as at 31 December 2020:

	As at 31 December 2020	
	HK\$	U.S.\$
	<i>(in millions)</i>	
Short-term bank and other borrowings		
Secured and unsecured	6,083.2	779.9
Notes/paper payable	2,013.4	258.1
Classified as short-term debts	8,096.6	1,038.0
Long-term bank and other borrowings	2,384.1	305.7
Notes/paper payable ⁽¹⁾	6,133.4	786.3
Classified as long-term debts ⁽²⁾	8,517.5	1,092.0
Total borrowings	16,614.1	2,130.0
Equity		
Attributable to owners of the Company	22,625.2	2,900.7
Non-controlling interests	3,327.1	426.6
Total equity	25,952.3	3,327.3
Total Capitalisation⁽³⁾	42,566.4	5,457.3

(1) Consisting of U.S.\$249.8 million 4.75 per cent. guaranteed U.S. Dollar-denominated notes due 2021 and U.S.\$444.1 million 4.65 per cent. guaranteed notes due 2022 and U.S.\$350.0 million 5.75 per cent. guaranteed notes due 2024. No papers were payable as at 31 December 2020.

(2) Repayable after one year.

(3) Total capitalisation equals the sum of total borrowings and total equity.

There has been no material change in the capitalisation of the Group since 31 December 2020.

Capitalisation and Indebtedness of the Issuer

As at the date of this Offering Circular, the Issuer was authorised to issue a maximum of 50,000 par value shares of U.S.\$1.00 each of a single class and series, of which one share is held by the Guarantor. As at the date of this Offering Circular, save for the issues of U.S.\$249.8 million 4.75 per cent. notes due 2021, U.S.\$444.1 million 4.65 per cent. notes due 2022, and U.S.\$350.0 million 5.75 per cent. notes due 2024, the Issuer does not have any debt outstanding.

DESCRIPTION OF THE ISSUER

General

The Issuer was incorporated as a limited liability company under the laws of the British Virgin Islands on 26 April 2012 as a wholly-owned subsidiary of the Company. The registered office of the Issuer is at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. As at the date hereof, the Issuer has no subsidiaries.

Business Activity

The Issuer was established for the purpose of issuing the Notes under the Programme and on-lending the proceeds to the Company and/or its subsidiaries.

Subject to the law for the time being in force in the British Virgin Islands, the Issuer has the power to carry on the business of a finance company and to carry out any purpose, and is capable of exercising any and all powers exercisable by a natural person or body corporate in doing whatever may be considered by it necessary or conducive to the conduct, promotion or attainment of the purpose of the Issuer. The Issuer has no material assets, and since its incorporation has not conducted and will not conduct any business other than entering into arrangements for the establishment and maintenance of the Programme, the issuance of Notes under the Programme and the on-lending of any issue proceeds thereof to the Company and/or its subsidiaries.

Capitalisation

The following table sets out the capitalisation of the Issuer as at the date of this Offering Circular:

	<u>U.S.\$</u>
Share Capital (Authorised 50,000 shares of U.S.\$1.00 each: issued one share of U.S.\$1.00)	
Issued	<u>1.00</u>
Total Capitalisation	<u>1.00</u>

The Issuer is authorised to issue a maximum of 50,000 ordinary shares with a par value of U.S.\$1.00 each, of which one ordinary share is held by the Company and is fully paid. The register of members of the Issuer is maintained at its registered office in the British Virgin Islands at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. As at the date of this Offering Circular, save for the issues of U.S.\$249.8 million 4.75 per cent. Notes due May 2021, U.S.\$444.1 million 4.65 per cent. Notes due September 2022 and U.S.\$350.0 million 5.75 per cent. Notes due 2024, the Issuer does not have any debt outstanding.

Management

The directors of the Issuer as at the date of this Offering Circular are Mr. Simon Chow Wing Charn and Mr. Robert James Quinlivan. Mr. Simon Chow Wing Charn is also a director of the Company. The business address of the directors is 42/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The Issuer has no employees.

DESCRIPTION OF THE GROUP

OVERVIEW

The Company is one of the leading non-bank financial institutions in Hong Kong, with its foundation dating back to 1969.

Listed on the Hong Kong Stock Exchange in 1983 (Stock Code: 86), the Company, through its subsidiaries (such as UAF and Sun Hung Kai Credit Limited (“**SHK Credit**”)), offers customised financing solutions for individuals, small businesses and corporates and also runs a diversified investment business.

As at 31 December 2020, the Company had an issued share capital of 1,982.3 million ordinary shares in the total amount of, on a consolidated basis, HK\$8,752.3 million. As at 31 December 2020, based on the closing price of its shares on the Hong Kong Stock Exchange the Company has a market capitalisation of approximately HK\$6,482 million.

For the financial year ended 31 December 2020, the Group reported total income and profit attributable to owners of the Company of approximately HK\$4,132.8 million and HK\$2,547.7 million, respectively, compared to HK\$4,231.3 million and HK\$2,085.2 million, respectively for the year ended 31 December 2019 and HK\$4,584.6 million and HK\$1,183.8 million, respectively for the year ended 31 December 2018.

The Group had four core business segments: Consumer Finance, Specialty Finance, Investment Management and Mortgage Loans as at 31 December 2020. The Group also maintains a Group Management and Support segment, which is responsible for the provision of supervisory, treasury and administrative functions to all business segments. Its consumer finance business is conducted through online platforms and an extensive branch network of around 74 locations in Hong Kong and Mainland China as at 31 December 2020.

The Group’s businesses are operated under the brands of “UA Finance”, “亞聯財小額貸款”, “Sun Hung Kai Credit” and “SHK Finance”.

HISTORY

Sun Hung Kai & Co. was formed by Mr. Fung King Hey, Mr. Kwok Tak Seng and Mr. Lee Shau Kee in 1969 in Hong Kong. In 1973, Sun Hung Kai Securities Limited (which was later renamed Sun Hung Kai Financial Limited (“**SHKF**”)) was incorporated. The Company itself was listed on the Hong Kong Stock Exchange in 1983.

In 1996, Allied Properties (H.K.) Limited (“**APL**”), via its wholly-owned subsidiary acquired the Fung family’s equity interest in the Company.

Since then, SHKF has embarked on a series of initiatives seeking to transform itself into a leading independent wealth management platform. For example, SHKF pioneered online trading services in 2000, various partnerships were established to tackle different products and customer segments and in 2011, a dedicated division called Sun Hung Kai Private was set up to service high net worth customers.

In 2006, the Group acquired a majority stake in UAF Holdings Limited (“**UAFH**”), the holding company of UAF, after which its shareholding in UAFH reached 58 per cent. In 2007, UAF secured its first small loan licence to operate in Shenzhen and commenced its business in Mainland China. Over the next decade, the business expanded to 15 cities in Mainland China. The business suffered from a downturn in 2015 as a result of the macroeconomic environment and has since carried out a series of business restructuring initiatives to rationalise costs and to improve the credit quality of its loan portfolio through customer diversification and the introduction of a new and improved credit scoring system. The business has also continued to develop its online platform, reducing the number of branches in operation.

In 2015, the Group established SHK Credit which provides mortgage loans to Hong Kong home owners.

In 2015, the Group invested in a car finance leasing joint venture, LSS Financial Leasing (Shanghai) Co., Ltd. (“**LSS Financial Leasing**”).

In 2019, the Group decided to build on the success of the alternative investment programme and through the Investment Management business create an Alternatives Funds Management platform, with a focus on expanding the Group’s capabilities to manage external capital. This will add additional revenue streams, further diversify the Group’s products and strategies, as well as attract and retain key talents. The Funds Management platform leverages the existing investment management platform, corporate services and marketing capabilities of SHK & Co. As of the date of this Offering Circular, the Group has launched four funds, including a partnership with East Point Asset Management for the launch of their first fund, an APAC Equity Long/Short Fund, a partnership with E15VC to launch a global venture capital technology fund and a partnership with ActusRay Partners to launch a European discretionary probabilistic investing fund focused on Europe. The Group has also launched a real estate private credit fund in partnership with Multiple Capital Investment Partners.

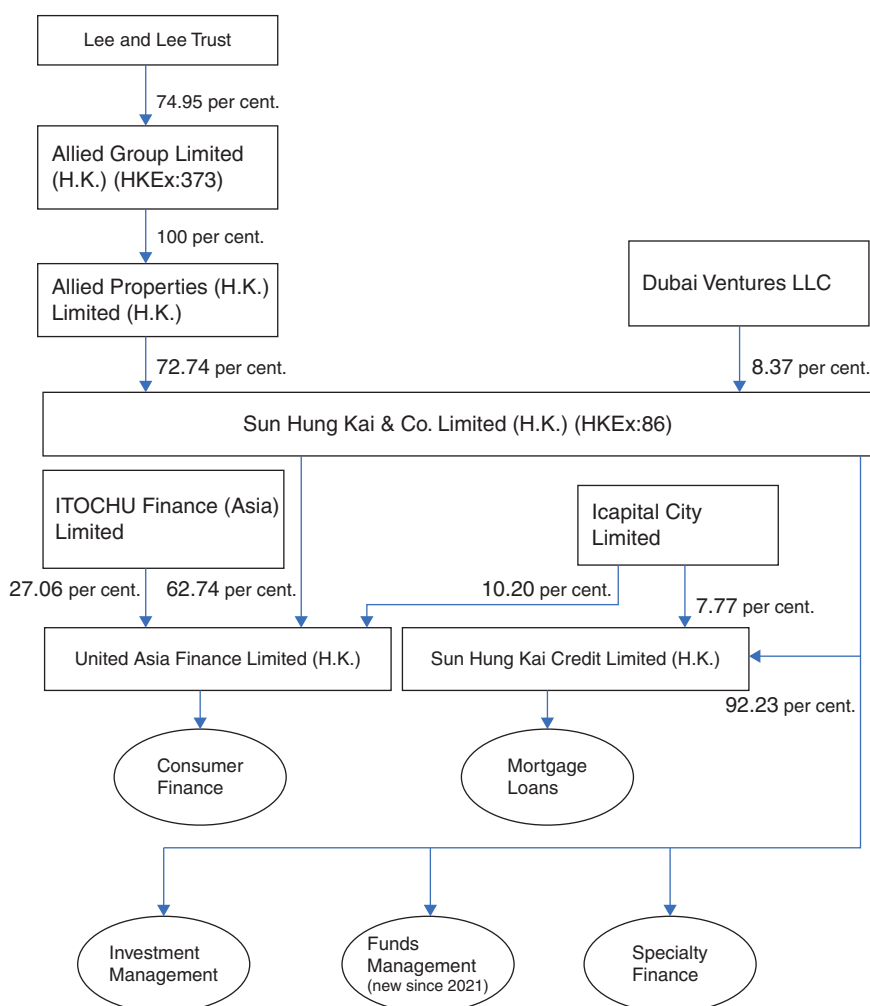
In 2015, the Group completed the sale of its 70 per cent. interest in Sun Hung Kai Financial Group Limited (“SHKFGL”), the holding company of SHKF, to Everbright Securities Financial Holdings Limited (“Everbright Securities”). In November 2020, the Group exercised its put right to require Everbright Securities to buy the remaining 30 per cent. shareholding in SHKFGL held by the Group for the consideration of (i) HK\$1,257.1 million in cash; and (ii) HK\$1,156 million in SHKFGL preference shares.

In June 2019, UAF completed its stake repurchase from Orix Asia Capital Limited, a minority shareholder of UAF, for HK\$731.5 million.

In March 2021, CVC Capital Partners ceased to be a shareholder of the Company.

GROUP STRUCTURE CHART

As at the date of this Offering Circular:



FINANCIAL PERFORMANCE

The tables below highlight some financial performance indicators of the Group (income, financial ratios, revenue breakdown by geography, type and total loan balances) for the years ended 31 December 2018, 2019 and 2020:

	For the year ended 31 December		
	2018	2019	2020
		<i>HK\$ Million</i>	
Total income	4,584.6	4,231.3	4,132.8
Profit attributable to owners of the Company	1,183.8	2,085.2	2,547.7
Financial Ratios			
Return on assets ⁽¹⁾	4.1 per cent.	6.0 per cent.	6.8 per cent.
Return on shareholders' equity ⁽²⁾	6.2 per cent.	10.6 per cent.	11.8 per cent.
Net gearing ⁽³⁾	52.4 per cent.	54.1 per cent.	41.4 per cent.
Revenue Breakdown by Geography			
Hong Kong	3,012.6	3,338.5	3,303.7
Mainland China	1,163.1	878.3	752.9
Breakdown by Type			
Interest income	4,070.0	4,125.1	3,963.0
Other revenue	105.7	91.7	93.6
Other gains	408.9	14.5	76.2

(1) Return on assets equals to (a) net profit for the relevant financial year divided by (b) the average of the sum of non-current assets and current assets as at (i) the end of the same financial year and (ii) the end of the immediately preceding financial year, multiplied by 100 per cent.

(2) Return on shareholders' equity equals to (a) profit attributable to owners of the Company for the relevant financial year divided by (b) the average of equity attributable to owners of the Company (i) as at the end of the same financial year and (ii) the end of the immediately preceding financial year, multiplied by 100 per cent.

(3) Net gearing equals net debts divided by the equity attributable to owners of the Company and multiplied by 100 per cent. Net debts represent the total of bank and other borrowings and notes less bank deposits, cash and cash equivalents. The equity comprises all components of equity attributable to the owners of the Company.

The Group's revenue was HK\$4,056.6 million for the year ended 31 December 2020, compared with HK\$4,216.8 million for the same period in 2019 and HK\$4,175.7 million for the same period in 2018. In particular, pre-tax profit for the year ended 31 December 2020 was HK\$3,200.6 million, as compared with HK\$2,743.4 million for the year ended 31 December 2019 and HK\$1,831.3 million for the year ended 31 December 2018. The increase in pre-tax profit for the year ended 31 December 2020 was mainly driven by the significant increase in the returns from the Group's Investment portfolio. Pre-tax profit of Investment Management for the year increased significantly by 65 per cent. to HK\$2,126.4 million as compared with HK\$1,290.8 million for the year ended 31 December 2019. This performance was a result of substantial improvement in Public Markets and Alternatives though slightly offset by Real Assets.

Operating costs for the year ended 31 December 2020 totalled HK\$1,549.3 million, as compared to HK\$1,447.5 million and HK\$1,466.4 million for the years ended 31 December 2019 and 2018 respectively. For the year ended 31 December 2020, finance costs were HK\$807.3 million, as compared to HK\$777.7 million and HK\$666.8 million for the years ended 31 December 2019 and 2018, respectively.

Net impairment losses on financial instruments was HK\$1,052.6 million for the year ended 31 December 2020, compared to HK\$1,024.4 million and HK\$901.7 million for the same period in 2019 and 2018 respectively. The amounts were mainly incurred in the Consumer Finance and Specialty Finance segment.

Profit attributable to the owners of the Company amounted to HK\$2,547.7 million for the year ended 31 December 2020, as compared with HK\$2,085.2 million and HK\$1,183.8 million for the years ended 31 December 2019 and 2018, respectively.

The table below sets out the Group's current and total assets and current and total liabilities as at 31 December 2018, 2019 and 2020:

	As at 31 December		
	2018	2019	2020
	<i>HK\$ Million</i>		
Assets and Liabilities			
Current Assets	21,848.7	22,858.4	22,921.2
Total Assets	40,684.1	42,561.6	44,083.2
Current Liabilities	8,652.8	8,287.5	9,247.5
Total Liabilities	17,839.0	18,985.0	18,130.9

As at 31 December 2020, total borrowings of the Group were HK\$16,614.1 million, as compared with HK\$16,755.8 million and HK\$14,983.1 million as at 31 December 2019 and 2018 respectively. As at 31 December 2020, 48.7 per cent. of this amount is repayable within one year, as compared with 37.2 per cent. and 39.9 per cent. of the comparable amounts as at 31 December 2019 and 2018 respectively. The Group maintains a balanced mix of funding from various sources. As at 31 December 2020, bank borrowings accounted for 51.0 per cent. of total borrowings, as compared to 48.7 per cent. as at 31 December 2019 and are at floating interest rates, primarily denominated in Hong Kong dollars and US dollars. There are no known seasonal factors in the Group's borrowing profile.

The table below sets out the Group's liability profile as at 31 December 2018, 2019 and 2020:

	As at 31 December		
	2018	2019	2020
	<i>HK\$ Million</i>		
On demand or less than 90 days	8,952.8	7,054.4	6,577.1
91 days to 1 year	410.1	1,717.6	3,871.1
1 year to 5 years	9,946.9	12,154.1	9,766.8
Over 5 years	62.1	62.1	162.4
Total ⁽¹⁾	19,371.9	20,988.2	20,377.4

⁽¹⁾ Includes bank and other borrowings, trade and other payables, financial assets sold under repurchase agreements, amounts due to fellow subsidiaries and a holding company, lease liabilities, notes/paper payable, loan commitments and guarantees.

During the year ended 31 December 2020, the Company repurchased a total of 16,488,000 Shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$52,791,490. All the repurchased shares were subsequently cancelled.

COMPETITIVE STRENGTHS

The key competitive strengths of the Group are as follows:

- **The Group has a leading market position and well-known brand names in Hong Kong and Mainland China in the consumer finance industry**

The Group's operations commenced in 1969 as Sun Hung Kai Securities and the "Sun Hung Kai" brand name is widely recognised as a leading player in the financial services sector in Hong Kong across various sub-segments in wealth management, brokerage, capital markets, asset management, banking, insurance, money lending and mortgage finance. The brand name is an important asset to the Group as it is a household brand name in Hong Kong. In October 2015, the SHK Credit business was launched and it is anticipated that brand recognition should be an important factor in driving the growth of this business in the future. In 2015, the Group disposed 70 per cent. of its interest in SHKFGL and in November 2020 exercised its put right to require Everbright Securities to buy the remaining 30 per cent. shareholding in SHKFGL held by the Group. The Group presently focuses on its financing, investment management and funds management businesses.

With more than 28 years of history in Hong Kong, the "UA Finance" brand is established and well-known in the market for the Group's consumer finance capabilities and experience, providing the Group with the brand recognition required to retain and build on its existing market share in Hong

Kong. The Group believes that the “UA Finance” brand provides the Group with a clear advantage over existing and new competitors into the consumer finance market in Hong Kong due to its well established presence in the market and reputation for competence and experience.

According to data compiled by TransUnion, UAF was ranked third in terms of outstanding balance of unsecured lending in Hong Kong, with a market share of approximately 7.6 per cent. (including banks) as at 31 December 2020.

The Group benefits from its market-leading brand in the consumer finance industry — in both Hong Kong and the “亞聯財小額貸款” brand is well recognised in Mainland China market. The “UA Finance” brand is well recognised by customers in Hong Kong. The Group has also received the following awards:

- “Outstanding Hong Kong Brand Enterprise Award” (Capital Magazine) for the years 2011 to 2015
- “Capital Merit of Consumer Finance Company Achievement” (Capital Merits of Achievement in Banking and Finance) for the years 2010 to 2020
- “Excellence in Personal Loan Services” in “Metro Awards for Service Excellence” (Metro Daily and Metro Prosperity) for the years 2017 and 2018
- “Best Acquisition Campaign” in “Yahoo! Big Idea Chair Awards” for 2015 and 2017
- “Excellence in Search Marketing” in Marketing Excellence Awards 2018
- “The Most Popular Personal Finance Company on Internet” in “HKDiscuss iChoice Award” for the years 2017 and 2018
- “Outstanding Microfinance Company” for the years 2009 to 2019 by Capital Outstanding China Enterprise Award in relation to UAF’s Mainland China business
- HKB Technology Excellence Awards 2020 — Fintech (Financial Services)
- “Best Use of SEM Strategy — Gold Award” in “MARKies Awards 2021”
- “Best Search Campaign — Outstanding Award — in “Verizon Media Asia Big Idea Chair Awards” 2019 & 2020
- “Excellence Brand of Personal Loan Services” in “Hong Kong Leader’s Choice Awards” 2021
- “Best e-Commerce — Financial Services — Gold Award” in “Asia e-Commerce Awards 2021”
- “Best Use of Mobile — Financial Services — Bronze Award” in “Mob-Ex Awards 2021”

In addition, the Group was distinguished with several prominent awards, including “Listed Enterprises of the Year” for the years of 2018 to 2020 (Bloomberg Businessweek/Chinese Edition), “Listed Company Awards of Excellence” for the years of 2018 to 2020 (Hong Kong Economic Journal), “The Listed Enterprise Excellence Award” for the years of 2018 to 2019 (Capital Weekly), in addition to being declared “Gold Award Winner” for six consecutive years and most recently in 2020, for the “ESG Corporate Awards” (The Asset), and securing an “Asian Excellence Award” (Corporate Governance Asia) for four consecutive years. The Group and UAF were also awarded the “Manpower Developer Award” by The Employees Retraining Board and the “Caring Company” award by The Hong Kong Council of Social Service.

