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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 referred to herein) 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 any of the Issuers (each as identified below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).*

**Notice to Hong Kong investors: Each of the Issuers and the Guarantor (as identified below) confirms that the Notes (as defined in the offering circular appended hereto) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only, and with respect to the Notes to be listed on The Stock Exchange of Hong Kong Limited, will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, each of the Issuers and the Guarantor confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.**



**THE WHARF (HOLDINGS) LIMITED**  
(九龍倉集團有限公司)  
(incorporated with limited liability in Hong Kong)  
**Stock Code: 4**  
(as Issuer and Guarantor)

**WHARF FINANCE (BVI) LIMITED**  
(incorporated with limited liability in the British Virgin Islands)  
(as Issuer)

and

**WHARF FINANCE LIMITED**  
(incorporated with limited liability in Hong Kong)  
(as Issuer)

and

**WHARF FINANCE (NO. 1) LIMITED**  
*(incorporated with limited liability in Hong Kong)*  
(as Issuer)

**U.S.\$7,000,000,000**  
**MEDIUM TERM NOTE PROGRAMME**  
(the “Programme”)

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

Please refer to the offering circular dated 6 May 2022 (the “**Offering Circular**”) appended hereto in relation to the Programme. As disclosed in the Offering Circular, the Notes are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only, and with respect to the Notes to be listed on The Stock Exchange of Hong Kong Limited, will be listed on The Stock Exchange of Hong Kong Limited on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Circular.

As at the date of this announcement, the board of directors of The Wharf (Holdings) Limited (九龍倉集團有限公司) comprises the following directors:

Mr. Stephen T. H. Ng, Chairman and Managing Director  
Mr. Andrew O. K. Chow, Deputy Chairman and Executive Director  
Mr. Paul Y. C. Tsui, Vice Chairman, Executive Director and Group Chief Financial Officer  
Ms. Y. T. Leng, Executive Director  
Mr. Kevin K. P. Chan, Director  
Mr. Kevin C. Y. Hui, Director  
Professor Edward K. Y. Chen, GBS, CBE, JP\*  
Mr. Vincent K. Fang, GBS, JP\*  
Mr. Hans Michael Jebsen, BBS\*  
Ms. Elizabeth Law, MH, JP\*  
Mr. Richard Y. S. Tang, SBS, JP\*  
Ms. Nancy S. L. Tse, JP\*  
Mr. David Muir Turnbull\*

*\*Independent Non-executive Directors*

At the date of this announcement, the board of directors of both Wharf Finance (BVI) Limited and Wharf Finance Limited comprises the following directors:

Mr. Stephen T. H. Ng, Director  
Mr. Paul Y. C. Tsui, Director  
Mr. Peter Z. K. Pao, Director

At the date of this announcement, the board of directors of Wharf Finance (No. 1) Limited comprises the following directors:

Mr. Stephen T. H. Ng, Director  
Mr. Andrew O. K. Chow, Director  
Mr. Paul Y. C. Tsui, Director

Date 10 May 2022

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**APPENDIX - OFFERING CIRCULAR DATED 6 MAY 2022**

## IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY PERSON OTHER THAN TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS UNDER RULE 144A UNDER THE SECURITIES ACT (AS DEFINED BELOW) OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES OUTSIDE OF THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S**

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

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

THE 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 U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR 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. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE APPLICABLE PRICING SUPPLEMENT AND TERMS AND CONDITIONS OF THE NOTES. 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 IN THE FOLLOWING OFFERING CIRCULAR.

**Confirmation of your Representation:** In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must either be (1) Qualified Institutional Buyers (“**QIBs**”) within the meaning of Rule 144A under the Securities Act or (2) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act and 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 (2) you consent to delivery of such Offering Circular by electronic transmission. As used herein, “U.S. Person” has the meaning ascribed to it in Regulation S under the Securities Act.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the 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 the Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

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

The 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 Issuers or The Hongkong and Shanghai Banking Corporation Limited (the “**Arranger**”) nor any person who controls the Arranger, nor any director, officer, employee nor agent of the Issuers or the Arranger, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger or the Dealers.