- **The Group has a diversified business which provides sound financial performance and a strong balance sheet position**

The Group has built a diversified business around its four core business segments — Consumer Finance, Specialty Finance, Mortgage Loans and Investment Management as at 31 December 2020 — and remains committed to offering a broad range of products and services available across these sectors. For its Funds Management segment, the platform now established has committed and launched four partnerships as at the date of this Offering Circular. On 8 April 2021, the Group announced the launch of a real estate debt fund managed by its in-house real estate investment group, Multiple Capital Investment Partners. In particular, the four core business segments allow the Group to deliver strong financial performance from a diverse revenue structure. The Group has built a long-term value accretion model with a combination of stable

revenue generating finance businesses and investment businesses with the potential to generate high returns. The Consumer Finance and Mortgage Loans businesses provide revenue and cash flow generated from recurring operating activities which are generated from interest income and fee income. These business segments further provide considerable growth prospects in addition to recurring revenue.

The Group's Investment Management business has a different profile as it provides the opportunity to generate enhanced returns based on a balanced investment portfolio in addition to the business' strategic value to the Group. Investments tap into the Group's experience, expertise and relationships and typically focus on the financial, healthcare and pharmaceutical sectors. These investments are strategically focused on generating attractive investment returns to complement the fixed income business segments of the Group. The Group believes that its diverse revenue structure is a competitive strength and should provide it with a solid basis to continue its expansion and long-term execution of business strategies.

Further, the Group's businesses provides it with a diversified customer mix ranging from retail customers to small businesses, to corporate clients and high net-worth individuals. Similarly, the Group's growing Investment Management business has a diversified investment portfolio, including direct investments, market securities, a portfolio of partner funds and private equity funds and a real estate portfolio, all of which provides diversification of income along with investments of strategic value to the Group. The Group's Investment Management business similarly allows the Group to form and invest in strategic partnerships and business ventures.

The Group's leading market position and diversified business has provided the Group with a strong balance sheet position, providing the Group with the means to grow its consumer finance loan portfolio. The Group's strong balance sheet position is evidenced by its ability to fund its new business ventures in the Mortgage Loans business, SHK Credit, entirely out of the Group's internal cash resources.

The Group has a strong cash position, with its total cash positions being HK\$4,995.9 million, HK\$5,726.2 million and HK\$7,257.9 million as at 31 December 2018, 2019 and 2020 respectively. Further, the Group maintains a prudent approach to capital adequacy. The Group's gearing ratio reduced to 41.4 per cent. at the end of 2020 and has remained healthy. Interest cover* for the year improved to 5.0x, an increase from 4.5x for 2019. As a result, the Group is well-placed to make use of capital to provide loans to customers through its finance operations. The Group is committed to maintaining a strong balance sheet, with sufficient capital reserves to help it maintain a strong reputation as a lender and financial adviser to its clients. The Group also believes that a prudent approach to capital adequacy leaves it in a secure position in a volatile macroeconomic environment.

- **An extensive network leaves the Group well-positioned to benefit from the growth of the consumer finance markets in Hong Kong and Mainland China, including in the mortgage market**

Through the Group's various ventures and investments, such as UAF, LSS Financial Leasing and SHK Credit, the Group has developed an extensive network and particular expertise in consumer finance, able to provide a wide range of products from unsecured personal loans to mortgages and auto financing across HK and Mainland China.

The Group's Consumer Finance segment, which focuses on unsecured loans to consumers and small and medium-sized enterprises ("SMEs"), boasts an extensive branch network of 74 locations in Hong Kong and Mainland China as at 31 December 2020, consisting of 48 in Hong Kong and 26 in Mainland China. Despite recent efforts to restructure and streamline its business, the Group is committed in the long-term to expand in Mainland China to meet growing demand, especially from SMEs and individual consumers. UAF believes that its commitment to Mainland China will allow it to capitalise on the considerable growth opportunities in this and other areas of business in Mainland China in the long term.

Further, the Group, including its subsidiary SHK Credit, in particular is well placed to benefit from its activities in the mortgage market, where banks and bank funded lenders are subject to increased restrictions as the government continues to introduce cooling measures to the property market.

The amount of time needed by the Group to evaluate and make a decision on lending is typically less than traditional banks and therefore gives the Group a competitive advantage in the mortgage

* Interest cover is calculated by earnings before interest and tax / interest expense

market, SHK Credit can also provide tailor-made mortgage plans to its customers based on their needs and risk profile. The gross loan balance was HK\$3,061.1 million as at 31 December 2020 as compared to HK\$3,648.6 million in the year ended 31 December 2019. Most of the gross loan balance in 2020 was for first mortgage loans. According to the Hong Kong Land Registry, as at 31 December 2020, SHK Credit is the top ranked non-bank and non-property developer mortgage provider in terms of the number of new loans originated for first mortgages. As a whole, the Group remains committed to the expansion of “in-person” consumer financial services in both Hong Kong and Mainland China.

- **The Group’s shareholders and strategic relationships and associations provide it with increased expertise from recognised partners**

A key strength of the Group is the strong support it derives from shareholders and strategic partners. The Group’s controlling shareholder, Allied Group Limited, operates a diverse array of businesses ranging from property investment and development, hospitality related activities, the provision of financial services and investments in listed and unlisted securities, and has provided the Group with access to industry expertise and a large network of business opportunities. The Group has also benefitted from a number of strategic investors and associations, including with Dubai Ventures LLC and ITOCHU, a leading trading firm engaging in metals, minerals, wood, machinery and business investments globally.

- **Prudent credit management and credit risk policies through its comprehensive and effective risk management structure and information systems**

The Group has a comprehensive risk management system in place in order to manage its risk exposure (see “*Description of the Group — Risk Management*”). Policies and procedures have been implemented at both the Group and subsidiary level in order to oversee and manage risk exposure.

The main risks the Group faces are operational, credit and market risks, which are principally managed through the Group’s Risk Management Committee and the working committees (e.g. Treasury Committee and Investment Committee). In addition, the Group manages its operational risks effectively through establishing robust internal controls, clear lines of responsibility, proper segregation of duties and effective internal reporting and contingency planning. The Group also has a comprehensive credit risk structure in place, which sets out the credit approval processes and monitoring procedures that govern the Group’s decisions to lend. The credit risk structure of the Group is established in accordance with sound business practices. Similarly, the Group’s market risks (such as equity risk, interest rate risk, liquidity and foreign exchange risk) are effectively managed through daily reports to senior management.

- **An experienced management team with extensive knowledge of the various business segments of the Group**

The Group places great emphasis on the quality of its management, both at a senior level within the Group and at an operational level, and continuously seeks to attract skilled professionals to enhance its business and operations. The Group’s operations are managed by executives with extensive industry experience of over 20 years and a proven track record in, *inter alia*, financial institutions, international accounting firms and management roles across various business segments. For example, the Group’s Chief Financial Officer, Mr. Robert James Quinlivan, has over 30 years of experience in the industry and was the former Chief Financial Officer of Macquarie Group in Asia, Chief Operating Officer of Macquarie Securities Korea Limited and Chief Financial Officer of Barclays Global Investors Japan. The Chief Executive Officer of UAF, Mr. Akihiro Nagahara, has over 40 years of experience in the industry and was the founder of Public Finance Limited (formerly known as JCG Finance Company, Limited) and the former Chairman of The Hong Kong S.A.R. Licensed Money Lenders Association. The Group Treasurer and Head of Corporate Development, Ms. Elsy Li, has over 20 years of experience in the industry was previously the Managing Director of FIG with Deutsche Bank, Hong Kong and has been a member of the Listing Committee of the Hong Kong Stock Exchange since 5 July 2019. The Group’s Chief Executive Officer, Funds Management, Ms. Lindsay Megan Wright, has over 30 years of experience across the financial services value chain and was previously Head of Asia and Global Chief Operating Officer at Matthews Asia and Co-Head of Investment Management Asia Pacific and Head of Distribution at BNY Mellon Investment Management.

The Group recognises the importance of a capable workforce and has adopted various initiatives to attract proficient professionals to join the Group such as offering competitive remuneration packages, promoting staff development and encouraging career advancement. The expertise brought by the management team enables the Group to adjust its business strategies on a timely basis based on market trends and client needs. The Group has managerial control directly over its key assets, businesses and investments. The ability to exercise management control ensures that the strategic direction of each of the Group's businesses can be controlled and aligned, making them more efficient and leading to cost savings through management synergies.

BUSINESS STRATEGY

The Group intends to strengthen its position and seek growth opportunities through the implementation of the following business strategies.

- **Maintain a leading position across the Group's various business segments and to augment the Group's existing businesses with new business opportunities**

The "UA Finance" brands are widely recognised in both Hong Kong and Mainland China for providing consumer financing solutions to a broad range of clientele ranging from consumers to corporates and high net worth individuals. The Group's strategy is to further develop these brands in both Hong Kong and Mainland China, as well as to continue to develop new products and complementary business segments in order to augment these market leading businesses of the Group.

In October 2015, the Group commenced its Mortgage Loans business under the SHK Credit brand to augment the Group's existing consumer finance business and loan book. SHK Credit looks to expand the Group's offerings to its consumer clientele by providing mortgage and property equity loan products to home owners and investors who seek flexible and personalised financing options that traditional banks cannot provide. The Group believes that going forward, with its solid balance sheet, household brand recognition, and deep operating experience, the Group is well positioned to capture a significant share of the mortgage loans market and to effectively complement the Group's consumer finance loan book and its various business segments more broadly.

In the beginning of 2021, with the strong returns generated by the Group's Investment Management segment, the Group launched a licensed Funds Management platform by establishing Sun Hung Kai Capital Partners Limited ("**SHK Capital Partners**"). The Group has kickstarted their Funds Management segment by launching four funds, including a partnership with East Point Asset Management for the launch of their first fund, an APAC Equity Long/Short Fund, a partnership with E15VC to launch a global venture capital technology fund, a partnership with ActusRay Partners to launch a European discretionary probabilistic investing fund focused on Europe, and a real estate private credit fund in partnership with Multiple Capital Investment Partners. Each such fund will be seeded by the Group and will be able to take in third party capital. On 30 March 2021, SHK Capital Partners obtained its licence to carry on Type 1 (Dealing in Securities) and Type 9 (Asset Management) regulated activities under the SFO.

The Group also continues to look to improve the quality of its client service across its various business segments, principally through generating, marketing and delivering more innovative products to clients. Examples include the development of "online to offline" and mobile applications by UAF to enable completion of the entire loan transaction process on a mobile platform, as well as the development of internet financing platforms in Mainland China through strategic partnerships with platforms such as Unionpay and All In Pay.

The Group hopes that by diversifying the Group's product offerings, reliance on any one segment of the Group's business will be mitigated or reduced.

- **To reposition the Group's Mainland China consumer finance business in order to navigate and capture the changing environment and opportunities in Mainland China**

Despite the economic downturn and consolidation in Mainland China's consumer finance market, the possibilities and opportunities for the Group's consumer finance offering (under UAF) remain considerable in the long-term. The Group, through UAF, believes it has more sophisticated customer offerings than many of its like-for-like competitors in Mainland China. UAF provides a higher degree of customisation than pure banking financial institutions. The Group is also well-

placed to benefit from Mainland China consumer finance sector's long term growth prospects. The Group has a substantial marketing team consisting of approximately 780 members in Mainland China as of 31 December 2020 which is committed to sourcing new customers in all of the cities in which UAF has or will have a presence. UAF is also actively developing other means of loan origination such as increasing its internet presence.

In addition, UAF's internet loan licences to conduct internet loan business in Mainland China were granted by the Financial Affairs Office of the People's Government of Liaoning and Financial Services Bureau in Shenzhen respectively. As a result, UAF has continued to upgrade its technology platform, with its "UA點指貸" mobile application having been further enhanced with face recognition security features and to facilitate online loan application, approval, and disbursement. UAF has also implemented a credit scoring system during the second half of 2018, which allows credit risk to be controlled more systematically and objectively, as well as to mitigate human error in credit judgment and ultimately raise the credit quality of its loan portfolio at origination.

- **Maintain a well-balanced business model and diverse revenue structure by developing and enhancing synergies across business segments**

The Group is built around its four core business segments. The strategy of the Group is to better align its existing core business segments and to develop a diverse revenue structure to reduce concentration risk on any particular segment of the Group's businesses. Whereas the Group aims to generate more consistent returns on capital for its portfolio of finance businesses (which includes the Group's Specialty Finance, Consumer Finance and Mortgage Loans businesses), the Group's Investment Management has and will continue to become an increasingly significant part of the Group's business and strategy, in part to seek to generate enhanced returns through investments in a diversified portfolio of assets and other strategic investments.

Going forward, the Group looks to leverage off its industry insights, experience, expertise and relationships from the businesses that it operates in to make new investments in the financial services sector, with the aim of achieving long term capital growth on capital in its Investment Management business. The Group's strategy is that higher returns on capital will be effective in revenue diversification when compared to the Group's other three revenue segments which are focused on generating steady, fixed returns.

The Group hopes that by creating effective synergies between its core business segments and by leveraging existing strategic relationships it can enhance its client offering and further develop its overall business, as well as diversifying its revenue structure.

- **Leverage off strategic tie-ups, joint ventures and associations and to pursue appropriate acquisition, joint venture and other tie-up opportunities**

The Group's strategic tie-ups, joint ventures and associations are designed as strategic partnerships to provide the Group with, amongst other things, increased brand value and to enhance its businesses. LSS Leasing focuses on financing for car leases and the car manufacturing supply chain. Since the establishment of the business in 2015, LSS Financial Leasing has expanded coverage from corporate customers to consumers, including by entering into collaborative platforms with Brilliance China and 58.com, platforms which provide solutions for on-demand delivery of services.

The Group is further committed to extending the reach of its various business segments, where appropriate through acquisitions, joint ventures, other tie-up opportunities, transactions or arrangements that may provide the Group with the possibility of expansion in Hong Kong and/or Mainland China to complement the Group's existing business. The Group may or may not retain a controlling interest in such joint ventures and other arrangements in the future.

BUSINESS SEGMENTS

The Group's core business segments consist of Consumer Finance, Specialty Finance, Mortgage Loans and Investment Management with its various businesses operating under the brands of "UA Finance", "亞聯財小額貸款", "Sun Hung Kai Credit" and "SHK Finance". Below is a table indicating contribution of each business segment to profit (loss) before taxation ("pre-tax profit" or "pre-tax contribution"):

<i>(HK\$ Million)</i>	Pre-tax Contribution for the year ended 31 December		Change
	2020	2019	
FINANCING BUSINESS			
Consumer Finance	1,238.5	1,276.0	-3 per cent.
Specialty Finance*	(132.3)	66.7	N/A
Mortgage Loans	112.7	121.4	-7 per cent.
INVESTING BUSINESS			
Investment Management*	2,126.4	1,290.8	65 per cent.
GMS	(144.7)	(11.5)	1,158 per cent.
Total	3,200.6	2,743.4	17 per cent.

* The comparative figures for Specialty Finance and Investment Management segments were re-presented to align with the changes to segment reporting adopted in the 2020 annual report.

Consumer Finance

Through the acquisition of UAF in August 2006, the Group further expanded its business into consumer finance. The Consumer Finance business is conducted through UAF, a 62.7 per cent. indirectly owned subsidiary of the Group, that is a licensed money lender under the Money Lenders Ordinance (Cap. 163) of Hong Kong (the "MLO"), with a total gross loan balance of approximately HK\$11,318.0 million as at 31 December 2020. In Mainland China, UAF holds several offline money lending licences in major cities and internet money lending licences to conduct its online loan business.

According to data compiled by TransUnion over the past three years UAF has ranked first amongst all consumer finance companies in Hong Kong and in the top five amongst all banks and other consumer finance companies in terms of market share of outstanding balance of unsecured lending.

Revenue under the Group's Consumer Finance business for the years ended 31 December 2018, 2019 and 2020 were HK\$3,422.1 million, HK\$3,504.7 million and HK\$3,331.0 million respectively. The segment's pre-tax contribution for the years ended 31 December 2018, 2019 and 2020 were HK\$1,207.9 million, HK\$1,276.0 million and HK\$1,238.5 million, respectively.

UAF was founded in 1991 in Hong Kong, and commenced loans operation in Mainland China in 2007. UAF conducts its consumer finance business through an extensive branch network spanning across Hong Kong and Mainland China and offers both unsecured and secured loan products to individual consumers and small businesses. As of 31 December 2020, a branch network of 74 branches (servicing approximately 153,200 customers) had been opened across Hong Kong, Shenzhen, Shenyang, Chongqing, Tianjin, Chengdu, Yunnan Province, Dalian, Beijing, Wuhan, Shanghai, Fuzhou, Harbin, Nanning, Qingdao and Jinan.

The table below sets out the locations and numbers of UAF's branches as at 31 December 2020:

<u>City/Province</u>	<u>Number of branches as at 31 December 2020</u>
Hong Kong	48
Shenzhen	4
Shenyang	5
Chongqing	1
Tianjin	1
Chengdu	1
Yunnan province	2
Dalian	2
Beijing	1
Wuhan	1
Shanghai	2
Fuzhou	1
Harbin	1
Nanning	1
Qingdao	2
Jinan	1
Total	<u>74</u>

UAF offers a wide range of financial products including personal loans, loans to property and business owners, and China property loans. As at 31 December 2020, UAF employed a total of 2,130 staff, 619 of which were based in Hong Kong and 1,511 of which were based in Mainland China.

Hong Kong Business

The core business of UAF is its personal loans business, consisting predominantly of unsecured loans to individuals not supported by collateral or any third-party guarantee. These include unsecured cash loans to individuals earning a monthly salary or loans to owners of properties who are in need of liquidity. UAF Hong Kong is the major revenue and asset contributor for the Group. The business of UAF Hong Kong has proved resilient and has provided stable cash flows to the Group.

The most popular unsecured consumer product is the fixed interest instalment loan, which is available to new and existing customers. UAF also offers an all-purpose fixed rate loan facility to local residents in Hong Kong, typically with no restriction on the application of the loan proceeds.

In Hong Kong, UAF offers a diverse range of personal and other loan product types to cater for its customers' specific requirements. Among UAF's general personal loan products is the debt consolidation loan, which allows borrowers to settle multiple credit card debts in a single repayment programme at lower fixed interest rates. UAF was the first consumer finance company in Hong Kong to launch this type of loan facility to its customers. UAF is also engaged in other niche segments such as loans to foreign domestic helpers and tax loans in Hong Kong which are designed to assist with the direct payment of personal tax (which is not deducted at source) to the Inland Revenue Department through a simple and fast application procedure. It also offers loans to people of all walks of life including civil servants in Hong Kong.

UAF offers various online products to consumers. Loans available online include the i-Money Internet Loan and e-Cash Revolving Loan for Hong Kong residents and the i-Money Internet Loan for Hong Kong residents, each of which is not available in Mainland China. As part of its strategy to add to the "Online to Offline" presence and to provide innovative customer service to customers, UAF further launched the first "One Click to Loan" mobile app in September 2015 which enables customers to complete the entire loan transaction on the mobile application platform.

UAF is committed to providing service and product innovation. UAF is using Fintech to explore new ways to reach a wider spectrum of customers and enhance the scope of services to its customers. In July 2020, UAF launched a revamped mobile app, "Yes UA" adopting advanced technology in facial recognition which can authenticate customer identity online. UAF is the first and only money lender in

Hong Kong adopting the latest technology to enable customers to complete Know-Your-Customer checking, loan applications and approval processes anytime, anywhere. UAF also joined the “Faster Payment System”, the interbank clearing system, which enables customers to access drawdown proceeds out of business hours. UAF will continue to invest in building up its FinTech infrastructure and further strengthening its online capabilities.

The COVID-19 pandemic has had a significant impact on the job market causing a spike in the unemployment rate in 2020. All sectors of economic activity have suffered as a result of social distancing restrictions imposed in Hong Kong. UAF with its experienced credit approval team has previously and continues to implement cautious credit underwriting measures to safeguard against credit risk. Leveraging its strong customer base, UAF will launch more promotional campaigns in 2021 to target customers with a good credit profile.

The average gross balance per loan account in Hong Kong was HK\$60,736 as at 31 December 2020 as compared to HK\$60,174 as at 31 December 2019 and HK\$59,132 as at 31 December 2018. Total return on loans in Hong Kong as at 31 December 2018, 2019 and 2020 was 31.5 per cent., 32.1 per cent. and 30.5 per cent., respectively. The charge off ratio on average gross loan balance in Hong Kong was 4.4 per cent., 4.9 per cent. and 4.8 per cent. as at 31 December 2018, 2019 and 2020, respectively.

Mainland China Business

As of 31 December 2020, UAF has a total of 26 branches in Mainland China covering 15 cities. Traditionally, UAF has focused on loans to small and medium-sized enterprises and their owners. But as a result of the downturn in economic activity in Mainland China, since the middle of 2015, UAF has focused on the marketing of smaller loans to salaried workers which are considered by the Group to be a more resilient customer base. The Mainland China business also offers mortgage loans, which broadens its customer base and targets new borrowers. UAF will maintain its exposure to SME customers selectively and apply the same credit and diversification principles that it uses with individual customers. Despite the recent economic slowdown in Mainland China, UAF remains a leading foreign player in its industry in Mainland China.

In May 2017, UAF launched the “UAF POS Loan” (天天富亞聯財富商貸) jointly with China UnionPay Merchant Service Ltd (“UnionPay”). Through an online platform, “UAF POS Loan” offers fast, convenient and transparent loan products to the 6.5 million SME users of the UnionPay point of sale (“POS”) terminals. The entire loan process, including application, credit evaluation, credit checks, approval, completion of loan agreement and disbursement of loan proceeds, is conducted online. UAF will further expand its online loan business through partnerships with POS machine operators like UnionPay and All In Pay Network Services Co., Ltd (通聯支付網絡服務股份有限公司) (“All in Pay”).

In August 2016, UAF was approved by the Financial Affairs Office of the People’s Government of Liaoning Province to conduct an internet loan business in Mainland China. As a result, UAF has continued to upgrade its technology platform, with its “UA 點指貸” mobile application having been further enhanced with face recognition security features and to facilitate online loan application, approval, and disbursement. UAF continue to build up its technology platform “Yirongzhan (壹融站)” by adding advanced functionalities such as a WeChat mini-programme (微信小程序) on the WeChat platform with a view to building more online business in accordance with regulations. In May 2019, UAF was approved by the Financial Services Bureau in Shenzhen to conduct internet loan business through third party platform. In 2020, UAF continued to strengthen its cooperation with various third-party online platforms including China UnionPay and All In Pay to expand its customer base and to ensure a steady flow of business referrals. UAF intends to continue exploring opportunities for further cooperation with existing partners and to source new business partners to grow its customer base.

UAF implemented a credit scoring system during the final quarter of 2018. The system allows credit risk to be controlled more systematically and objectively, and helps to mitigate human error in credit judgment and ultimately raise the credit quality of its loan portfolio at origination. In 2020, the credit scoring model has been enhanced to include sophisticated anti-fraud loan application functions. Currently UAF’s loan approval system consists of risk-based pricing, anti-fraud measures, data warehousing and a decision engine. This, together with the latest version of its mobile application which was launched in January 2021, has enabled its customers to complete loan applications and approvals at full automation using the mobile application.

As at 31 December 2018, 2019 and 2020, the average gross balance per loan account in Mainland China was RMB34,147, RMB31,937 and RMB39,293, respectively. Total return on loans in Mainland China as at 31 December 2018, 2019 and 2020 was 39.5 per cent., 33.9 per cent. and 27.0 per cent., respectively. The charge off ratio on average gross loan balance in Mainland China was 16.2 per cent., 13.2 per cent. and 12.0 per cent. as at 31 December 2018, 2019 and 2020, respectively.

Highlights

The table below sets forth highlights of the Consumer Finance's revenue and pre-tax contribution to the Group for the years ended 31 December 2019 and 2020:

	Year ended 31 December		
	2020	2019	Change
		(HK\$ Million)	
Revenue	3,331.0	3,504.7	-5 per cent.
Net impairment losses on financial instruments	(769.2)	(803.9)	-4 per cent.
Pre-tax contribution	1,238.5	1,276.0	-3 per cent.

Pre-tax contribution for the year ended 31 December 2020 amounted to HK\$1,238.5 million, a decrease of 3 per cent. over the year ended 31 December 2019. Despite improved business volume in the second half of 2020, the average loan balance during the year ended 31 December 2020 was lower resulting in a fall in revenue by 5 per cent. and a decrease in pre-tax contribution, particularly in the Mainland China business segment.

Net impairment losses on financial instruments were also 4 per cent. lower in the year ended 31 December 2020 as compared to the year ended 31 December 2019 as benefited from a more stable economy in the second half of 2020 compared to the first half of 2020.

Loan origination transaction amounts in Mainland China decreased to HK\$4,223.7 million for the year ended 31 December 2020, as compared to HK\$4,522.2 million for the year ended 31 December 2019, with the average gross balance per loan being RMB39,293 for the year ended 31 December 2020 as compared with RMB31,937 for the year ended 31 December 2019.

The gross loan balance for the year ended 31 December 2020 increased by 2.0 per cent. to HK\$11,318.0 million compared to the year ended 31 December 2019. This was driven by a 3 per cent. decrease in the Hong Kong portfolio and a 18 per cent. increase in the loan balance in Mainland China.

In Hong Kong, UAF was adversely impacted by higher bad debt charges and lower business volume in the first half year of 2020 due to the onset of the COVID-19 pandemic. Due to government actions providing a number of relief measures, including the Employment Support Scheme which reduced the impact of the pandemic on the job market and the wider economy, the results in the second half of 2020 recorded a satisfactory improvement.

In Mainland China, the business was extremely difficult in the first half of 2020 due to tough domestic lockdowns imposed to control the spread of the COVID-19 pandemic. However, with a near full re-opening of the economy in the second half of 2020, business activities for UAF have almost fully rebounded from its depressed first half of 2020 to pre-pandemic levels and bad debt delinquency has improved significantly in the second half of 2020.

Loan balances

Set out in the table below are the loan balances of UAF for the years ended 31 December 2020, 2019 and 2018:

	Year ended 31 December		
	2020	2019	2018
		(HK\$ Million)	
Net loan balance ⁽¹⁾	10,563.7	10,413.5	9,769.7
Gross loan balance ⁽¹⁾	11,318.0	11,121.3	10,415.3
— Hong Kong	8,318.0	8,576.2	7,803.4
— Mainland China	3,000.0	2,545.1	2,611.9

(1) Before impairment allowance

According to data compiled by TransUnion, the Group was ranked the third in the industry (including banks and other consumer finance companies) in terms of outstanding unsecured loans by value in Hong Kong, with a market share of approximately 7.6 per cent. as at 31 December 2020.

Asset Quality

The table below shows the aging of amounts past due for the years ended 31 December 2018, 2019 and 2020:

<u>Days past due</u>	<u>Year ended 31 December</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<i>(HK\$ Million)</i>		
Less than 31	491.4	582.9	528.6
31 to 60	36.0	55.6	50.4
61 to 90	23.6	20.9	11.9
91 to 180	10.2	148.4	48.2
Over 180	293.9	61.4	109.2
Total	855.1	869.2	748.3

The table below shows the details of bad and doubtful debts for the years ended 31 December 2018, 2019 and 2020:

	<u>Year ended 31 December</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<i>(HK\$ Million)</i>		
Amounts written off	(957.1)	(933.0)	(983.9)
Recoveries	221.7	195.1	195.1
Charge of impairment allowance ⁽¹⁾	(34)	(66)	(41)
Net impairment losses on financial instruments	(769.4)	(804.1)	(829.9)
Impairment allowance at year end	754.3	707.8	645.6
Gross loan balance	11,318.0	11,121.3	10,415.3
Charge off as percentage of average gross loan balance ⁽²⁾ ..	6.6 per cent.	6.9 per cent.	7.8 per cent.
<i>From Hong Kong</i>	4.8 per cent.	4.9 per cent.	4.4 per cent.
<i>From Mainland China</i>	12.0 per cent.	13.2 per cent.	16.2 per cent.
Impairment allowance as percentage of year end gross loan balance	6.7 per cent.	6.4 per cent.	6.2 per cent.

(1) Charge of impairment allowance = Net impairment loss - (amounts written off - recovery)

(2) Charge off ratio = (Amounts written off - Recoveries) / Average gross loan balance

(3) Average gross loan balance = (opening balance of year + ending balance of year)/2

Specialty Finance

The Group's Specialty Finance business provides tailored funding solutions to corporates, investment funds and high net worth individuals. Almost all loans are either secured by assets or guarantees by corporates or high net worth individuals.

The net loan balance was HK\$1,637.9 million as at 31 December 2020, representing a year-on-year decline of 8.4 per cent. (31 December 2019: HK\$1,788.0 million). After taking into account net impairment losses of HK\$300.7 million (2019: HK\$159.9 million), the segment incurred a pre-tax loss of HK\$132.3 million in 2020 (2019: HK\$66.7 million profit). The gross loan balance was HK\$2,249 million, HK\$2,099 million as at 31 December 2020 and 2019.

The table below sets forth highlights of the Specialty Finance's revenue and pre-tax contribution to the Group for the years ended 31 December 2019 and 2020:

	Year ended 31 December	
	2020	2019
	<i>(HK\$ Million)</i>	
Revenue	249.4	340.6
Net impairment losses on financial instruments	(300.7)	(159.9)
Pre-tax contribution	(132.3)	66.7

Specialty Finance's loss in 2020 was mainly due to the significant increase in impairment provisions which were required due to the continuous adverse impact of COVID-19 on the hospitality sector. Although the Group remains open to new lending opportunities, the Group will continue to take a cautious approach to new lending and focus on the management of existing loans.

As a result of the Group exercising its put option to dispose of its interest in SHKFGL in November 2020, the Group recorded unlisted preference shares of HK\$1,174.0 million which are recorded within the Specialty Finance portfolio as at 31 December 2020. Also recorded in Specialty Finance is the Group's interest in LSS leasing, a B2B and B2C auto leasing business in Mainland China. Specialty Finance also holds certain shares and warrants valued at HK\$38.4 million which relate to financing transactions.

Mortgage Loans

The Group's Mortgage Loans business is undertaken through Sun Hung Kai Credit Limited ("SHK Credit"), a 92.23 per cent. owned subsidiary of the Group as at 31 December 2020. The business is funded by the Group's internal cash resources and business commenced in October 2015.

SHK Credit looks to provide mortgage services and lending solutions to home owners and property investors in Hong Kong, with a focus on the mortgage loan business in Hong Kong, a niche market with solid growth prospects. SHK Credit provides mortgage and property equity loan products to home owners and investors who seek flexible and personalised financing options. By utilising property assets as security, SHK Credit can offer lending solutions to a segment lower in risk than the unsecured personal loans segment, thereby increasing diversification of the Group's total loan portfolio. As of 2021, SHK Credit is entering the next phase of its growth by developing more fee income through its origination and asset servicing platform. SHK Credit also aims to diversify its portfolio to higher margin mortgage loan products.

SHK Credit's business primarily involves the offering of both first and second mortgages to property owners in Hong Kong. SHK Credit has also entered into partnerships with mid-tier Hong Kong developers and real estate agents. Terms offered to customers are commensurate with their credit quality based on their repayment capabilities as well as the quality and value of the underlying property collateral. The guideline for loan-to-valuation ratio (including first mortgages from other financial institutions) is under 70 per cent generally.

<i>(HK\$ Million)</i>	Year ended 31 December		
	2020	2019	Change
Revenue	302.4	295.6	2 per cent.
Net impairment losses on financial instruments	(25.7)	(12.0)	114 per cent.
Pre-tax contribution	112.7	121.4	-7 per cent.
Loan Book:			
Net loan balance	3,013.7	3,626.9	-17 per cent.
Gross loan balance [^]	3,061.1	3,648.6	-16 per cent.

[^] Before impairment allowance

The Mortgage Loans segment contributed HK\$302.4 million in segment revenue for the year ended 31 December 2020, as compared to HK\$295.6 million for the year ended 31 December 2019 and

HK\$249.5 million for the year ended 31 December 2018. This resulted in a segment pre-tax profit of HK\$112.7 million for the year ended 31 December 2020, as compared to HK\$121.4 million for the year ended 31 December 2019 and HK\$114.1 million for the year ended 31 December 2018. Revenue increased by 2 per cent. compared to the year ended 31 December 2019, primarily due to higher loan yields.

As at 31 December 2020, the gross loan balance before impairment allowance in the Group's mortgage loans portfolio amounted to HK\$3,061.1 million, most of which was for first mortgage loans. This is compared to HK\$3,648.6 million for the year ended 31 December 2019. Net impairment losses was HK\$25.7 million for the year ended 31 December 2020, as compared to HK\$12.0 million for the year ended 31 December 2019. The Group is also cognisant of the potential volatility in property prices in Hong Kong due to the prolonged pandemic and eventual economic impact, and hence continues to adopt a prudent underwriting approach. The overall loan-to-valuation ratio of the mortgage loans portfolio was below 65 per cent. at the end of the year.

Investment Management

The Group's Investment Management business segment invests across public markets, alternatives as well as real assets, with the aim of achieving attractive, risk-adjusted investment returns over the medium to long term. Assets are managed both internally by the Group's investment team as well as externally through partner funds.

The Group's Investment Management business contributes significantly to the Group's strategy, allowing the Group to both seek enhanced returns through investments that leverage off of the Group's experience, expertise and relationships from existing businesses segments, as well as to facilitate the growth of the Group's existing businesses through the creation of synergies and business opportunities with the other segments of the Group through these strategic principal investments. To achieve these goals, the Group employs robust risk management systems and policies for its Investment Management business. Origination of investment projects is based on assessing risk-return (with a focus on enhanced return based on lower risk), liquidity and strategic value of the investment to the Group. Investments originated by the Group may be in both sectors where the Group has existing investments and new sectors. Further, the Group, from time to time and in accordance with its strategic aims, also seeks to evaluate its existing investment portfolio and to consider any divestment or disposal opportunities available in the market. The Group also seeks to ensure smooth and responsive execution of its investments in accordance with the Group's strategy and guidelines to minimise execution risk. Furthermore, the Group also places emphasis on post-investment management to ensure that expected returns can be realised.

The table below sets forth an analysis of the pre-tax profit of the Investment Management business by nature for the years ended 31 December 2019 and 2020:

	Year ended 31 December		
	2020	2019	Change
			(HK\$ Million)
Interest income	57.4	–	N/A
Net gain on financial assets and liabilities	2,633.6	1,799.8	46 per cent.
Net impairment reversal (losses) on financial instruments	43.0	(48.6)	N/A
Pre-tax contribution	2,126.4	1,290.8	65 per cent.

(1) Net of cost of capital

In 2020, the Group continued to strengthen its investment and operating teams whilst upgrading systems and infrastructure for the launch of its Funds Management platform. The Group added new team members and further expanded the analytical and investment framework across businesses with a focus on risk management and control. In preparation for the launch of its Funds Management business, the Group wound certain public market positions down in the fourth quarter of 2020.

The Group's Investment Management business has a diversified investment portfolio. As of 31 December 2020, 10 per cent., 57 per cent., 15 per cent. and 18 per cent. of the Group's investment portfolio comprises its Public Market Portfolio, Private Equity & Direct/Co-Investments portfolio, Hedge Funds portfolio and Real Assets portfolio, respectively.

Public Markets

Public Credit

The Public Credit portfolio of the Group made a 8.3 per cent. return for the year ended 31 December 2020. For the year ended 31 December 2020, the Group stayed defensive in risk management, acknowledging the deteriorating macro environment and dwindling secondary liquidity. Appropriate hedging strategies were deployed for the portfolio as secondary market liquidity became sporadic and unpredictable. For the year ended 31 December 2020, the public credit portfolio was impacted negatively from a marked-to-market perspective in the first half of 2020, however all companies in the portfolio remained financially sound and performed with no defaults. As oil prices plummeted in second quarter of 2020, the Group foresaw opportunities in highly-rated oil names in the Middle East and converted some of their holdings in financial institutions into highly-rated oil sovereign names. This strategy proved successful as the oil industry was one of the first sectors to recover after the market sell-off and the public credit portfolio ended 2020 profitably.

Public Equity

The Public Equity portfolio of the Group made an annual return of 28.3 per cent. for the year ended 31 December 2020. For equities, the second half of 2020 was more constructive than the first half of 2020. A large portion of the equity portfolio was gradually wound down from October 2020 in preparation for the new fund launch.

Corporate Holdings

The Group also has other equity and cash holdings within the Public Markets portfolio, which represent a mix of long-term strategic positions and other shorter term positions.

Alternatives

Breakdown of Alternatives Portfolio as at 31 December 2020

	<u>Year End Value</u>	<u>Average Value</u>	<u>Gain</u>	<u>Annual Return</u>
		<i>(HK\$ Million)</i>		
Hedge funds	2,149.7	1,595.4	647.3	40.6 per cent.
Private Equity:				
— External funds	3,410.2	2,686.8	468.0	17.4 per cent.
— Direct/Co-Investments	4,919.3	6,065.4	1,438.4	23.7 per cent.
Total	<u>10,479.2</u>	<u>10,347.6</u>	<u>2,553.7</u>	<u>24.7 per cent.</u>

The Group has also used the Group's expertise and capital to build a portfolio of private equity funds, direct investments and co-investments to generate returns and diversify its exposure by industry and geography. The portfolio is invested with companies or fund managers who are selected based on performance, strategic fit, and access to markets and sectors.

Due to the nature of the alternatives portfolio, for the year ended 31 December 2020 distributions increased to HK\$2.5 billion, compared to the distributions for the year ended 31 December 2019 of HK\$745.8 million. In 2020, the Company met capital calls for existing fund investments for a total of HK\$2.9 billion and allocated capital to new and existing fund managers, as well as direct and co-investment opportunities sourced through the Group's network.

Private Equity and Direct/Co-Investments

The External Private Equity portfolio made a 17.4 per cent. return for the year ended 31 December 2020 and the Direct/Co-Investments portfolio made a 23.7 per cent. return for the year ended 31 December 2020. These respectable returns were mainly due to exits from investments in prior years. However, in 2020 the Group made a number of new investments to take advantage of market volatility and dislocated markets. The new investments revolve around the themes of consumer and enterprise technology, new energy, smart transportation, biotech and medical technology globally.

Hedge Funds

The hedge fund multi-manager portfolio generated a return of 40.6 per cent. for the year ended 31 December 2020, materially outperforming benchmark returns. The portfolio outperformed as a result of superior manager selection and asset allocation. In terms of asset allocation, investments in certain sub-sectors such as technology, healthcare and therapeutics generated additional alpha. Overweight allocations to certain regions such as Greater China also added to outperformance.

Real Assets Portfolio

The Real Assets portfolio had a valuation of HK\$2,601.5 million as at 31 December 2020 (31 December 2019: HK\$2,542.5 million). The portfolio includes the Group's interests in Hong Kong commercial real estate as well as hotels and commercial investments in global markets. During 2020, there was a small loss on the portfolio arising from increased provisions on the office portfolio in Hong Kong. The Group is continuing to look for opportunities in the real estate space.

In February 2021, the Group announced the disposal of its interest in Parmaco, a Finnish company which specialises in building and renting buildings for schools, day care providers and nursing homes. The Group invested alongside Terra Firma and Metric Capital, two leading London-based investors.

Funds Management

A strategic decision was taken in 2019 to build an Alternatives Funds Management platform, with a focus on expanding the Group's capabilities to manage external capital.

The business objectives of the Funds Management business are to add additional revenue streams and further diversify the Group's products and strategies. The Funds Management platform leverages the existing investment management platform, corporate services and marketing capabilities of the Group.

The Funds Management platform was established and launched in 2020 and has committed to and launched three partnerships to date, including a partnership with East Point Asset Management for the launch of their first fund, an APAC Equity Long/Short Fund, a partnership with E15VC to launch a global venture capital technology fund, a partnership with ActusRay Partners to launch a European discretionary probabilistic investing fund focused on Europe and a real estate private credit fund in partnership with Multiple Capital Investment Partners.