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



*Established 1886*

## **The Wharf (Holdings) Limited**

*(incorporated with limited liability in Hong Kong)  
(as Issuer and Guarantor)*

## **Wharf Finance (BVI) Limited**

*(incorporated with limited liability in the British Virgin Islands)  
(as Issuer)*

## **Wharf Finance Limited**

*(incorporated with limited liability in Hong Kong)  
(as Issuer)*

## **Wharf Finance (No. 1) Limited**

*(incorporated with limited liability in Hong Kong)  
(as Issuer)*

**U.S.\$7,000,000,000**

## **Medium Term Note Programme**

On 18 September 2003, The Wharf (Holdings) Limited (“WHL” or “Wharf”), Wharf Finance (BVI) Limited (“WBVI”) and Wharf Finance Limited (“WFL”) (in such capacity, each an “Issuer”) established a U.S.\$1,000,000,000 Medium Term Note Programme (the “Programme”) and issued an offering circular on that date describing the Programme. On 11 November 2009, Wharf Finance (No. 1) Limited (“WFIL”) and an “Issuer” and together with WHL, WBVI and WFL, the “Issuers”) and Wharf Finance (BVI) No. 1 Limited acceded to the Programme and the Programme Limit (as defined in the Dealer Agreement) was increased to U.S.\$2,000,000,000. On 9 September 2016, Wharf Finance (BVI) No. 1 Limited ceased to be an issuer under the Programme. On 19 October 2011, Wharf MTN (Singapore) Pte. Ltd. acceded to the Programme and the Programme Limit (as defined in the Dealer Agreement) was increased to U.S.\$3,000,000,000. On 2 March 2012, the Programme Limit (as defined in the Dealer Agreement) was further increased to U.S.\$5,000,000,000. On 9 September 2015, the Programme Limit (as defined in the Dealer Agreement) was increased to U.S.\$7,000,000,000. On 10 May 2019, Wharf MTN (Singapore) Pte. Ltd. ceased to be an issuer under the Programme. This Offering Circular supersedes the previous offering circular and any supplement thereto. Any Notes (as defined below) issued under this Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued prior to the date of this Offering Circular.

Under this Programme, the Issuers may from time to time issue medium term notes (the “Notes”) subject to compliance with all relevant laws, regulations and directives. Notes issued by WBVI, WFL and WFIL (the “Guaranteed Issuers”) will be guaranteed (the “Guarantee”) by WHL (in such capacity, the “Guarantor”). Notes issued by WHL will not be guaranteed. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$7,000,000,000 (or the equivalent in other currencies).

Application has been made to The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) for 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: Each of the Issuers and the Guarantor confirms that the Notes are intended for purchase by Professional Investors only, and with respect to the Notes to be listed on the Hong Kong Stock Exchange, will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, each of the Issuers and the Guarantor confirms 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 Issuers, the Guarantor or the Group (as defined below), or the 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 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.**

Unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement (as defined on page 1) 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 and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and the Notes may include Notes in bearer form that are subject to U.S. tax law requirements. The Notes and the Guarantee may not be offered or sold or, in the case of Notes in bearer form, delivered, in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”) absent registration or an exception from registration under the Securities Act. See “Summary of Provisions Relating to the Notes while in Global Form” for a description of the manner in which Notes will be issued. The Notes are subject to certain restrictions on transfer. See “Subscription and Sale” and “Transfer Restrictions”.

Each Series of Notes in bearer form 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” and together with the temporary Global Notes, the “Global Notes”). Notes in registered form will be represented by registered certificates (each a “Certificate”) without interest coupons, one Certificate being issued in respect of each Noteholder’s entire holding of Notes in registered form of one Series. Notes in registered form which are offered and sold to non-U.S. persons in an “offshore transaction” within the meaning of, and in reliance on, Regulation S under the Securities Act (“Regulation S”) will be represented on issue by a permanent global unrestricted Certificate without interest coupons (a “Regulation S Global Certificate”). Global Notes and Regulation S Global Certificates may be deposited on the issue date with a common depository on behalf of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”) or with The Central Depository (Pte) Limited (“CDP”) and cleared through the CDP System (as defined on page 6) or with a sub-custodian for the Central Money Markets Unit Service, operated by the Hong Kong Monetary Authority (the “HKMA”) (the “CMU Service”). Notes in registered form which are offered and sold in the United States to qualified institutional buyers (“QIBs”) within the meaning of Rule 144A under the Securities Act (“Rule 144A”) will be represented on issue by a permanent global restricted Certificate without interest coupons (each a “Rule 144A Global Certificate” and, together with the Regulation S Global Certificates, the “Global Certificates”), which may be deposited on the issue date with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”). 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”.