The Group has a strong pipeline of partnerships and fund launches for 2021 covering various strategies including Real Estate Loans, Fund of Hedge Funds, Crypto, Equity Long/Short and Index Arbitrage.

Highlights

The table below sets forth highlights of the segment's portfolio composition, return and pre-tax contribution to the Group for the year ended 31 December 2020:

	2020				Return track record	
	Year End Value	Average Value	Gain	Annual Return (HK\$ Million)	2019	2018
Alternatives	10,479.2	10,347.6	2,553.7	24.7 per cent.	15.0 per cent.	9.0 per cent.
Public Markets	1,522.7	2,777.9	242.8	8.7 per cent.	15.0 per cent.	-8.6 per cent.
Real Assets	2,601.5	2,552.7	(142.0)	-5.6 per cent.	-3.9 per cent.	9.8 per cent.
Total	14,603.4	15,678.2	2,654.5	16.9 per cent.	11.9 per cent.	4.9 per cent.

The 31 December 2020 year end value for the Group's Investment Management portfolio of HK\$14,603.4 million can be compared to the year end value of HK\$15,541 million for the year ended 31 December 2019.

Investment Management contributed HK\$2,126.4 million to the Group's segment pre-tax profit for the year ended 31 December 2020, as compared with HK\$1,290.8 million for the year ended 31 December

2019. The segment achieved a 16.9 per cent. annual return on average assets for the end of 31 December 2020, as compared with an 11.9 per cent. annual return on average assets for the year ended 31 December 2019.

Overall, the equity and credit portfolios were impacted in the first half of 2020 but saw a considerable improvement in the second half of 2020. The Group's real estate portfolio was negatively affected by its exposure to Hong Kong and the hospitality sector. However, due to diversification and underlying asset quality the Group's portfolio managed to maintain solid valuations.

Litigation

There is no outstanding litigation which the Group deems to have a material adverse effect on the Group's business operations, financial condition and operating results.

Risk Management

The Group has adopted a comprehensive risk management framework. Risk management policies and procedures are regularly reviewed and updated to react to changes of market conditions and the Group's business strategies. The Risk Management Committee ("**RMC**"), a standing committee reporting to the Board of Directors, supervises and scrutinises risk-related policies necessary for monitoring and controlling major risks, as spelt out here, arising from the Group's business activities, external changing risks and regulatory environment.

Financial Risk Management

The principal financial risks inherent in the Group's business are market risk (which includes equity risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group's risk management objective is to enhance shareholders' value while retaining exposure within acceptable thresholds.

Market Risk

Market risk is concerned with the value of an investment changing due to movements in the market and which can be further divided into equity risk, interest rate risk and foreign exchange risk.

- *Equity Risk*

There are many asset classes available for investment in the marketplace. One of the Group's key business undertakings is investing in equity. The Group's portfolio is diversified and invested across both listed and unlisted equities. Market risk arising from any equity investments is driven by fluctuations in market prices or fair values. The ability to mitigate such risk depends on the availability of any hedging instruments and the diversification level of the investment portfolios undertaken by the Group. More importantly, the knowledge and experience of managing the risk are also vital to ensure exposure to such risk is being properly hedged and rebalanced in the most timely manner. Proprietary trading across the Group is subject to limits approved by senior management. Valuation of these instruments is measured on a "mark-to-market" and "mark-to-fair-value" basis depending on whether they are listed or unlisted. Portfolio exposure risk analysis and stress tests are employed in the assessment of risk. Meanwhile other risk parameters such as "maximum loss" and "position" limits are also set out to restrict excessive risk undertakings.

The Group's market-making and proprietary trading positions and their financial performance are reported daily to senior management for review.

- *Interest Rate Risk*

Interest rate risk is the risk of loss due to changes in interest rates. The Group's interest rate risk exposure arises predominantly from specialty finance, mortgage loans and loans and advances to Consumer Finance customers. Interest spreads are managed with the objective of maximising spreads to ensure consistency with liquidity and funding obligations.

- *Foreign Exchange Risk*

Foreign exchange risk is the risk to earnings or capital arising from movements in foreign exchange rates.

The Group's foreign exchange risk primarily arises from currency exposures originating from proprietary trading positions, and loans and advances denominated in foreign currencies, mainly in Australian dollars, British pounds, Euro, Canadian dollars and Renminbi. Foreign exchange risk is managed and monitored by senior management. The risk arising from open currency positions is subject to management approved limits and is monitored and reported daily.

Credit Risk

Credit risk arises from the failure of a customer or counterparty to meet settlement obligations. As long as the Group lends, trades and deals with third parties, there will be credit risk exposure. The Group's credit policy, governed by the Executive Committee, sets out the credit approval processes and monitoring procedures, which are established in accordance with sound business practices and the requirements and provisions of the relevant ordinances. The Group's credit risk management system extends from preliminary screening at origination of transactions to post-transaction credit reviews.

UAF manages risk by following a set of credit policies to minimise losses, maximise recoveries and prevent fraud. Due consideration is given to the financial strength, employment status and past track record of the borrowers. There are robust KYC checks via internal and external databases, site-visits and services from third party service providers. UAF also requires the production of clear documentary evidence of identity and credit worthiness of potential borrowers. In 2020, the rejection rate was approximately over 20 per cent. in Hong Kong and over 50 per cent. in Mainland China. The availability of centralised credit data in Hong Kong and, to a lesser extent, Mainland China, facilitates the assessment of borrowers' credit standing. UAF utilises the services provided by the Credit Reference Centre of the People's Bank of China and other widely used credit scoring companies in Mainland China and TransUnion in Hong Kong. The TransUnion database has wide coverage of institutions including commercial banks and certain nonbank financial institutions. During 2015, UAF China was one of the first micro loan companies in Mainland China to be granted direct access to the Credit Reference Centre of the People's Bank of China.

There is also a loan approval hierarchy in place for UAF, involving a Credit Committee as well as several levels of approval authorities in both Hong Kong and Mainland China.

The maximum credit exposure at the Group level is split between loans and advances to consumer finance customers and bank deposits, cash and cash equivalents, which represent more than two-thirds of the total exposure.

Loans to strategic clients are all properly authorised by the Executive Committee and other controls are in place to monitor the performance of such loans.

Liquidity risk

The goal of liquidity management is to mitigate the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or make the required profit. Another goal is to enable the Group, even under adverse market conditions, to actively manage and match funds inflow against all maturing repayment obligations to achieve maximum harmony on cash flow management.

The Group manages its liquidity position to ensure a prudent and adequate liquidity ratio. This is achieved by a transparent and collective monitoring approach across the Group involving Executive Directors, the Group Treasurer, the Group Chief Financial Officer and other relevant senior managers on a daily basis to ensure the availability of sufficient liquid funds to meet all obligations.

As at 31 December 2020, the Group had outstanding loan commitments of HK\$1,619.0 million, as compared with HK\$1,397.0 million as at 31 December 2019. As such, the Group's exposure to financial risks at the end of the reporting period is considered immaterial. The Group also had capital commitment for funds of HK\$1,421.6 million as at 31 December 2020, as compared with HK\$751.5 million as at 31 December 2019.

Operational Risk Management

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people, systems or from external events. The Group extends operational risk to cover potential losses

arising from legal and compliance breaches. Operational risk is mitigated and controlled through establishing robust internal controls, clear lines of responsibility, proper segregation of duties and effective internal reporting and contingency planning. The business and operating line management of the Group are fully aware of and responsible for managing operational risks of their business units on a day-to-day basis. There are monitoring and reviews conducted by internal compliance and audit which acts independently and reports regularly to the Group's senior management and, as appropriate, the Audit Committee of the Board.

Regulation

Money lending regulation

Regulation in Hong Kong

The Group's core Consumer Finance operations in Hong Kong are subject to regulations in Hong Kong. The MLO and the Money Lenders Regulations (Cap. 163A) of Hong Kong constitute the primary legal and regulatory framework governing the Group's Consumer Finance operations in Hong Kong.

The MLO is a comprehensive regulatory statute governing consumer loan providers other than authorised institutions. The MLO stipulates that only persons with a money lenders licence may carry on the business of a money lender. The MLO regulates various aspects of the business, including (but not limited to) the basic terms of loan agreements and applications for, and revocations of, licences, and imposes restrictions on advertising and excessive interest rates. The applications for money lenders licences, renewals of licences and endorsement on licences are processed by the Registrar of Companies; the Commissioner of Police, on the other hand, carries out examinations on such applications and conducts investigations of complaints against money lenders. UAF and those of its subsidiaries engaged in money lending activities, including SHK Finance, have each obtained the relevant licence pursuant to the MLO. Currently, the maximum chargeable interest rate allowed under the MLO is 60 per cent. per annum, and in certain circumstances 48 per cent. per annum, and all loan products currently offered by the Group bear interest at or below those respective rates. Under the MLO, charges and expenses relating to the negotiation and granting of loans are not recoverable. On 1 April 2021, the Secretary for Financial Services and the Treasury issued a letter to all licensed money lenders with a proposal to lower the statutory limit of the effective interest rate under the MLO to 48 per cent. per annum and 36 per cent. per annum in certain circumstances. The government expects to consult the Legislative Council on this proposal.

In addition, from 1 December 2016, the Hong Kong government has imposed stricter licensing conditions, with the new regulation seeking to eliminate double-fee charging and to impose a requirement that all money lenders disclose whether an intermediary was involved in the transaction. Lenders will be required to notify authorities if they appoint an intermediary, and the record is to be made public.

Regulation in Mainland China

Regulation of small loan companies

On 4 May 2008, the CBIRC and the PBOC jointly provided guidelines for the pilot operation of small loan companies (the "**Guidelines**"). According to the Guidelines, a small loan company may be established as a limited liability company or joint stock company, but it is not permitted to accept public deposits. The amount of loans outstanding from a small loan company to a single borrower must not exceed 5 per cent. of the net capital of the lender. Interest charged on loans must not exceed levels prescribed by the relevant judicial authority and the lowest interest charged on loans must be not less than 0.9 times the prevailing base loan interest rate published by the PBOC.

To implement the Guidelines, some provinces, municipal governments and cities have announced regional guidelines or trial measures to clarify the procedure to establish and operate a small loan company and provided detailed rules on daily operations. For example, Chongqing published Regulatory Working Guidelines of the Chongqing Municipality for the Establishment and Modification of Small Loan Companies (the "**Chongqing Guidelines**") in 2013 and Shenzhen announced its "Interim Measures of Shenzhen Municipality for the Administration of Pilot Small Loan Companies" (the "**Shenzhen Interim Measures**") on 3 September 2011. Meanwhile, Shanghai, Beijing, Liaoning,

Sichuan, Yunnan, Hubei, Tianjin, Dalian, Fujian, Heilongjiang and other provinces, municipal governments and cities subsequently announced their own guidelines, trial measures or interim measures. Regional guidelines, trial measures or interim measures promulgated by the relevant authorities vary from region to region, and some are stricter than the Guidelines. For example, the Chongqing Guidelines set the minimum registered capital of a small loan company at RMB100 million if established in an impoverished district/county (national or provincial level), RMB200 million if established in a district/county outside the major urban districts, or RMB 300 million if established in the major urban districts. In addition, the minimum registered capital for a foreign invested small loan company shall be U.S.\$30 million with the foreign shareholders holding no less than 50 per cent. equity interest. The Shenzhen Interim Measures provide that the registered capital of a small loan company in the form of a limited liability company shall be no less than RMB100 million, and the registered capital of a joint stock small loan company shall be no less than RMB200 million.

Regulation of financing guarantee companies

On 8 March 2010, CBIRC, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance, MOFCOM, PBOC and the State Administration for Industry and Commerce jointly formulated and issued the Interim Measures for the Administration of Financing Guarantee Companies (the “**Interim Measures**”), which provide guidelines on regulation of financing guarantee companies, including the form of company, the minimum registered capital required, the scope of guarantee business allowed and prohibited, the maximum balance of financing guarantee liability permitted, and the requirements on unearned premium reserve and guarantee compensation reserve, etc. Subsequently, certain provinces or municipal governments have promulgated local measures to specify the detailed requirements for the establishment and operation of local financing guarantee companies. For instance, Liaoning has announced the Interim Measures for the Administration of Financing Guarantee Institutions of Liaoning and other local policies, which adopt stricter and more detailed rules regarding the registered capital requirement, shareholder qualification, setup procedure, etc. of small loan companies in Liaoning.

On 2 August 2017, the State Council promulgated the Financing Guarantee Company Regulation and Administration Ordinance (the “**Financing Guarantee Company Ordinance**”) which came into force on 1 October 2017. The Financing Guarantee Company Ordinance provides comprehensive principles and rules on the registration requirements, business operation, and governmental administration of financing guarantee companies in Mainland China. According to the Financing Guarantee Company Ordinance, the fully paid registered capital of a financing guarantee company shall be no less than RMB20 million. Besides providing financing guarantees for business loans and corporate bonds, a financing guarantee company with steady operation management and sound financial standing may engage in guarantee services for non-financing purposes such as a bid guarantee, project surety bond, litigation preservation guarantee, and it may also provide guarantee related consultation services. Practices such as accepting deposits, providing loans or entrusted loans, and making entrusted investments, however, are expressly prohibited. The liability incurred by a financing guarantee company for one single guaranteed party may not exceed 10 per cent. of its net assets, and shall not exceed 15 per cent. for a group of affiliated guaranteed parties. In addition, the total balance of financing guarantee liability of a financing guarantee company may not exceed 10 times its net assets (the cap may be raised to 15 times net assets if the financing guarantee company primarily serves small to medium-sized enterprises or the agricultural sector). Financing guarantee companies established before enactment of the Financing Guarantee Company Ordinance that do not meet the new requirements have a period of time to rectify their standing thereunder.

Regulation in relation to Foreign Exchange Controls

The lawful currency of Mainland China is Renminbi, which is subject to foreign exchange controls and, as at the date of this Offering Circular, is not freely convertible into foreign exchange. The State Administration of Foreign Exchange (“**SAFE**”), under the authority of the PBOC, is empowered to administer all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On 5 August 2008, the State Council issued foreign exchange regulations (the “**New Forex Regulation**”) intended to further limit foreign currency entering Mainland China while relaxing the requirements governing foreign investments imposed upon Mainland China companies, in each case

taking into account the capital reserve structure of Mainland China at that time. Under the New Forex Regulation, foreign currency received by domestic entities as current account transactions need not be settled in Renminbi, while foreign currency received as capital account transactions must be retained or sold to financial institutions which are engaged in the settlement and sale of foreign exchange, subject to approvals of foreign exchange control agencies, unless otherwise permitted by Mainland China government.

On 30 March 2015, SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (“Circular 19”). Pursuant to Circular 19, the foreign exchange capital of foreign-invested enterprises is subject to discretionary foreign exchange settlement, which means that foreign exchange in the capital account of foreign-invested enterprises (upon confirmation of rights and interests of monetary contribution by the local foreign exchange bureau or the book-entry registration of monetary contribution by the banks) may be settled with banks based on the actual operational needs of those enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently set at 100 per cent., subject to adjustment by SAFE based on the international balance of payments. The discretionary foreign exchange settlement mechanism was further confirmed and clarified in the SAFE Notice for Reforming and Regulating Administrative Policies on Capital Account Foreign Exchange Settlement issued on 9 June 2016.

Licensing Requirements

The Group has acquired and holds all licences it requires under existing regulations for the operation of its businesses.

Related Party Transactions

As at 31 December 2020, the Group entered into various material transactions with related parties, as further detailed below.

	<u>2020</u>	<u>2019</u>
	<i>(HK\$ Million)</i>	
Associates and joint ventures of a holding company		
Rental and building management fees to an associate of a holding company ***	(2.2)	(2.6)
Rental and building management fees to a joint venture of a holding company *	(27.8)	(25.0)
Interest expense to a joint venture of a holding company on lease liabilities *** @	(0.6)	(1.4)
Interest expense to an associate of a holding company ***	(4.5)	(5.9)
Associates and joint ventures		
Loan referral fee and participation fee received from an associate ^	12.2	10.3
Management and service fees received from associates and joint ventures ^	2.6	2.9
Brokerage expenses to an associate ^	(0.5)	(0.6)
Service fees to an associate ^	(8.9)	(7.2)
Holding company and its subsidiaries		
Repayment of loan from a fellow subsidiary ***	(32.8)	(481.6)
Finance costs to fellow subsidiaries ***	(23.1)	(36.6)
Management fees paid/ payable to a holding company *	(22.1)	(16.9)
Rental and building management fees to a holding company and its subsidiary *	(6.5)	(1.4)
Other related party		
Interest income from loan to Independent Non-Executive Director **	—	5.4
Repayment of loan from Independent Non-Executive Director **	4.8	1.2
Redemption of Notes to an Executive Director ***	3.1	—

* The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

** The amounts due from a deceased director are secured, interest bearing at market interest rate and repayable within 12 months from the date of drawdown. The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

*** The transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However those transactions are exempt from all disclosure requirements in Chapter 14A of the Listing Rules.

^ The transactions did not fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

@ As at 31 December 2020, the Group has lease liabilities of HK\$58.3 million (2019: HK\$24.1 million) to the joint venture of a holding company.

SHK Employee Ownership Scheme

During the year ended 31 December 2020, 528,000 shares (2019: 957,000 shares) were granted under the SHK Employee Ownership Scheme (“EOS”) to key management personnel. In addition, 157,000 shares (2019: 1,498,000 shares) with a total amount of HK\$0.48 million (2019: HK\$5.56 million) were vested for key management personnel during the year. The total dividend payments paid to the key management personnel during the year ended 31 December 2020 were HK\$0.03 million, as compared to HK\$0.63 million for the year ended 31 December 2019.

Connected Transaction

Leasing arrangement in respect of No. 60 Plantation Road, The Peak

On 24 July 2020, SHK Investment Services Limited (an indirect wholly-owned subsidiary of the Guarantor) as the tenant accepted a legally binding offer letter (the “Offer Letter”) issued from Hillcrest Development Limited, an indirect wholly-owned subsidiary of APL, as the landlord in relation to the leasing (the “Lease”) of the house located at No. 60 Plantation Road, The Peak, Hong Kong (the “Premises”) for a term of four years commenced from 24 July 2020 and expiring on 23 July 2024, subject to the tenant’s option to renew the term for two additional three-year periods. Pursuant to the Offer Letter, (i) the monthly rental for the premises is HK\$850,000 per month inclusive of government rent but exclusive of management fees and rates; (ii) holding deposit of HK\$850,000 was payable by the tenant and shall be applied towards the rent for the first month of the lease immediately after the rent free period; (iii) security deposit of HK\$1.7 million was payable by the tenant upon the entering into of the relevant tenancy agreement. The aggregate amount payable by the tenant under the Offer Letter (assuming that the tenant shall exercise the option to review for two additional three-year periods at the same monthly rent) will be approximately HK\$100.9 million.

Continuing Connected Transactions

Sharing of Management Services Agreement

A renewed sharing of management services agreement (the “Renewed Sharing of Management Services Agreement”) was entered into between the Guarantor and AGL on 2 January 2020, pursuant to which the Company agreed to reimburse AGL the actual costs incurred in respect of the provision of management, consultancy, business development, business introduction, strategic, internal audit, management information system consultancy and all other general business advice services provided by the senior management and selected staff of AGL to the Group for a further term of three years commencing from 1 January 2020 to 31 December 2022 and the relevant annual caps for each of the three financial years ending 31 December 2020, 2021 and 2022 were set at HK\$28 million, HK\$30.8 million and HK\$33.9 million respectively.

The total amount paid to AGL under the Renewed Sharing of Management Services Agreement for the year ended 31 December 2020 was HK\$22.14 million, which was within the annual cap of HK\$28 million as set for such financial year.

Leasing arrangement in respect of Allied Kajima Building

The Guarantor as the lessee entered into a master lease agreement (the “2018 Master Lease Agreement”) with Art View Properties Limited (“Art View”), a joint venture of APL, as the lessor whereby any member of the Group may continue, amend or renew the existing leases or enter into new leases, sub-leases and licenses in relation to Allied Kajima Building with Art View from time to time as are necessary for the future business needs of the Group during the period from 1 January 2018 to 31 December 2020 in accordance with the terms of the 2018 Master Lease Agreement.

The maximum agreement amount set for the transaction contemplated under the 2018 Master Lease Agreement for each of the three financial years ending 31 December 2018, 2019 and 2020 is HK\$27.03 million, HK\$29.62 million and HK\$29.62 million respectively.

The total amount paid to Art View under the 2018 Master Lease Agreement for the year ended 31 December 2020 was HK\$27.77 million which was within the annual cap of HK\$29.62 million as set for such financial year.

On 1 December 2020, the 2018 Master Lease Agreement was renewed for a term of three years from 1 January 2021 to 31 December 2023 (the “**2021 Master Lease Agreement**”) for the continuing business needs of the Group. Pursuant to the 2021 Master Lease Agreement, the annual caps for rental payments for each of the three financial years ending 31 December 2021, 2022 and 2023 were set at HK\$74.64 million, HK\$10.67 million and HK\$6.38 million respectively, and the annual caps for management fees for each of the three financial years ending 31 December 2021, 2022 and 2023 were set at approximately HK\$3.94 million, HK\$5.2 million and HK\$6.06 million respectively.

Insurance

The Group maintains industry-standard insurance in relation to its risk exposure arising from the nature of its business, including in relation to premises, fire and water damage to its premises, public liability, directors and officers liability, employee fraud, life and disability insurance, medical and contractor liability. The insurance coverage is provided by reputable companies with commercially reasonable limits and deductibles on coverage. The Group periodically reviews its insurance coverage to ensure that it has adequate coverage.

Competition

Specialty Finance

The Group’s specialty finance business targets corporates and high net worth individuals and competition to secure loan demand from these parties is keen in Hong Kong. Whilst it is difficult to define competitors in the sector, based on the management’s understanding, the Group competes against various types of entities that provide capital — such as traditional banks, investment banks, securities companies, hedge funds, other corporates and individuals.

Consumer Finance

The Hong Kong and Mainland China consumer credit markets are highly competitive. International and domestic financial institutions including banks, credit card companies, peer-to-peer companies and consumer finance companies compete in the market, directly or indirectly, while competition among leading consumer finance companies has become increasingly intense. UAF’s principal competitors in Hong Kong, include regional and international banks. In Mainland China, UAF competes against different lenders such as consumer credit divisions of banks, other micro loan companies as well as various models of online and peer-to-peer platforms.

The principal factors affecting competition include the geographic coverage of the distribution network, the quality and scope of advertising and promotional campaigns, interest rates, credit limits, loan sizes and the efficiency of the approval process, which in each case are tailored to market demand. For instance, the Group’s introduction of the debt consolidation loan was targeted to meet the demand of customers seeking to settle multiple credit card debts in a single repayment programme at lower fixed interest rates. A comprehensive distribution network translates to added convenience for customers in accessing loans while effective advertising and promotional campaigns enhance brand recognition and reputation against competitors and strengthens customer appeal.

According to data compiled by TransUnion, the Group was ranked third in terms of outstanding balance of unsecured lending in Hong Kong, with a market share of approximately 7.6 per cent. (including banks) as at 31 December 2020.

Mortgage Loans

The main source of competition for the Group’s mortgage loans business comes from banks in Hong Kong.

Based on the information provided by the Hong Kong Monetary Authority, 99 per cent. of all residential mortgages in Hong Kong are provided by banks. Furthermore, other licenced money lenders in Hong Kong are also involved in the provision of property loans.

Information Technology (“IT”), Fintech and Innovation

The Group maintains effective information technology systems for its needs. The Group has invested heavily in recent years to ensure that its computers systems match the specification required for the Group to operate effectively.

UAF has also developed and employs its own in-house IT system and has developed bespoke IT systems tailored to their own needs to provide the best service to their clients. UAF uses and maintains the same IT systems in both Hong Kong and Mainland China to create synergy across the UAF network. The Group’s online products are also offered using the best available technology to enhance customer experience.

As a pioneer in online loan services, UAF has closely followed market trends and needs and in recent years has put more resources and active effort into developing FinTech-related businesses. In Jan 2019, it set up a FinTech and Innovation which will focus on formulating IT services strategies and effectively deploying FinTech solutions, incorporating digital and on-line, artificial intelligence (AI), Big Data, Blockchain, data security, cognitive and machine learning, and robotics process automation technologies, with the aim of transforming its pursuit of financial service innovation, thereby consolidating its market leadership.

Human Resources and Training

As at 31 December 2020, the Group’s headcount was 2,219, compared to 2,318 at 31 December 2019. This net decrease in headcount is a result of branch consolidation in the consumer finance business in Mainland China, as the business has migrated further online and the Group’s continuous effort to improve cost efficiency.

The Group operates various compensation schemes to reflect job roles within the organisation. For sales staff/sales consultants, packages consist of a base pay and commission/bonus/performance based incentives as appropriate. For non-sales staff, the compensation comprises either a base salary with bonus/share-based/performance-based incentives or base salary, as appropriate.

Under the Employee Ownership Scheme (“**EOS**”), selected employees or directors of the Group (the “**Selected Grantees**”) were awarded shares of the Issuer. Following management’s recommendation, a total of 5,316,000 shares were granted to the Selected Grantees during 2020 subject to various terms. 157,000 shares were vested for key management personnel in 2020. As at 31 December 2020, the outstanding award shares under the EOS (excluding shares awarded but subsequently forfeited) amounted to 4,522,000 shares.

DIRECTORS OF THE COMPANY

The Directors of the Company are set forth below:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr. LEE Seng Huang	46	Group Executive Chairman, Executive Director
Mr. Simon CHOW Wing Charn	66	Executive Director
Mr. Peter Anthony CURRY	68	Non-Executive Director
Mr. Jonathan Andrew CIMINO	68	Non-Executive Director
Mr. Evan AU YANG Chi Chun	49	Independent Non-Executive Director
Mr. David Craig BARTLETT	55	Independent Non-Executive Director
Mr. Alan Stephen JONES	78	Independent Non-Executive Director
Ms. Jacqueline Alee LEUNG	60	Independent Non-Executive Director

The Board of Directors of the Company consists of eight members. Set forth below is the biographical information on each of the Directors:

Executive Directors

LEE Seng Huang, aged 46, was appointed as an Executive Director and has been the Group Executive Chairman of the Company since 1 January 2007. Mr. Lee was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region. He is the executive chairman of Mulpha International Berhad (a Malaysian listed conglomerate with operations in Malaysia, Australia and the United Kingdom) as well as Mulpha Australia Limited. Mr. Lee was previously the non-executive chairman of Aveo Group Limited (resigned in November 2019), a company which was listed on the Australian Securities Exchange until it was privatised and delisted in December 2019. Mr. Lee is a trustee of Lee and Lee Trust, a discretionary trust owning a controlling interest in Allied Group Limited (“AGL”), which is listed on the Hong Kong Stock Exchange, and the ultimate holding company of the Company. Mr. Lee is also a director of United Asia Finance Limited, a subsidiary of the Company.

Simon CHOW Wing Charn, aged 66, was appointed as an Executive Director of the Company on 3 June 2015. He joined the Company as the Group Deputy Chief Executive Officer of the Company in December 2014. Mr. Chow has more than 25 years’ experience in the banking and financial services industry. Prior to joining the Group, he had been with Citibank for 18 years and his last position was the country manager for China consumer bank of Citibank. Before that, he held senior roles with UBS, Lehman Brothers, British Columbia Hydro and Power Authority and PricewaterhouseCoopers. He is a member of the Institute of the Chartered Accountants of Canada. Mr. Chow holds a Bachelor of Science degree and a Licentiate in Accounting Degree from the University of British Columbia. He also holds directorships in various subsidiaries of the Company and Everbright Sun Hung Kai Company Limited.

Non-Executive Directors

Peter Anthony CURRY, aged 68, was appointed as an Executive Director of the Company on 1 January 2011 and was re-designated as a Non-Executive Director of the Company on 1 September 2018. He joined the Company as the Group Chief Financial Officer in November 2010 until his retirement on 31 August 2018. Mr. Curry has over 45 years of business experience. He joined Peat Marwick Mitchell (now known as KPMG) in Australia in 1974 upon graduation and worked as Tax Partner in 1983. Since that time he has worked in different listed and unlisted companies in Australia as executive director/managing director specialising in natural resources, corporate finance, mergers and acquisitions etc. He has been involved in a range of public and private capital raisings, initial public offering related services and providing corporate and financial advisory services in relation to a range of business transactions including a wide range of mining projects. Mr. Curry holds a Bachelor of Commerce Degree and a Bachelor of Laws Degree from the University of New South Wales. He became a Chartered Accountant and a barrister (non-practising) in Australia in 1978. Mr. Curry is also a non-executive director of Tian An Australia Limited, a company listed on the Australian Securities Exchange and Air Change International Limited, a company listed on the National Stock Exchange of Australia Limited.

Jonathan Andrew CIMINO, aged 68, was appointed as a Non-Executive Director of the Company on 25 January 2016. He is the chief executive officer of Dubai Group LLC (the “**Dubai Group**”) and was formerly the chief operating officer and the managing director of Finance of Dubai Group since 2008. As at 31 December 2020, the Dubai Group, through its subsidiary Dubai Ventures LLC, holds 166,000,000 shares of the Company. Mr. Cimino is experienced in financial management, debt restructuring and asset management and has been an investment banker and stockbroker having spent a large part of his career as head of investment banking, chief executive officer and country head of SBC Warburg and UBS in New Zealand. He worked extensively on privatisation mandates for the New Zealand Government. Upon leaving UBS in 2001, Mr. Cimino formed his own boutique investment bank Cimino Partners which undertook various M&A and capital market transactions including acting as the lead manager for the IPO of the New Zealand Stock Exchange. He has been a public company director in New Zealand for listed companies in the transportation, environmental, biotechnology and private equity sectors. Mr. Cimino holds a Bachelor of Commerce and Administration Degree from Victoria University of Wellington, New Zealand and completed the Advanced Management Programme at Harvard Business School.

Independent Non-Executive Directors

Evan AU YANG Chi Chun, aged 49, was appointed as an Independent Non-Executive Director of the Company on 22 March 2018. Mr. Au Yang is the Chairman of the Board of Civic Exchange, a non-partisan public policy think tank based in Hong Kong focused on environment and sustainability issues. Mr. Au Yang also serves on the Board of the Urban Renewal Authority as an independent non-executive director. He is an advisor of Our Hong Kong Foundation, member of the Advisory Committee on Corruption of the Independent Commission Against Corruption, and Membership Committee member of Young Presidents’ Organisation. In addition, Mr. Au Yang serves on the Transport Policy Committee of the Chartered Institute of Logistics & Transport, the Development Fund Committee of the Hong Kong Council of Social Service, Advisory Council for Institute at Brown for Environment & Society for Brown University, as well as the Board of Advisors of Hong Kong 2050 is Now.

In his past full-time professional capacities, Mr. Au Yang was the managing director and head of International for Gerson Lehrman Group (“**GLG**”) until December 2020, where he ran and grew its business spanning Europe, Middle East, Africa & Asia-Pacific across 15 locations. Prior to GLG, Mr. Au Yang was the deputy managing director of The Kowloon Motor Bus Company (1933) Limited (“**KMB**”) and an executive director of Transport International Holdings Limited (“**Transport International**”), the parent company of KMB and is listed on the Hong Kong Stock Exchange. Prior to joining Transport International and KMB, Mr. Au Yang was an associate partner at McKinsey & Company. Before management consultancy, Mr. Au Yang was at Citigroup’s derivatives structuring and marketing unit. He obtained his undergraduate degree in Economics and Political Science from Brown University and his MBA degree from the Kellogg School of Management at Northwestern University.

David Craig BARTLETT, aged 55, was appointed as an Independent Non-Executive Director of the Company on 26 November 1999. Mr. Bartlett graduated with honours in law from Exeter University in the United Kingdom in 1988 and subsequently qualified as a solicitor in England & Wales, the Republic of Ireland and the Hong Kong Special Administrative Region. A former partner of the international law firm Clyde & Co., he regularly acted for and advised the Company and its subsidiaries before leaving private practise for a career in industry. Now based primarily in England, Mr. Bartlett is also an independent non-executive director of AGL. He retired from the position of independent non-executive director of Allied Properties (H.K.) Limited (“**APL**”, an intermediate holding company of the Company and previously listed on the Hong Kong Stock Exchange until 26 November 2020) in December 2020.

Alan Stephen JONES, aged 78, was appointed as an Independent Non-Executive Director of the Company on 3 January 2006. Mr. Jones, a Chartered Accountant, has extensive experience in management, administration, accounting, property development, carpark management, finance and trading, and has been involved in successful mergers and acquisitions of a number of public companies in Australia and internationally. He is an independent non-executive director of AGL. Mr. Jones is also an independent non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange and the non-executive chairman of Air Change International Limited, a company listed on the National Stock Exchange of Australia Limited, as well as

a non-executive director of Mulpha Australia Limited. He retired from the position of independent non-executive director of APL in December 2020.

Jacqueline Alee LEUNG, aged 60, was appointed as an Independent Non-Executive Director of the Company on 1 November 2014. Ms. Leung is the president and managing director of Leighton Investments Limited and Leighton Textiles Company Limited. She was with Deloitte Touche Tohmatsu from February 2001 to August 2014. Prior to that, she worked at the mergers and acquisitions department of Oppenheimer & Co. Inc. in New York City. Over the years, she held various positions in charitable organisations in Hong Kong, such as the fundraising chairman for the Hong Kong Cancer Fund and a director at Po Leung Kuk.

Ms. Leung is an active community leader and has served as a member of Committee on Self Financing Post-secondary Education (CSPE) since 2010. Ms. Leung is also a member of The Financial Infrastructure and Market Development Sub-Committee (FIMC) of the Hong Kong Monetary Authority and a co-opted member of the Hospital Governing Committee (HGC) of Prince of Wales Hospital (PWH). In October 2020, she was appointed as a member of Council of Lingnan University.

Ms. Leung holds a Bachelor of Arts Degree in Economics and a Bachelor of Science Degree with honours in Mechanical Engineering from Brown University in the United States.

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS

As at 31 December 2020, the interests of Directors in the shares of the Company, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register required to be kept under Section 352 of the SFO were as follows:

(a) *Interests in the shares of the Company ("Shares")*

Name of Director	Capacity	Number of Shares	Approximate percentage of the total number of issued Shares
Lee Seng Huang	Interests of controlled corporation (<i>Note 1</i>)	1,442,182,575 (<i>Note 2</i>)	72.74 per cent.
Simon Chow Wing Charn ("Mr. Chow")	Beneficial owner	2,031,000	0.1 per cent.
Peter Anthony Curry . . .	Beneficial owner	1,241,141	0.06 per cent.

Notes:

- Mr. Lee Seng Huang, a Director of the Company, together with Mr. Lee Seng Hui and Ms. Lee Su Hwei are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.96% of the total number of shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have interests in the Shares in which AGL was interested.
- This referred to the deemed interests in (i) 1,245,582,575 Shares held by AP Emerald Limited ("**AP Emerald**"), a wholly-owned subsidiary of AP Jade Limited which in turn was a wholly-owned subsidiary of APL. AGL directly and indirectly (through Capscore Limited, Citiwealth Investment Limited and Sunhill Investments Limited, all being direct wholly-owned subsidiaries of AGL) owned 100 per cent. of the total number of issued shares of APL. AGL was therefore deemed to have an interest in the shares in which AP Emerald was interested; and (ii) 196,600,000 Shares held as holder of security interest by Plentiwind Limited, a wholly-owned subsidiary of the Company, for a loan facility.

(b) *Interests in the shares of associated corporations*

Name of Director	Associated corporations	Capacity	Number of shares	Approximate percentage of the total number of the relevant shares
Lee Seng Huang (<i>Note 1</i>) . .	AGL	Trustee (<i>Note 2</i>)	2,634,646,760	74.95 per cent.
	SHK Hong Kong Industries Limited (" SHK HK Ind ")	Interests of controlled corporation (<i>Note 3</i>)	3,082,889,606	74.97 per cent.

Notes:

- Mr. Lee Seng Huang, by virtue of his interests in AGL, was deemed to be interested in the shares of the subsidiaries of AGL (including SHK HK Ind, a listed subsidiary of AGL), which are associated corporations of the Company as defined under the SFO.
A waiver application was submitted to the Hong Kong Stock Exchange for exemption from disclosure of Mr. Lee's deemed interests in the shares of such associated corporations of the Company in the Company's 2020 annual report and the waiver was granted by the Hong Kong Stock Exchange on 3 February 2021.
- Mr. Lee Seng Huang is one of the trustees of Lee and Lee Trust, being a discretionary trust which indirectly controlled 2,634,646,760 shares of AGL.
- This referred to the same interests held indirectly by AGL in SHK HK Ind.

All interests stated above represent long positions. As at 31 December 2020, none of the Directors held any short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations.

Save as disclosed above, as at 31 December 2020, neither the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”).

SHK EMPLOYEE OWNERSHIP SCHEME

On 18 December 2007 (the “**Adoption Date**”), the Company adopted the EOS to recognise the contributions by any employee or director of the Group (the “**Selected Grantees**”) and to provide them with long-term incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

A committee comprising senior management of the Company has been formed, with the power and authority delegated by the Board, to administer the EOS. An independent trustee (the “**Trustee**”) has been appointed for the administration of the EOS. Under the EOS, Selected Grantees are to be awarded Shares which have been purchased by the Trustee at the cost of the Company and which are held in trust for the Selected Grantees until the end of each vesting period. Upon management’s recommendation, the number of Shares awarded to the Selected Grantees (other than Directors) shall be determined, with the vesting dates for various tranches, by the committee. Any Shares awarded under the EOS to a Selected Grantee who is a Director shall be subject to the Board’s approval following a recommendation from the Remuneration Committee of the Board.

Subject to the terms thereof, the EOS shall be valid and effective for an initial term of five years commencing on 18 December 2007 and automatically extended for another three subsequent terms of five years each unless otherwise terminated. The maximum number of Shares which can be awarded under the EOS and to a Selected Grantee throughout its duration are limited to 5 per cent. (i.e. 83,989,452 Shares) and 1 per cent. (i.e. 16,797,890 Shares) respectively of the total number of Shares in issue as at the Adoption Date.

For the year ended 31 December 2020, a total of 5,316,000 Shares (2019: 1,788,000 Shares) were awarded to the Selected Grantees subject to various terms including, amongst other things, vesting scales whereby awarded Shares will vest and become unrestricted in various vesting periods. A total of 1,445,000 Shares (2019: 2,526,000 Shares) were vested during the year.

Since its adoption, a total of 26,692,000 Shares have been awarded as at 31 December 2020, representing about 1.59 per cent. of the total number of Shares in issue as at the Adoption Date. As at 31 December 2020, the outstanding awarded but unvested Shares under the EOS amounted to 4,522,000 Shares.

EQUITY-LINKED AGREEMENTS

Other than the EOS as disclosed above, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company as at 31 December 2020.

ARRANGEMENT FOR THE ACQUISITION OF SHARES OR DEBENTURES

Other than the EOS, as at 31 December 2020, none of the Company, its holding company or any of their subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2020, the following shareholders had interests in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO (the “SFO Register”):

<u>Name of Shareholders</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate Percentage of the total number of issued Shares</u>
AGL	Interests of controlled corporation (<i>Note 1</i>)	1,442,182,575 (<i>Note 2</i>)	72.74 per cent.
Lee and Lee Trust	Interests of controlled corporation (<i>Note 3</i>)	1,442,182,575 (<i>Note 2</i>)	72.74 per cent.
Dubai Ventures LLC (“Dubai Ventures”)	Beneficial owner	166,000,000	8.37 per cent.
Dubai Ventures Group (LLC) (“DVG”)	Interests of controlled corporation (<i>Note 4</i>)	166,000,000 (<i>Note 5</i>)	8.37 per cent.
Dubai Group (LLC) (“Dubai Group”)	Interests of controlled corporation (<i>Note 6</i>)	166,000,000 (<i>Note 5</i>)	8.37 per cent.
Dubai Holding Investments Group LLC (“DHIG”)	Interests of controlled corporation (<i>Note 7</i>)	166,000,000 (<i>Note 5</i>)	8.37 per cent.
Dubai Holding (LLC) (“Dubai Holding”)	Interests of controlled corporation (<i>Note 8</i>)	166,000,000 (<i>Note 5</i>)	8.37 per cent.
Dubai Group 2024 Limited (“DGL 2024”)	Interests of controlled corporation (<i>Note 9</i>)	166,000,000 (<i>Note 5</i>)	8.37 per cent.
Dubai Group Limited (“DGL”)	Interests of controlled corporation (<i>Note 10</i>)	166,000,000 (<i>Note 5</i>)	8.37 per cent.
HSBC Trustee (C.I.) Limited (“HSBC Trustee”)	Trustee (<i>Note 11</i>)	166,000,000 (<i>Note 5</i>)	8.37 per cent.
HH Mohammed Bin Rashid Al Maktoum	Interests of controlled corporation (<i>Note 12</i>)	166,000,000 (<i>Note 5</i>)	8.37 per cent.
Asia Financial Services Company Limited (“AFSC”)	Beneficial owner	196,600,000	9.91 per cent.
Asia Financial Services Holdings Limited (“AFSH”)	Interests of controlled corporation (<i>Note 13</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
Asia Financial Services Group Limited (“AFSG”)	Interests of controlled corporation (<i>Note 15</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
Asia Financial Services Group Holdings Limited (“AFSGH”)	Interests of controlled corporation (<i>Note 16</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
CVC Capital Partners Asia Pacific III L.P. (“CVC LP”)	Interests of controlled corporation (<i>Note 17</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
CVC Capital Partners Asia III Limited (“CVC Capital III”)	Interests of controlled corporation (<i>Note 18</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
CVC Capital Partners Finance Limited (“CVC Capital Partners Finance”)	Interests of controlled corporation (<i>Note 19</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
CVC Group Holdings L.P. (“CVC Group Holdings”)	Interests of controlled corporation (<i>Note 20</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
CVC Portfolio Holdings Limited (“CVC Portfolio”)	Interests of controlled corporation (<i>Note 21</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
CVC Management Holdings Limited (“CVC Management”)	Interests of controlled corporation (<i>Note 22</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
CVC MMXII Limited (“CVC MMXII”)	Interests of controlled corporation (<i>Note 23</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
CVC Capital Partners 2013 PCC (acting in respect of its protected cell, CVC Capital Partners Cell I PC) (“CVC Capital Partners 2013”)	Interests of controlled corporation (<i>Note 24</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.