*Arranger for the Programme*

**HSBC**

*Dealers*

**BNP PARIBAS  
HSBC**

**DBS Bank Ltd.  
Standard Chartered Bank**

Dated 6 May 2022

WHL (as to itself and the Group as defined below) and each Guaranteed Issuer (as to itself), having made all reasonable enquiries, confirm that this Offering Circular contains all information with respect to (i) WHL, (ii) the Guaranteed Issuers and (iii) WHL together with its subsidiaries and associates (the “Group”) and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to WHL, the Guaranteed Issuers and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to WHL, the Guaranteed Issuers and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to WHL, the Guaranteed Issuers, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by WHL and the Guaranteed Issuers to ascertain such facts and to verify the accuracy of all such information and statements.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by WHL, the Guaranteed Issuers or any of the Dealers or the Arranger (as defined in “Summary of the Programme”). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of WHL, the Guaranteed Issuers or the Group since 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 in the financial position of WHL or the Guaranteed Issuers or the Group since the date hereof or 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 as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Each Tranche (as defined in “Summary of the Programme”) of Notes will be issued on the terms set out herein under “Terms and Conditions of the Notes” as amended and/or supplemented by a Pricing Supplement. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein (see “Documents Incorporated by Reference”) and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by WHL, the Guaranteed Issuers, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes and the Guarantee have not been and will not be registered under the Securities Act and may include Notes in bearer form that are subject to U.S. tax law requirements. The Notes may be offered and sold (A) in registered form within the United States to QIBs (as defined in Rule 144A) in reliance on Rule 144A under the Securities Act or (B) in bearer form or registered form outside the United States to non-U.S. persons in an offshore transaction in reliance on Regulation S under the Securities Act. Prospective purchasers are hereby notified that sellers of registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Any series of Notes may be subject to additional selling restrictions. 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” and “Transfer Restrictions”.

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 Arranger 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 the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers 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 include a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“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 (the “UK MiFIR”); 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 2001 of Singapore (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 Issuers have determined, and hereby notify 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).

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of WHL, the Guaranteed Issuers, the Dealers or the Arranger (or any of their respective affiliates, directors, officers, employees, representatives, advisers and agents) to subscribe for, or purchase, any Notes. This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKSE Rules”) for the purposes of giving information with regard to each Issuer, the Guarantor and the Group. WHL and the Guaranteed Issuers accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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 Tranche. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular Tranche 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 person receiving this Offering Circular acknowledges that such person has not relied on the Issuer, the Guarantor, the Arranger or the Dealers or their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Offering Circular or for any other statement in connection with the issue and offering of the Notes made or purported to be made by the Arranger or a Dealer or on its behalf. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other information provided in connection with the Programme is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of WHL, the Guaranteed Issuers, the Arranger or the Dealers (or any of their respective affiliates, directors, officers, employees, representatives, advisers and agents) that any recipient of this Offering Circular or of any such information, should purchase the Notes. 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. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of WHL or the Guaranteed Issuers 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 Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in “Summary of the Programme”) of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation Manager) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and directives, 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, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuers or WHL. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no

later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the relevant Dealers.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “Hong Kong” or “Hong Kong SAR” are to the Hong Kong Special Administrative Region of the People’s Republic of China, to “GFA” are to gross floor area, to “TEU” are to a twenty-foot equivalent unit, to “PRC” or “China” or “Mainland China” are to the People’s Republic of China, to “HK\$” are to the lawful currency of Hong Kong, to “CNY” or “RMB” are to the lawful currency of the People’s Republic of China, to “S\$” are to the lawful currency of Singapore, to “yen” or “JPY” are to the lawful currency of Japan, to “U.S.\$” and “U.S. dollar” are to the lawful currency of the United States, to “sterling” or “£” are to the currency of the UK and to “euro” or “€” are to the lawful currency of member states of the European Union (the “EU”) that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time.

## U.S. INFORMATION

This Offering Circular is being delivered on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and the Notes 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 or sold or, in the case of Notes in bearer form, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S).

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and the Notes in registered form may be offered and sold within the United States only to QIBs in reliance on Rule 144A. Prospective purchasers of Notes in registered form are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Offering Circular, see "*Subscription and Sale*" and "Transfer Restrictions".