<u>Name of Shareholders</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate Percentage of the total number of issued Shares</u>
CVC Capital Partners SICAV-FIS S.A. (“ CVC Capital Partners SA ”)	Interests of controlled corporation (<i>Note 25</i>)	196,600,000 (<i>Note 14</i>)	9.91 per cent.
Plentiwind Limited (“Plentiwind”)	Entity having a security interest in shares (<i>Note 26</i>)	196,600,000	9.91 per cent.
Sun Hung Kai Strategic Capital Limited (“ SHKSC ”)	Interests of controlled corporation (<i>Note 27</i>)	196,600,000 (<i>Note 28</i>)	9.91 per cent.
Shipshape Investments Limited (“ Shipshape ”)	Interests of controlled corporation (<i>Note 29</i>)	196,600,000 (<i>Note 28</i>)	9.91 per cent.
Sun Hung Kai & Co. Limited (the “ Company ”)	Interests of controlled corporation (<i>Note 30</i>)	196,600,000 (<i>Note 28</i>)	9.91 per cent.

Notes:

- (1) The interests were held by AP Emerald, a wholly-owned subsidiary of AP Jade Limited which in turn was a wholly-owned subsidiary of APL. AGL directly and indirectly (through Capscore Limited, Citiwealth Investment Limited and Sunhill Investments Limited, all being direct wholly-owned subsidiaries of AGL) owned 100 per cent. of the total number of issued shares of APL. AGL was therefore deemed to have interests in the Shares in which AP Emerald was interested.
- (2) This represented interests in (i) 1,245,582,575 Shares held by AGL through AP Emerald and (ii) 196,600,000 Shares held as holder of security interest by Plentiwind Limited, a wholly-owned subsidiary of the Company for a loan facility.
- (3) Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang (a Director of the Company) are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.96 per cent. of the total number of shares of AGL (inclusive of Mr. Lee Seng Hui’s personal interests) and was therefore deemed to have an interest in the Shares in which AGL was interested through AP Emerald.
- (4) DVG owned 99 per cent. interest in Dubai Ventures and was therefore deemed to have an interest in the Shares in which Dubai Ventures was interested.
- (5) This refers to the same interests in 166,000,000 Shares held by Dubai Ventures.
- (6) Dubai Group owned 99 per cent. interest in DVG and was therefore deemed to have an interest in the Shares in which DVG was interested.
- (7) DHIG owned 51 per cent. interest in Dubai Group and was therefore deemed to have an interest in the Shares in which Dubai Group was interested.
- (8) Dubai Holding owned 99 per cent. interest in DHIG and was therefore deemed to have an interest in the Shares in which DHIG was interested.
- (9) DG 2024 owned 49 per cent. interest in Dubai Group and was therefore deemed to have an interest in the Share in which Dubai Group was interested.
- (10) DGL owned 100 per cent. interest in DG 2024 and was therefore deemed to have an interest in the Shares in which DG 2024 was interested.
- (11) HSBC Trustee owned 100 per cent. interest in DGL and was therefore deemed to have an interest in the Shares in which DGL was interested.
- (12) HH Mohammed Bin Rashid Al Maktoum owned 99 per cent. interest in Dubai Holding and was therefore deemed to have an interest in the Shares in which Dubai Holding was interested.
- (13) AFSH held 100 per cent. interest in AFSC and was therefore deemed to have an interest in the Shares in which AFSC was interested.
- (14) This refers to the same interests in 196,600,000 Shares held by AFSC.
- (15) AFSG owned 99.06 per cent. interest in AFSH and was therefore deemed to have an interest in the Shares in which AFSH was interested.
- (16) AFSGH held 100 per cent. interest in AFSG and was therefore deemed to have an interest in the Shares in which AFSG was interested.
- (17) CVC LP owned 88 per cent. interest in AFSGH and was therefore deemed to have an interest in the Shares in which AFSGH was interested.
- (18) CVC Capital III, as the general partner of CVC LP, exclusively managed and controlled CVC LP and was therefore deemed to have an interest in the Shares in which CVC LP was interested.
- (19) CVC Capital Partners Finance held 100 per cent. interest in CVC Capital III and was therefore deemed to have an interest in the Shares in which CVC Capital III was interested.

- (20) CVC Group Holdings held 10 per cent. interest in CVC Capital Partners Finance and was therefore deemed to have an interest in the Shares in which CVC Capital Partners Finance was interested.
- (21) CVC Portfolio (i) held approximately 81.8 per cent. interest in CVC Management (which was the sole limited partner of CVC Group Holdings) and was therefore deemed to have an interest in the Shares in which CVC Group Holdings was interested, and (ii) as the general partner of CVC Group Holdings, exclusively managed and controlled CVC Group Holdings, and was therefore deemed to have an interest in the Shares in which CVC Group Holdings was interested.
- (22) CVC Management, as the limited partner of CVC Group Holdings, was therefore deemed to have an interest in the Shares in which CVC Group Holdings was interested.
- (23) CVC MMXII held 100 per cent. interest in CVC Portfolio and was therefore deemed to have an interest in the Shares in which CVC Portfolio was interested.
- (24) CVC Capital Partners 2013 held 100 per cent. interest in CVC MMXII and was therefore deemed to have an interest in the Shares in which CVC MMXII was interested.
- (25) CVC Capital Partners SA held 100 per cent. interest in CVC Capital Partners 2013 and was therefore deemed to have an interest in the Shares in which CVC Capital Partners 2013 was interested.
- (26) This represents 196,600,000 Shares held by AFSC which were pledged in favour of Plentiwind for a term loan facility.
- (27) SHKSC held 100 per cent. interest in Plentiwind and was therefore deemed to have an interest in Shares in which Plentiwind was interested.
- (28) This refers to the same interest in 196,600,000 Shares held by Plentiwind.
- (29) Shipshape held 100 per cent. interest in SHKSC and was therefore deemed to have an interest in the Shares in which SHKSC was interested.
- (30) The Company held 100 per cent. interest in Shipshape and was therefore deemed to have an interest in the Shares in which Shipshape was interested.
- (31) All the above percentage holdings were calculated based on the total number of issued Shares as at 31 December 2020.

All interests stated above represent long positions. As at 31 December 2020, no short positions were recorded in the SFO Register of the Company.

Save as disclosed above, as at 31 December 2020, the Directors are not aware of any other persons who have interests or short positions in the Shares or underlying Shares or debentures of the Company which would require to be disclosed to the Company pursuant to Part XV of the SFO.

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 nor 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.

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 derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) 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;
- (iii) 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; 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 intra-group 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 Notes will be subject to Hong Kong profits tax. 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 intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of 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. 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 advisors 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 3 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 transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer 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 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. 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.

Mainland China

Taxation on Interest and Other Payments

In accordance with the Enterprise Income Tax Law of Mainland China, its implementation regulations and the Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management (“**The Notice on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises**”) (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知), all of which took effect on 1 January 2008, Chinese-Controlled enterprises established outside Mainland China whose “**actual management bodies**” are within China are considered as “**Mainland China tax resident enterprises**” and will be subject to Mainland China income tax on their worldwide income. Under the implementation rules of the Enterprise Income Tax Law, “**actual management bodies**” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. The Notice on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises provides that a Chinese-Controlled enterprise established outside Mainland China will be treated as a “**Mainland China tax resident enterprise**” with an “**actual management body**” located within China if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within China; and (iv) at least half of the enterprise’s directors with voting rights or senior management reside within China.

As of the date of this Offering Circular, neither the Issuer nor the Guarantor has been considered a Mainland China tax resident enterprise by Mainland China tax authorities.

Pursuant to these provisions of Mainland China tax law, if the Issuer is considered a Mainland China tax resident enterprise, interest payable to non-resident enterprise Noteholders on the Notes may be regarded as non-resident enterprise Noteholders getting income from sources within Mainland China and be subject to 10 per cent. enterprise income tax. Accordingly, the Issuer would be obliged to withhold enterprise income tax of 10 per cent. on payments of interests to non-resident enterprise Noteholders. In accordance with the Individual Income Tax Law of Mainland China which took effect on

1 September 2011 and amended on 31 August 2018 and its implementation regulations which took effect on 1 September 2011 and amended on 18 December 2018, if the Issuer is considered a Mainland China tax resident enterprise, interest payable to non-resident individual Noteholders on the Notes may be regarded as non-resident individual Noteholders getting income from sources within Mainland China and be subject to 20 per cent. individual income tax. Accordingly the Issuer would be obliged to withhold individual income tax of 20 per cent. on payments of interests to non-resident individual Noteholders. However, it is uncertain whether Mainland China tax authority will deem the Issuer as a Mainland China tax resident enterprise. Under the Announcement of the State Administration of Taxation on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告) which took effect on 1 December 2017 and amended on 15 June 2018, if the Guarantor is required to perform its obligations under the Guarantee to repay the principal of the Notes and pay interest on the Notes, the interest paid by the Guarantor to non-resident Noteholders on the Notes may be regarded as income received by non-resident Noteholders from sources within Mainland China and as a consequence the Guarantor may be obliged to withhold income tax of 10 per cent. for non-resident enterprise Noteholders and 20 per cent. for non-resident individual Noteholders on payments of such interest to non-resident Noteholders. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to Noteholders who qualify for such treaty benefits.

Furthermore, if the Issuer or the Guarantor is treated as a Mainland China tax resident enterprise under the Enterprise Income Tax Law and related implementation regulations in the future, any gain realised by the non-resident enterprise Noteholders from the transfer of the Notes may be regarded as derived from sources within Mainland China and accordingly would be subject to 10 per cent. enterprise income tax, and any gain realised by the non-resident individual Noteholders from the transfer of the Notes may be regarded as derived from sources within Mainland China and accordingly would be subject to 20 per cent. individual income tax. Applicable tax treaties may provide for lower tax rates.

Stamp duty

No Mainland China stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside Mainland China) of any Notes.

British Virgin Islands

The following is a discussion on certain British Virgin 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 British Virgin Islands law.

Under existing British Virgin Islands laws:

- (i) the Issuer is not liable to pay any form of taxation in the British Virgin Islands and all payments of interest and principal on the Notes and other amounts made by the Issuer to persons who are not persons resident in the British Virgin Islands are exempt from all forms of taxation in the British Virgin Islands and any capital gains realised with respect to the disposal of the Notes by persons who are not persons resident in the British Virgin Islands are exempt from all forms of taxation in the British Virgin Islands.
- (ii) No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligation or other securities of the Issuer.
- (iii) Subject to the payment of stamp duty on the acquisition of property in the British Virgin Islands by the Issuer, all instruments relating to transfers of property to or by the Issuer and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Issuer and all instruments relating to other transactions relating to the business of the Issuer are exempt from payment of stamp duty in the British Virgin Islands.
- (iv) There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer or its shareholders.

Foreign Account Tax Compliance Act (“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 or the Guarantor may be a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands and 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. 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 on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under “*Terms and Conditions of the Notes — Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

REMITTANCE OF RENMINBI INTO AND OUTSIDE MAINLAND CHINA

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside Mainland China is subject to control imposed under Mainland China law.

Current Account Items

Under Mainland China foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies. In July 2009, Mainland China commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in Mainland China including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, 27 July 2011 and 3 February 2012 respectively, the Mainland China Government promulgated the *Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades*, the *Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement* and the *Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods* with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover all provinces and cities, (iii) the restriction on designated offshore districts has been uplifted, and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, **provided that** the relevant provincial government has submitted to PBOC and five other Mainland China authorities (the **“Six Authorities”**) a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the **“Supervision List”**). On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports. On 13 March 2014, the Mainland China Government promulgated the Notice on Matters Related to Simplifying the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods with the intent to further promote the facilitation of trade and investment. Pursuant to this notice, the local branches of PBOC together with relevant local authorities (instead of the relevant provincial government) shall be responsible for selecting the key enterprises subject to supervision and submitting the list of such key enterprises to PBOC and then Six Authorities shall jointly verify and sign off the Supervision List.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (the **“2013 PBOC Circular”**) with the intent to improve the efficiency of cross-border Renminbi settlement and facilitate the use of Renminbi for the settlement of cross-border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, Mainland China banks may conduct settlement for Mainland China enterprises upon Mainland China enterprises presenting the payment instruction, with certain exceptions. Mainland China banks may also allow Mainland China enterprises to make/receive payments under current account items prior to the relevant Mainland China bank’s verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

As a relatively new regulation, the 2013 PBOC Circular will be subject to interpretation and application by the relevant Mainland China authorities. Local authorities may adopt different practises in applying the 2013 PBOC Circular and impose conditions for settlement of current account items.

Capital Account Items

Under Mainland China foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration of filing with, the relevant Mainland China authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant Mainland China parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant Mainland China authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside Mainland China and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside Mainland China in Renminbi on a trial basis. The foreign invested enterprise may be required to complete a registration and verification process with the relevant Mainland China authorities before such Renminbi remittances.

On 7 April 2011, SAFE promulgated the Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-border Renminbi Capital Account Items ("**SAFE Circular**"), which clarifies that the borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of security for an offshore entity in Renminbi shall in principle follow the current regulations on the provision of security for an offshore entity in foreign currencies. According to the 2013 PBOC Circular, upon enforcement of external guarantees in Renminbi provided by onshore non-financial enterprises, Mainland China banks may provide Renminbi settlement services (i.e. remittance of enforcement proceeds) directly, which seems to indicate that SAFE approval for enforcement is no longer required. Furthermore, onshore non-financial enterprises can (via Mainland China banks) extend loans in Renminbi to offshore entities within the same group under Renminbi cash pooling arrangements and will no longer need to apply for a quota from SAFE. On 12 May 2014, SAFE promulgated the Provisions on Foreign Exchange Administration of Cross-border Guarantee ("**Cross-border Guarantee Provision**"), upon enforcement of external guarantees provided by onshore non-financial enterprises, such onshore non-financial enterprises may directly purchase foreign exchanges and make external payments under the performance of guarantee obligations with a bank by producing the guarantee registration document, **provided that** such external guarantees have been registered in SAFE (if such registration is necessary under Cross-border Guarantee Provision). On 26 November 2016, PBOC issued a Notice Regarding Further Clarification on Matters of Renminbi Offshore Lending by Domestic Enterprise (the "**2016 Notice**"), which stipulates that Renminbi offshore lending can take the form of Renminbi loans by a domestic enterprise to an offshore enterprise or entrusted loan by financing company of a group enterprise to an offshore enterprise, both via a settlement bank. The lender shall register the lending with the local SAFE counterpart within its lending balance limit which shall be calculated according to the formula set forth in the 2016 Notice.

On 13 October 2011, the PBOC promulgated the PBOC FDI Measures which was amended on 5 June 2015, pursuant to which, PBOC special approval for RMB FDI and shareholder loans which was required by an earlier circular of PBOC is no longer necessary. The PBOC FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within 10 working days after obtaining the business licences for the purpose of Renminbi settlement, and a foreign investor is allowed to open Renminbi special accounts for designated usage in relation to making equity investment in a Mainland China enterprise or receiving Renminbi proceeds from distribution (dividends or otherwise) by its Mainland China subsidiaries. The PBOC FDI Measures also state that the foreign debt quota of a foreign invested enterprise consists of its Renminbi debt and foreign currency debt from its offshore shareholders, offshore affiliates within the group and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract to the commercial bank and make repayments of principal of and interest on such debt in Renminbi by submitting certain documents as required to the commercial bank.

On 19 November 2012, SAFE promulgated the *Circular on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investment* (the "**SAFE Circular on DI**"), which became effective on 17 December 2012 and was amended on 4 May 2015 and 10 October 2018 respectively. According to the SAFE Circular on DI, SAFE removes or adjusts certain administrative licencing items with regard to foreign exchange administration over direct investments to promote

investment, including, but not limited to, the abrogation of SAFE approval for opening of and payment into foreign exchange accounts under direct investment accounts, the abrogation of SAFE approval for reinvestment with legitimate income generated within Mainland China of foreign investors, the simplification of the administration of foreign exchange reinvestments by foreign investment companies and the abrogation of SAFE approval for purchase and outbound payment of foreign exchange under direct investment accounts.

On 3 December 2013, MOFCOM promulgated the Announcement on Issues Concerning Cross-border RMB Direct Investment (the “**New MOFCOM Announcement**”), which provides that the Circular of the Ministry of Commerce on Issues Relating to Cross-border RMB Direct Investment (the “**Old MOFCOM Circular**”) shall cease to be implemented from 1 January 2014. The New MOFCOM Announcement further eased rules on cross-border RMB direct investments. Pursuant to the New MOFCOM Announcement, a direct investment using offshore RMB will be approved by MOFCOM and its local counterparts in accordance with the existing Mainland China laws and regulations regarding foreign investment, and MOFCOM and its local counterparts will specify in its approvals that the direct investment is in Renminbi. Compared with the Old MOFCOM Circular, the New MOFCOM Announcement no longer contains the requirements for central level MOFCOM approvals for investments of RMB300 million or above, or in certain industries, such as financial guarantee, financial leasing, micro-credit, auction, foreign invested investment companies, venture capital and equity investment vehicles, cement, iron and steel, electrolyse aluminium, ship building and other industries under the state macro-regulation. Moreover, if a foreign investor intends to change the investment currency from a certain foreign currency to Renminbi, no additional approval for the revision to its joint venture contract or articles of association is required (although it is still subject to the applicable registration, account opening and currency conversion procedures required by the competent authorities). In any event, a cross-border Renminbi direct investment is subject to the relevant laws, regulations and requirements on foreign investment and shall comply with the national industry policies in terms of foreign investment and the relevant rules on national security review of merger and acquisitions and anti-monopoly review. In addition, the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrusted loans except for strategic investments in listed companies. The New MOFCOM Announcement and the PBOC FDI Measures, which are new regulations, will be subject to interpretation and application by the relevant Mainland China authorities.

Such circulars, which are new regulations, will be subject to interpretation and application by the relevant Mainland China authorities. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules. If any new Mainland China regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in the Amended of Restated Dealer Agreement dated 13 April 2021 as amended and/or supplemented from time to time (the “**Dealer Agreement**”) between the Issuer, the Guarantor, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers. 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 Arrangers for certain of their expenses incurred in connection with the establishment, and any future update, of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis may be stated in the relevant Pricing Supplement.

The Issuer (failing which, the Guarantor) has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the 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 connection with each Tranche of Notes issued under the Programme, the 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, the 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

In respect of Notes offered or sold in reliance on Category 1 as specified in the applicable Pricing Supplement, the Notes and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, the Notes may not be offered or sold within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes within the United States, except as permitted by the Dealer Agreement.

The Notes are being offered and sold outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

In respect of Notes offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, the Notes and the Guarantee have not been and will not be registered under the

Securities Act, and the Notes 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 the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

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 U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Fiscal Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out 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. Terms used in the preceding sentence have the meanings given to them by Regulation S.

Each Dealer has agreed to notify the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager when it has completed the distribution of its portion of the Notes of any identifiable tranche so that the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager may determine the completion of the distribution of all Notes of that tranche and notify the other relevant Dealers of the end of the distribution compliance period. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (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 (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Each Dealer has represented, warranted and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and in respect of Notes offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

In addition, unless the Pricing Supplement or the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either “C Rules” or “not applicable”, each Dealer has represented and agreed in relation to each Tranche of Notes in bearer form:

- (a) except to the extent permitted under the D Rules, each Dealer (i) has represented, warranted and agreed that it has not offered or sold, and warranted and agreed that during the 40-day restricted period it will not offer or sell, Notes in to a person who is within the United States or its possessions or to a U.S. person, and (ii) represented that it has not delivered and warranted and agreed that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (b) each Dealer represented, warranted and agreed that it has and warranted and agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure

that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person, except as permitted by the D Rules;

- (c) if it is a U.S. person, each Dealer has represented, warranted and agreed that it is acquiring Notes for purposes of resale in connection with their original issuance and if it retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6); and
- (d) with respect to each affiliate of such Dealer that acquires Notes from such Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) on such affiliate's behalf.

In respect of Bearer Notes where TEFRA C is specified in the applicable Pricing Supplement, such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented, warranted and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance.

Further, in connection with the original issuance of such Bearer Notes, each Dealer has represented that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions, and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the C Rules.

Each issue of index-, commodity- or currency-linked Notes shall be subject to such additional U.S. selling restrictions as the relevant Dealer(s) shall agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each relevant Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

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", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 EEA. 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 MiFID II; or
 - (ii) a customer within the meaning of 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 the Prospectus Regulation; and
- (b) the expression an "**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.

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", each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent 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 UK. For the purposes of this provision:

- (a) a "**retail investor**" means a person who is one (or more) of the following:
 - (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 EUWA;

- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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 UK Prospectus Regulation; and
- (b) the expression an “**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.

Public Offering Selling Restriction Under the Prospectus Regulation

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 EEA (each, a “**Relevant State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 Relevant State except that it may make an offer of such Notes to the public in that Relevant 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 Prospectus Regulation in that Relevant 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 Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, **provided that** any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the 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 Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the 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 Prospectus Regulation,

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 Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant 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 “Prospectus Regulation” means Regulation (EU) 2017/1129.

Public Offer Selling Restriction Under the UK Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as ‘Not Applicable’, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 UK except that it may make an offer of such Notes to the public in the UK:

- (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 Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by Pricing Supplement contemplating such Public Offer, 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 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 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK 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) 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 for the Notes and the expression “**UK Prospectus Regulation**” means the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions in the UK

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 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 UK.

The Netherlands

If the Pricing Supplement in respect of any Notes specifies “*Prohibition of Sales to EEA Retail Investors*” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme in respect of such Notes will be required to represent and agree, that the Notes (or any interest therein) are not and may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Offering Circular nor any other document in relation to any offering of the Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Regulation, provided that these parties acquire the Notes for their own account or that of another qualified investor. However, the Notes may be offered free of any restrictions in the Netherlands provided that each such Notes has a minimum denomination in excess of EUR100,000 (or the equivalent thereof in non-Euro currency) and subject to compliance with the relevant requirements under the PRIIPs Regulation.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Offering Circular or any other document relating to the Notes in the Republic of Italy (“**Italy**”) except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the “**Financial Services Act**”) and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**Issuers Regulation**”), all as amended from time to time; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”) and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Investors should note that, in accordance with Article 100-*bis* of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and the Issuers Regulation. Furthermore, where no exemption from the rules on public offerings applies, Notes which are initially offered and placed in Italy or abroad to professional investors only but in the following year are “systematically” distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and the Issuers Regulation. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the purchasers of Notes who are acting outside of the course of their business or profession.

This Offering Circular and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Mainland China

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the offer of the Notes is not an offer of securities within the meaning of Mainland China Securities Law or other pertinent laws and regulations of Mainland China and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in Mainland China, except as permitted by the securities laws of Mainland China.

Hong Kong

In relation to each Tranche of Notes to be issued by the Issuer under the Programme, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) 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(WUMPO)”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); 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 each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, 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.

Singapore

Each Dealer 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, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 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:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: *In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

British Virgin Islands

No invitation whether directly or indirectly may be made to the public in the British Virgin Islands to subscribe for the Notes.

General

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 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. Each Dealer has, to the best of its knowledge, complied with all relevant laws, regulations and directives in each jurisdiction in which it has purchased, offered, sold or delivered Notes or has had in its possession or distributed the Offering Circular, any other offering material or any Pricing Supplement, in all cases at its own expense.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business.

If a jurisdiction requires that the offering be made by a licenced broker or dealer and the underwriters or any affiliate of the underwriters is a licenced 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 in such jurisdiction.

GENERAL INFORMATION

1. Listing

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme by way of debt issues to Professional Investors only. 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 the date of listing of the relevant Notes. Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK\$500,000 (or equivalent in other currencies).

2. Authorisation

The establishment and subsequent updates of the Programme and the issue of the Notes thereunder were authorised by resolution of the board of directors of the Issuer passed on 30 May 2012, 25 August 2017, 30 April 2019 and 7 April 2021 respectively. The giving of the Guarantee was authorised by resolutions of the board of directors of the Guarantor passed on 30 May 2012, 25 August 2017, 2 May 2019 and 8 April 2021 respectively. Each of the Issuer and the Guarantor has 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

Save as disclosed in this Offering Circular or any announcement or document published by the Guarantor and incorporated by reference herein, none of the Issuer, the Guarantor nor 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 material adverse effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

4. Significant/Material Adverse Change

Since 31 December 2020, there has been no material adverse change in the financial position or prospects nor any significant change in the financial or trading position of the Issuer, the Guarantor and the Group.

5. Auditor

Deloitte Touche Tohmatsu (Certified Public Accountants), the Guarantor's independent auditor has audited, and rendered unqualified audit reports on, the consolidated financial statements of the Group as at and for the years ended 31 December 2019 and 2020.

6. Documents on Display

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Guarantor at 42/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong for so long as the Notes are capable of being issued under the Programme:

- (i) the memorandum and articles of association of the Issuer and the Guarantor;
- (ii) the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2018, 2019 and 2020;

- (iii) copies of the latest annual report and audited annual consolidated financial statements of the Guarantor;
- (iv) each Pricing Supplement;
- (v) a copy of this Offering Circular together with any Supplement to this Offering Circular and any other documents incorporated herein or therein referenced; and
- (vi) copies of the Fiscal Agency Agreement, the Deed of Covenant and the Deed of Guarantee.

7. Clearing of the Notes

The Notes may be accepted for clearance through Euroclear, Clearstream, Luxembourg and the CMU. The appropriate ISIN and common code or CMU Instrument 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.

Legal Entity Identifier (LEI) of the Issuer:

254900QOZMIRPHCNK27

ISSUER

Sun Hung Kai & Co. (BVI) Limited
Kingston Chambers
PO Box 173
Road Town
Tortola
British Virgin Islands

GUARANTOR

Sun Hung Kai & Co. Limited
42/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

DEALERS

Standard Chartered Bank
One Basinghall Avenue
London EC2V 5DD
United Kingdom

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Bank of China (Hong Kong) Limited
34/F, Bank of China Tower
1 Garden Road,
Hong Kong

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

AUDITOR OF THE COMPANY

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

FISCAL AGENT AND CMU LODGING AND PAYING AGENT

Citicorp International Limited
9/F Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

REGISTRAR

Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt
Germany

PAYING AGENT AND TRANSFER AGENT

Citibank, N.A., London Branch
1 North Wall Quay
Dublin 1
Ireland

LEGAL ADVISERS

*To the Issuer and the Guarantor as to Hong Kong and
English law*

Clifford Chance
27th Floor, Jardine House
One Connaught Place
Central
Hong Kong

To the Issuer as to British Virgin Islands law

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

To the Dealers as to English law

Linklaters
11th Floor
Alexandra House
Chater Road
Hong Kong

To the Dealers as to Mainland China law

Zhong Lun Law Firm
Level 6/10/11/16/17, Two IFC,
No. 8 Century Avenue,
Pudong New Area,
Shanghai 200120
People's Republic of China

Appendix 2

Pricing Supplement dated 31 August 2021

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the pricing supplement following this page (the **"Pricing Supplement"**), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Pricing Supplement. You acknowledge that you will not forward this electronic transmission or the Pricing Supplement to any other person. In accessing the Pricing Supplement, 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 IN ANY 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, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, 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 PRICING SUPPLEMENT 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. 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. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view this Pricing Supplement or make an investment decision with respect to the securities, investors must not be located in the United States. This Pricing Supplement is being sent at your request and by accepting the email and accessing this Pricing Supplement, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Pricing Supplement by electronic transmission.

You are reminded that this Pricing Supplement has been delivered to you on the basis that you are a person into whose possession this Pricing Supplement 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 Pricing Supplement to any other person.

The materials relating to the offering of securities to which this Pricing Supplement 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 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 (as defined in this Pricing Supplement) in such jurisdiction.

This Pricing Supplement 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, Standard Chartered Bank, UBS AG Hong Kong Branch, Bank of China (Hong Kong) Limited, Credit Suisse (Hong Kong) Limited, China CITIC Bank International Limited, The Bank of East Asia, Limited, Barclays Bank PLC, Deutsche Bank AG, Hong Kong Branch, China Everbright Securities (HK) Limited and FUTEC Financial Limited (together, the **"Managers"**), any person who controls any Manager, nor any director, officer, employee nor agent of the Issuer, Guarantor or any Manager, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Pricing Supplement distributed to you in electronic format and the hard copy version available to you on request from any Manager.

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.

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 (as defined below) and the Guarantor (as defined below) 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 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 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 and the Guarantor. 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.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of the 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, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018).

Pricing Supplement dated 31 August 2021

Sun Hung Kai & Co. (BVI) Limited

Issue of U.S.\$375,000,000 5.00 per cent. Notes due 2026

Guaranteed by

Sun Hung Kai & Co. Limited

under the U.S.\$3,000,000,000 Guaranteed 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 13 April 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

- | | | | |
|-----|-------|--|--|
| 1. | (i) | Issuer: | Sun Hung Kai & Co. (BVI) Limited
(incorporated under the laws of the British Virgin Islands with limited liability) |
| | (ii) | Guarantor: | Sun Hung Kai & Co. Limited |
| 2. | (i) | Series Number: | 006 |
| | (ii) | Tranche Number: | 001 |
| 3. | | Specified Currency or Currencies: | United States dollar (“ U.S.\$ ”) |
| 4. | | Aggregate Nominal Amount: | |
| | (i) | Series: | U.S.\$375,000,000 |
| | (ii) | Tranche: | U.S.\$375,000,000 |
| 5. | (i) | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| | (ii) | Net Proceeds: | Approximately U.S.\$373,700,000 |
| 6. | (i) | Specified Denominations: | U.S.\$200,000 and integral multiples
U.S.\$1,000 in excess thereof |
| | (ii) | Calculation Amount: | U.S.\$1,000 |
| 7. | (i) | Issue Date: | 7 September 2021 |
| | (ii) | Interest Commencement Date: | Issue Date |
| 8. | | Maturity Date: | 7 September 2026 |
| 9. | | Interest Basis: | 5.00 per cent. Fixed Rate |
| 10. | | Redemption/Payment Basis: | Redemption at par |
| 11. | | Change of Interest or Redemption/Payment Basis: | Not Applicable |
| 12. | | Put/Call Options: | Change of Control Put |
| 13. | (i) | Status of the Notes: | Senior |
| | (ii) | Status of the Guarantee: | Senior |
| | (iii) | Date of Board approval for issuance of Notes and Guarantee obtained: | 7 April 2021 and 8 April 2021, respectively |
| 14. | | Listing: | Hong Kong Stock Exchange (<i>Expected effective listing date: 8 September 2021</i>) |
| 15. | | Method of distribution: | Syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions	Applicable
(i)	Rate of Interest:	5.00 per cent. per annum payable semi-annually in arrear
(ii)	Interest Payment Date(s):	7 March and 7 September in each year, commencing 7 March 2022, not adjusted
(iii)	Fixed Coupon Amount:	U.S.\$25.00 per Calculation Amount
(iv)	Broken Amount(s):	Not Applicable
(v)	Day Count Fraction:	30/360
(vi)	Determination Dates:	Not Applicable
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions	Not Applicable
18.	Zero Coupon Note Provisions	Not Applicable
19.	Index-Linked Interest Note Provisions	Not Applicable
20.	Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21.	Call Option	Not Applicable
22.	Put Option	Not Applicable
23.	Change of Control Put Option	Applicable
(i)	Early Redemption Amount (Change of Control) per Calculation Amount payable on redemption for a Change of Control and/or the method of calculating the same (if required):	U.S.\$1,010 per Calculation Amount (which is 101 per cent. of the principal amount)
24.	Final Redemption Amount of each Note	U.S.\$1,000 per Calculation Amount
25.	Early Redemption Amount	U.S.\$1,000 per Calculation Amount
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption (other than on redemption for Change of Control) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes	Registered Notes: Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate
27. Additional Financial Centre(s) or other special provisions relating to payment dates:	Hong Kong
28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	Not Applicable
29. 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
30. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
31. Redenomination, renominatisation and reconventioning provisions:	Not Applicable
32. Consolidation provisions:	Not Applicable
33. Other terms or special conditions:	Not Applicable

DISTRIBUTION

34. (i) If syndicated, names of Managers:	Joint Global Coordinators and Joint Bookrunners: Standard Chartered Bank, UBS AG Hong Kong Branch, Bank of China (Hong Kong) Limited and Credit Suisse (Hong Kong) Limited Joint Bookrunners: China CITIC Bank International Limited, The Bank of East Asia, Limited, Barclays Bank PLC, Deutsche Bank AG, Hong Kong Branch, China Everbright Securities (HK) Limited and FUTEC Financial Limited
(ii) Stabilisation Manager(s) (if any):	Any of the Managers (other than China CITIC Bank International Limited) appointed and acting in its capacity as a stabilisation manager
If non-syndicated, name and address of Dealer:	Not Applicable

- | | | |
|-----|---|--|
| 35. | Private bank rebate/commission: | Applicable |
| 36. | U.S. selling restrictions: | Reg. S Category 1;
TEFRA Not Applicable |
| 37. | Additional selling restrictions: | Not Applicable |
| 38. | (i) Prohibition of Sales to EEA Retail Investors: | Not Applicable |
| | (ii) Prohibition of Sales to UK Retail Investors: | Not Applicable |

OPERATIONAL INFORMATION

- | | | |
|-----|---|--------------------------|
| 39. | ISIN Code: | XS2377388702 |
| 40. | Common Code: | 237738870 |
| 41. | Legal Entity Identifier (LEI): | 254900QOZMIRPHNCNK27 |
| 42. | CMU Instrument Number: | Not Applicable |
| 43. | Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU and the relevant identification number(s): | Not Applicable |
| 44. | Delivery: | Delivery against payment |
| 45. | Additional Paying Agent(s) (if any): | Not Applicable |

GENERAL

- | | | |
|-----|---|---|
| 46. | The aggregate principal amount of Notes issued has been translated into U.S. dollars, producing a sum of (for Notes not denominated in U.S. dollars): | Not Applicable |
| 47. | Use of proceeds: | General corporate purposes and refinancing of existing indebtedness |

STABILISATION

In connection with this issue, any of the Managers (other than China CITIC Bank International Limited) (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, the Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) may not 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 discontinued at any time, and must be brought to an end after a limited period.

PRIVATE BANK REBATE

The Issuer and the Guarantor have agreed with the Managers to pay a commission to certain private banks in connection with the distribution of the Notes to their clients. This commission will be based on the principal amount of the Notes so distributed, and may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

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.\$3,000,000,000 Guaranteed Medium Term Note Programme.

RESPONSIBILITY

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

Signed on behalf of Sun Hung Kai & Co. (BVI) Limited:

By: Brendan McGraw

Duly authorised

Brendan James McGraw

Signed on behalf of Sun Hung Kai & Co. Limited:

By Brendan McGraw

Duly authorised

Brendan James McGraw

SCHEDULE TO THE PRICING SUPPLEMENT

The Offering Circular is hereby supplemented with the following information, which shall be deemed to be incorporated in, and to form part of, the Offering Circular. Save as otherwise defined herein, terms defined in the Offering Circular have the same meaning when used in this Schedule.

1 RISK FACTORS

In the sub-section “Risk Factors – All of the Group’s operations are dependent upon the services of its executive directors and key management personnel, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Group’s business operations, financial condition and operating results” appearing on page 18 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“All of the Group’s operations are dependent upon the services of its executive directors and key management personnel, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Group’s business operations, financial condition and operating results

The Group relies upon the ability, expertise, judgment, discretion, integrity and good faith of its executive directors and senior management team, including, among others, Mr. Lee Seng Huang (Executive Director and Group Executive Chairman), Mr. Simon Chow Wing Charn (Executive Director and Deputy Chief Executive Officer), Mr. Akihiro Nagahara (Managing Director and Chief Executive Officer of UAF), Mr. Brendan James McGraw (Group Chief Financial Officer), Ms. Elsy Li (Group Treasurer and Head of Corporate Development) and Ms. Lindsay Megan Wright (Chief Executive Officer, Funds Management). The Group’s success is therefore dependent upon its personnel and key consultants and its ability to recruit and retain high quality employees and must continue to recruit, retain and motivate management and other employees sufficiently to maintain its current business. If a member of the key management personnel joins a competitor or forms a competing company, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Group’s business operations, financial condition and operating results.”

2 CAPITALISATION

The section “Capitalisation” appearing on page 91 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“CAPITALISATION

Capitalisation and Indebtedness of the Guarantor

As at 30 June 2021, the share capital, on a consolidated basis, was HK\$8,752.3 million, consisting of 1,981.8 million⁽¹⁾ ordinary shares.

The following table sets out the consolidated capitalisation and indebtedness of the Group as at 30 June 2021 and as adjusted to give effect to the issue of the Notes before deducting the underwriting fees, commissions and other expenses payable in connection with this offering:

	As at 30 June 2021		
	Actual	As Adjusted	As Adjusted
	HK\$	HK\$	U.S.\$⁽²⁾
Short-term bank and other borrowings		<i>(in millions)</i>	
Secured and unsecured	6,092.6	6,092.6	784.5
Notes/paper payable	962.6	962.6	124.0
Classified as short-term debts	7,055.2	7,055.2	908.5
Long-term bank and other borrowings	2,510.0	2,510.0	323.2
Notes/paper payable ⁽³⁾	6,144.5	6,144.5	791.2
Classified as long-term debts⁽⁴⁾	8,654.5	8,654.5	1,114.4
Notes to be issued ⁽⁵⁾	-	2,912.3	375.0
Total borrowings	15,709.7	18,622.0	2,397.9
Equity			
Attributable to owners of the Company	25,287.5	25,287.5	3,256.2
Non-controlling interests	3,187.2	3,187.2	410.4
Total equity	28,474.7	28,474.7	3,666.6
Total Capitalisation⁽⁶⁾	44,184.4	47,096.7	6,064.5

(1) Excluding 0.5 million shares repurchased but not yet cancelled as at 30 June 2021.

(2) Translations of Hong Kong dollar amounts into U.S. dollar amounts have been made at a rate of HK\$7.766 to U.S.\$1.

(3) Consisting of U.S.\$444.1 million 4.65 per cent. guaranteed notes due 2022 and U.S.\$350.0 million 5.75 per cent. guaranteed notes due 2024 and other Hong Kong dollar notes/paper.

(4) Repayable after one year.

(5) This amount represents the principal amount of the Notes, before deducting the underwriting fees, commissions and other expenses payable in connection with this offering.

(6) Total capitalisation equals the sum of total borrowings and total equity.

There has been no material change in the capitalisation of the Group since 30 June 2021.

Capitalisation and Indebtedness of the Issuer

As at the date of this Offering Circular, the Issuer was authorised to issue a maximum of 50,000 par value shares of U.S.\$1.00 each of a single class and series, of which one share is held by the Guarantor. As at the date of this Offering Circular, save for the issues of U.S.\$444.1 million 4.65 per cent. notes due 2022, U.S.\$350.0 million 5.75 per cent. notes due 2024, HK\$83.6 million notes due 2021 and HK\$800.0 million asset backed notes due 2022, the Issuer does not have any debt outstanding.”