Each purchaser or holder of Notes represented by a Rule 144A Global Certificate or any Notes issued in registered form in exchange or substitution therefor will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "Subscription and Sale" and "Transfer Restrictions".

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or (in the case of bearer Notes issued in compliance with the D Rules, as defined below) to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Internal Revenue Code of 1986") and the regulations promulgated thereunder.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

## AVAILABLE INFORMATION

WHL and the Guaranteed Issuers have agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of them will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

## ENFORCEABILITY OF JUDGMENTS

WHL, WFL and WF1L are corporations organised under the laws of Hong Kong and WBVI is a business company incorporated under the laws of the British Virgin Islands. Substantially all of the directors of each of WHL, WFL, WBVI and WF1L are not resident in the United States, and all or a substantial portion of their assets and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon WHL, WFL, WBVI and WF1L or such persons or to enforce against any of them in the United States courts judgments obtained in the United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

## FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the respective financial positions of each of WHL and the Guaranteed Issuers, their business strategy, plans and objectives of management for future operations (including their respective development plans and objectives relating to their businesses), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of WHL, each of the Guaranteed Issuers or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding WHL’s, each of the Guaranteed Issuers’ or the Group’s present and future business strategies and the environment in which WHL, each of the Guaranteed Issuers and/or the Group will operate in the future. Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “**Risk Factors**”. These forward-looking statements speak only as of the date of this Offering Circular. Each of WHL and the Guaranteed Issuers expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in their respective expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual financial statements and any unaudited interim financial statements published subsequently to such annual financial statements, of WHL, WBVI, WFL and WF1L from time to time (if any), in each case with the report of the auditors in connection therewith (if any), and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to 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 and public holidays excepted) from the specified offices of the Paying Agents set out at the end of this Offering Circular.

Copies of WHL’s published audited annual consolidated financial statements and its unaudited interim condensed consolidated financial statements may be downloaded free of charge from the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

As at the date of this Offering Circular, WBVI has not published and do not propose to publish any financial statements. WHL has produced annual audited consolidated financial statements for each of its financial years ended 31 December 2020 and 31 December 2021, which are incorporated by reference in this Offering Circular. WF1L prepared annual audited financial statements for the financial years ended 31 December 2020 and 31 December 2021, which are included in this Offering Circular. WFL prepared annual audited financial statements for the financial years ended 31 December 2020 and 31 December 2021, which are included in this Offering Circular. See “*F-pages*”. The financial statements of each of WHL, WFL and WF1L 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 WHL, WFL and WF1L.

Any documents themselves incorporated by reference in the annual audited consolidated financial statements for each of the financial years ended 31 December 2020 and 31 December 2021 of WHL shall not form a part of this Offering Circular. The documents incorporated by reference herein are current only as at the date of such document and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Group since the date thereof or that the information contained therein is current as at any time subsequent to its date.

Save for the annual audited consolidated financial statements for each of the financial years ended 31 December 2020 and 31 December 2021 of WHL, the financial information contained in this Offering Circular does not constitute specified financial statements (as defined in the Companies Ordinance (Cap. 622 of the laws of Hong Kong) (the “**Companies Ordinance**”)) in relation to WHL. WHL has delivered its specified financial statements for the years ended 31 December 2020 and 31 December 2021 to the Registrar of Companies of Hong Kong. WHL’s auditors have reported on the specified financial statements in relation to WHL for the years ended 31 December 2020 and 31 December 2021. The auditors’ reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain any statement under Section 406(2) or 407(2) or (3) of the Companies Ordinance.

Save for the annual audited consolidated financial statements for each of the financial years ended 31 December 2020 and 31 December 2021 of WF1L, the financial information contained in this Offering Circular does not constitute specified financial statements (as defined in the Companies Ordinance) in relation to WF1L. WF1L has delivered its specified financial statements for the years ended 31 December 2020 and 31 December 2021 to the Registrar of Companies of Hong Kong. WF1L’s auditors have reported on the specified financial statements in relation to WF1L for the years ended 31 December 2020 and 31 December 2021. The auditors’ reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain any statement under Section 406(2) or 407(2) or (3) of the Companies Ordinance.