3 DESCRIPTION OF THE ISSUER

The section “Management” appearing on page 92 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“Management

The directors of the Issuer as at the date of this Offering Circular are Mr. Simon Chow Wing Charn and Mr. Brendan James McGraw. Mr. Simon Chow Wing Charn is also a director of the Company. The business address of the directors is 42/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The Issuer has no employees.”

4 DESCRIPTION OF THE GROUP

In the sub-section “Overview” appearing on page 93 of the Offering Circular, the second sentence of the third paragraph shall be deleted and replaced with the following:

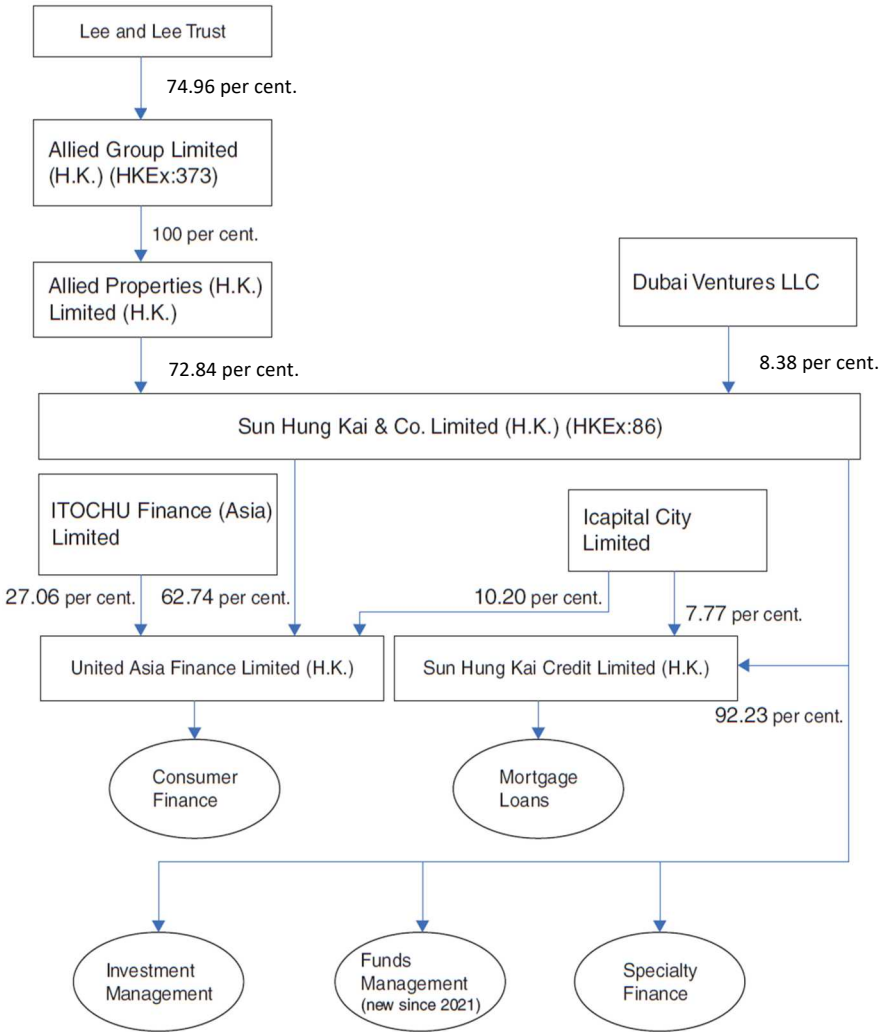
“As at 30 June 2021, based on the closing price of its shares on the Hong Kong Stock Exchange, the Company has a market capitalisation of approximately HK\$8,266.5 million.”

In the sub-section “History” appearing on page 94 of the Offering Circular, the first paragraph shall be deleted and replaced with the following:

“In 2019, the Group decided to build on the success of the alternative investment programme and through the Investment Management business create an Alternatives Funds Management platform, with a focus on expanding the Group’s capabilities to manage external capital. This will add additional revenue streams, further diversify the Group’s products and strategies, as well as attract and retain key talents. The Funds Management platform leverages the existing investment management platform, corporate services and marketing capabilities of SHK & Co. As of the date of this Offering Circular, the Group has launched five funds, including a partnership with East Point Asset Management for the launch of their first fund, an APAC Equity Long/Short Fund, a partnership with E15VC to launch a global venture capital technology fund and a partnership with ActusRay Partners to launch a European discretionary probabilistic investing fund focused on Europe. The Group has also launched a real estate private credit fund in partnership with Multiple Capital Investment Partners. In July 2021, the Group launched a new multi-manager hedge fund portfolio, SHK Latitude Alpha, with a commitment of U.S.\$330 million from the Group.”

The Group structure chart on page 94 of the Offering Circular shall be deleted and replaced with the following:

“As at the date of this Pricing Supplement:



In the sub-section “Competitive strengths – The Group has a diversified business which provides sound financial performance and a strong balance sheet position” appearing on page 98 of the Offering Circular, the first sentence of the last paragraph shall be deleted and replaced with the following:

“The Group has a strong cash position, with its total cash positions being HK\$4,995.9 million, HK\$5,726.2 million, HK\$7,257.9 million and HK\$5,786.9 million as at 31 December 2018, 2019 and 2020 and 30 June 2021 respectively.”

In the sub-section “Competitive strengths – An experienced management team with extensive knowledge of the various business segments of the Group” appearing on page 99 of the Offering Circular, the following to be deleted:

“For example, the Group’s Chief Financial Officer, Mr. Robert James Quinlivan, has over 30 years of experience in the industry and was the former Chief Financial Officer of Macquarie Group in Asia, Chief Operating Officer of Macquarie Securities Korea Limited and Chief Financial Officer of Barclays Global Investors Japan.”

In the sub-section “Business strategy – Maintain a leading position across the Group’s various business segments and to augment the Group’s existing businesses with new business opportunities” appearing on page 100 of the Offering Circular, the following to be added to the third paragraph:

“In July 2021, the Group further launched its fifth fund, SHK Latitude Alpha, with a commitment of U.S.\$330 million from the Group. The launch of SHK Latitude Alpha is the next step in creating a network of partnerships that offers investors access to investment opportunities led by the Group that build on the Group’s expertise across the spectrum of alternative investments.”

In the sub-section “Business segments – Consumer finance” appearing on page 102 of the Offering Circular, the sentence shall be deleted and replaced with the following:

“As of 30 June 2021, a branch network of 69 branches (servicing approximately 194 thousand customer accounts) had been opened across Hong Kong, Shenzhen, Shenyang, Chongqing, Tianjin, Chengdu, Yunnan Province, Dalian, Beijing, Wuhan, Shanghai, Fuzhou, Harbin, Nanning, Qingdao and Jinan.”

In the sub-section “Business segments - Investment management” appearing on page 108 of the Offering Circular, the last paragraph shall be deleted and replaced with the following:

“The Group's Investment Management business has a diversified investment portfolio. As of 30 June 2021, 22 per cent., 46 per cent., 20 per cent., and 12 per cent. of the Group's investment portfolio comprises its Public Markets portfolio, Private Equity & Direct/Co-Investments portfolio, Hedge Funds portfolio and Real Assets portfolio, respectively.”

In the sub-section “Business segments - Funds management” appearing on page 110 of the Offering Circular, the third paragraph shall be deleted and replaced with the following:

“The Funds Management platform was established and launched in 2020 and has committed to and launched four partnerships to date, including a partnership with East Point Asset Management for the launch of their first fund, an APAC Equity Long/Short Fund, a partnership with E15VC to launch a global venture capital technology fund, a partnership with ActusRay Partners to launch a European discretionary probabilistic investing fund focused on Europe and a real estate private credit fund in partnership with Multiple Capital Investment Partners. Additionally, the Group has launched its fifth fund, SHK Latitude Alpha. The fund’s strategy has a global mandate with an Asian basis.”

On page 118 of the Offering Circular, the following section shall be added:

“Environmental, Social and Governance

The Group believes Environmental, Social and Governance (“**ESG**”) investing is an essential part of achieving a sustainable future. The Group believes in the value of ‘Helping People Grow’, whether it be through offering financial assistance to individuals or by contributing to capital through investment management. This same philosophy guides the Group’s attitude towards community investment, where it believes in strengthening community partnership to build lasting relationships, nurture future leaders and alleviate the challenges experienced by the most vulnerable members of society. Through this approach, the Group inherently supports the society and communities through all walks of life. In recent years, the Group has invested in a number of next generation technology projects which are ESG related and provide solutions to global issues through the Sun Hung Kai & Co. Foundation (the “**Foundation**”). The Foundation has recently co-invested in NewGlobe Education, an e-learning platform for students in Africa and emerging countries.”

5 DIRECTORS OF THE COMPANY

The section “Directors of the Company” appearing on pages 119 to 121 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“The Directors of the Company are set forth below:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr. LEE Seng Huang	46	Group Executive Chairman, Executive Director
Mr. Simon CHOW Wing Charn	66	Executive Director
Mr. Peter Anthony CURRY	68	Non-Executive Director
Mr. Evan AU YANG Chi Chun	49	Independent Non-Executive Director
Mr. David Craig BARTLETT	55	Independent Non-Executive Director
Mr. Alan Stephen JONES	78	Independent Non-Executive Director
Ms. Vivian Alexa KAO	39	Independent Non-Executive Director
Ms. Jacqueline Alee LEUNG	60	Independent Non-Executive Director
Mr. Wayne Robert PORRITT	53	Independent Non-Executive Director

The Board of Directors of the Company consists of nine members. Set forth below is the biographical information on each of the Directors:

Executive Directors

LEE Seng Huang, aged 46, was appointed as an Executive Director and has been the Group Executive Chairman of the Company since 1 January 2007. Mr. Lee was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region. He is the executive chairman of Mulpha International Berhad (a Malaysian listed conglomerate with operations in Malaysia, Australia and the United Kingdom) as well as Mulpha Australia Limited. Mr. Lee was previously the non-executive chairman of Aveo Group Limited (resigned in November 2019), a company which was listed on the Australian Securities Exchange until it was privatised and delisted in December 2019. Mr. Lee is a trustee of Lee and Lee Trust, a discretionary trust owning a controlling interest in Allied Group Limited (“**AGL**”), which is listed on the Hong Kong Stock Exchange, and the ultimate holding company of the Company. Mr. Lee is also a director of United Asia Finance Limited, a subsidiary of the Company.

Simon CHOW Wing Charn, aged 66, was appointed as an Executive Director of the Company on 3 June 2015. He joined the Company as the Group Deputy Chief Executive Officer of the Company in December 2014. Mr. Chow has more than 25 years’ experience in the banking and financial services industry. Prior to joining the Group, he had been with Citibank for 18 years and his last position was the country manager for China consumer bank of Citibank. Before that, he held senior roles with UBS, Lehman Brothers, British Columbia Hydro and Power Authority and PricewaterhouseCoopers. He is a member of the Institute of the Chartered Accountants of Canada. Mr. Chow holds a Bachelor of Science degree and a Licentiate in Accounting Degree from the University of British Columbia. He also holds directorships in various subsidiaries of the Company and Everbright Sun Hung Kai Company Limited.

Non-Executive Director

Peter Anthony CURRY, aged 68, was appointed as an Executive Director of the Company on 1 January 2011 and was re-designated as a Non-Executive Director of the Company on 1 September 2018. He joined the Company as the Group Chief Financial Officer in November 2010 until his retirement on 31 August 2018. Mr. Curry has over 45 years of business experience. He joined Peat Marwick Mitchell (now known as KPMG) in Australia in 1974 upon graduation and worked as Tax Partner in 1983. Since that time he has worked in different listed and unlisted

companies in Australia as executive director/managing director specialising in natural resources, corporate finance, mergers and acquisitions etc. He has been involved in a range of public and private capital raisings, initial public offering related services and providing corporate and financial advisory services in relation to a range of business transactions including a wide range of mining projects. Mr. Curry holds a Bachelor of Commerce Degree and a Bachelor of Laws Degree from the University of New South Wales. He became a Chartered Accountant and a barrister (non-practising) in Australia in 1978. Mr. Curry is also a non-executive director of Tian An Australia Limited, a company listed on the Australian Securities Exchange and Air Change International Limited, a company listed on the National Stock Exchange of Australia Limited.

Independent Non-Executive Directors

Evan AU YANG Chi Chun, aged 49, was appointed as an Independent Non-Executive Director of the Company on 22 March 2018. Mr. Au Yang is the Chairman of the Board of Civic Exchange, a non-partisan public policy think tank based in Hong Kong focused on environment and sustainability issues. Mr. Au Yang also serves on the Board of the Urban Renewal Authority as an independent non-executive director. He is an advisor of Our Hong Kong Foundation, member of the Advisory Committee on Corruption of the Independent Commission Against Corruption, and Membership Committee member of Young Presidents' Organisation. In addition, Mr. Au Yang serves on the Transport Policy Committee of the Chartered Institute of Logistics & Transport, the Development Fund Committee of the Hong Kong Council of Social Service, Advisory Council for Institute at Brown for Environment & Society for Brown University, as well as the Board of Advisors of Hong Kong 2050 is Now.

In his past full-time professional capacities, Mr. Au Yang was the managing director and head of International for Gerson Lehrman Group ("**GLG**") until December 2020, where he ran and grew its business spanning Europe, Middle East, Africa & Asia-Pacific across 15 locations. Prior to GLG, Mr. Au Yang was the deputy managing director of The Kowloon Motor Bus Company (1933) Limited ("**KMB**") and an executive director of Transport International Holdings Limited ("**Transport International**"), the parent company of KMB and is listed on the Hong Kong Stock Exchange. Prior to joining Transport International and KMB, Mr. Au Yang was an associate partner at McKinsey & Company. Before management consultancy, Mr. Au Yang was at Citigroup's derivatives structuring and marketing unit. He obtained his undergraduate degree in Economics and Political Science from Brown University and his MBA degree from the Kellogg School of Management at Northwestern University.

David Craig BARTLETT, aged 55, was appointed as an Independent Non-Executive Director of the Company on 26 November 1999. Mr. Bartlett graduated with honours in law from Exeter University in the United Kingdom in 1988 and subsequently qualified as a solicitor in England & Wales, the Republic of Ireland and the Hong Kong Special Administrative Region. A former partner of the international law firm Clyde & Co., he regularly acted for and advised the Company and its subsidiaries before leaving private practise for a career in industry. Now based primarily in England, Mr. Bartlett is also an independent non-executive director of AGL. He retired from the position of independent non-executive director of Allied Properties (H.K.) Limited ("**APL**", an intermediate holding company of the Company and previously listed on the Hong Kong Stock Exchange until 26 November 2020) in December 2020.

Alan Stephen JONES, aged 78, was appointed as an Independent Non-Executive Director of the Company on 3 January 2006. Mr. Jones, a Chartered Accountant, has extensive experience in management, administration, accounting, property development, carpark management, finance and trading, and has been involved in successful mergers and acquisitions of a number of public companies in Australia and internationally. He is an independent non-executive director of AGL. Mr. Jones is also an independent non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange and the non-executive chairman of Air

Change International Limited, a company listed on the National Stock Exchange of Australia Limited, as well as a non-executive director of Mulpha Australia Limited. He retired from the position of independent non-executive director of APL in December 2020.

Vivian Alexa KAO, aged 39, was appointed as an Independent Non-Executive Director of the Company on 26 May 2021. Ms. Kao was Chief Growth Officer of WeLab, where she played a key role in the strategic vision and growth of the company and helped to secure financing from investors for the company's business. Prior to that, she was General Manager of ChoPe, an online restaurant booking platform based in Singapore with operations across Asia. Currently, she is Principal of Tamarind, a family office where she manages a diverse portfolio of assets. She commenced her career at Goldman, Sachs & Co. Ms. Kao holds a Bachelor of Arts Degree with Honors in Economics and Chinese Studies from Wellesley College. She also received a Master's Degree in Business Administration from Harvard Business School. Ms. Kao did not hold any directorship in any other listed public companies in Hong Kong and overseas during the past three years.

Jacqueline Alee LEUNG, aged 60, was appointed as an Independent Non-Executive Director of the Company on 1 November 2014. Ms. Leung is the president and managing director of Leighton Investments Limited and Leighton Textiles Company Limited. She was with Deloitte Touche Tohmatsu from February 2001 to August 2014. Prior to that, she worked at the mergers and acquisitions department of Oppenheimer & Co. Inc. in New York City. Over the years, she held various positions in charitable organisations in Hong Kong, such as the fundraising chairman for the Hong Kong Cancer Fund and a director at Po Leung Kuk.

Ms. Leung is an active community leader and has served as a member of Committee on Self Financing Post-secondary Education (CSPE) since 2010. Ms. Leung is also a member of The Financial Infrastructure and Market Development Sub-Committee (FIMC) of the Hong Kong Monetary Authority and a co-opted member of the Hospital Governing Committee (HGC) of Prince of Wales Hospital (PWH). In October 2020, she was appointed as a member of Council of Lingnan University.

Ms. Leung holds a Bachelor of Arts Degree in Economics and a Bachelor of Science Degree with honours in Mechanical Engineering from Brown University in the United States.

Wayne Robert PORRITT, aged 53, was appointed as an Independent Non-Executive Director of the Company on 26 May 2021. Mr. Porritt is an accomplished global risk professional having extensive experience in banking and finance industry specialising in risk, corporate credit, global financial restructuring, and insolvency engagements for corporate and financial institutions. He has held senior positions with Standard Chartered Bank and Bank of America and has extensive exposure across Asia, United States, United Kingdom, Middle East and Africa. He previously worked for Standard Chartered Bank holding the position of regional chief risk officer for the Greater China & North Asia Region, and a non-executive director on the boards of the Bank's South Korea and Taiwan subsidiaries. Mr. Porritt started his career at the State Bank of New South Wales and then Ernst & Young and Société Générale Australia. Mr. Porritt is a graduate member of the Australian Institute of Company Directors.

Mr. Porritt holds various non-executive director and advisory roles in both corporate and not-for-profit organisations. He is an independent non-executive director of Global Invacom Group Limited, a company listed on the Mainboard of the Singapore Exchange Limited ("SGX") and the London Stock Exchange's AIM market. He is also an independent non-executive director of Floatel International Limited, a company headquartered in Bermuda which owns and operates a fleet of offshore accommodation vessels, and a non-executive director of Skylight Financial Solutions Pty Limited, an Australian company engaging in the business of provision of financial solutions services. Mr. Porritt was previously an independent non-executive director of Noble

Group Limited (“**Noble Group**”), a company previously listed on SGX, from March 2018 to December 2018. He is also a council member, a member of Finance, Risk & Audit Committee and Vice Chair of Fundraising & Communications Committee of Oxfam Hong Kong, an advisory board member of Hong Kong Children in Need Foundation, and an Animal Ethics Committee member of QIMR Berghofer. Save as disclosed above, Mr. Porritt did not hold any other directorships in listed public companies in Hong Kong and overseas during the past three years.

During his independent directorship tenure with Noble Group, Mr. Porritt assisted Noble Group on its corporate and financial restructuring. Noble Group was incorporated in Bermuda and engaged in the business of global supply chain management covering a range of industrial and energy products. On 20 December 2018, Noble Group announced that the restructuring had completed in conjunction with Mr. Porritt’s resignation. As part of the restructuring, and in accordance with the terms of schemes of arrangement, under both Bermudan and English laws, which had been approved by Noble Group’s shareholders, Noble Group entered into liquidation proceedings in December 2018 with total debt of approximately US\$3.5 billion and was wound up on 8 February 2019.

Mr. Porritt was appointed as a director of Quantrex Capital Pty Limited (“**Quantrex**”) in January 2018 to assist in the restructuring of Quantrex. Quantrex was a company incorporated in Australia and was engaged in the business of quantitative finance trading. Following the sale of Quantrex’s parent to a new investor, Mr. Porritt resigned as a director in April 2018. Quantrex was subsequently wound up following the appointment of a liquidator in July 2018. At the time such proceedings were initiated, there was an estimated AU\$1.2 million creditor shortfall.”

6 TAXATION

The sub-section “Hong Kong – Stamp Duty” appearing on page 128 of the Offering Circular shall be deleted in its entirety and replaced with the following:

“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 3 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 transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer 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. 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.”