Save for the annual audited consolidated financial statements for each of the financial years ended 31 December 2020 and 31 December 2021 of WFL, the financial information contained in this Offering Circular does not constitute specified financial statements (as defined in the Companies Ordinance) in relation to WFL. WFL has delivered its specified financial statements for the years ended 31 December 2020 and 31 December 2021 to the Registrar of Companies of Hong Kong. WFL’s auditors have reported on the specified financial statements in relation to WFL for the years ended 31 December 2020 and 31 December 2021. The auditors’ reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain any statement under Section 406(2) or 407(2) or (3) of the Companies Ordinance.

## SUPPLEMENTAL OFFERING CIRCULAR

Each of WHL and the Guaranteed Issuers has undertaken to the Dealers in the Dealer Agreement (as defined in “**Subscription and Sale**”) to publish a supplement to this Offering Circular or a new offering circular upon becoming aware that:

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

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## SUMMARY OF THE PROGRAMME

*The following summary is qualified in its entirety by the remainder of this Offering Circular.*

Issuers: . . . . .	The Wharf (Holdings) Limited, Wharf Finance (BVI) Limited, Wharf Finance Limited and Wharf Finance (No. 1) Limited.
Guarantor: . . . . .	Notes issued by Wharf Finance (BVI) Limited, Wharf Finance Limited and Wharf Finance (No. 1) Limited will be guaranteed by The Wharf (Holdings) Limited.
Description: . . . . .	Medium Term Note Programme.
Size: . . . . .	Up to U.S.\$7,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may from time to time increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement.
Arranger: . . . . .	The Hongkong and Shanghai Banking Corporation Limited.
Dealers: . . . . .	BNP Paribas DBS Bank Ltd. The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank

The Issuers and the Guarantor may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Fiscal Agent: . . . . .	Deutsche Bank AG, Hong Kong Branch.
CMU Lodging Agent: . . . . .	Deutsche Bank AG, Hong Kong Branch.
CDP Lodging and Paying Agent: . . . . .	Deutsche Bank AG, Singapore 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 supplemented, where necessary, with supplemental 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 set out in a pricing supplement to this Offering Circular (a “**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 only (“**Bearer Notes**”), in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) or in registered form only (“**Registered Notes**”).

Each Tranche of Bearer Notes and Exchangeable 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 “*Summary of the Programme — Selling Restrictions*”), otherwise such Tranche will be represented by a permanent Global Note.

Registered Notes which are sold in an “*offshore transaction*” to non-U.S. persons within the meaning of Regulation S (“**Regulation S Registered Notes**”) will be represented on issue by a Regulation S Global Certificate.

Registered Notes which are sold to QIBs (“**Rule 144A Registered Notes**”) will be represented on issue by a Rule 144A Global Certificate.

Individual definitive Notes or Certificates will only be available in certain limited circumstances as described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

Clearing Systems: . . . . . The CMU Service, Clearstream, Luxembourg, Euroclear, CDP, DTC and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Fiscal Agent and the relevant Dealer(s).

Initial Delivery of Notes: . . . . . For Notes purchased outside the United States by non-U.S. persons pursuant to Regulation S, on or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes and the Regulation S Global Certificate representing Regulation S Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with CDP or with a sub-custodian for the CMU Service. Global Notes or Global 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 relevant 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.

For Notes purchased pursuant to Rule 144A, on or before its issue date, the Rule 144A Global Certificate representing Rule 144A Registered Notes will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

Interests in Notes which are represented by a Global Note or a Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the relevant Clearing Systems.

Currencies: . . . . . Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s).

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

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 relevant Issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 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 HIBOR, LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or
- (iii) on such other basis as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer(s).

Interest periods will be specified in the relevant Pricing Supplement.

Zero Coupon Notes: . . . . . Zero Coupon 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 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 or of interest in respect of Index Linked Interest 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 sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the UK or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
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 relevant Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
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 relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of Notes: . . . . .	The Notes and the Guarantee will constitute unsubordinated and unsecured obligations of the relevant Issuer and/or, as the case may be, the Guarantor, all as described in “ <i>Terms and Conditions of the Notes — Guarantee and Status</i> ”.
Risk Factors: . . . . .	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the relevant Issuer and/or the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under “ <i>Risk Factors</i> ”.
Negative Pledge: . . . . .	See “ <i>Terms and Conditions of the Notes — Negative Pledge</i> ”.
Cross Default: . . . . .	See “ <i>Terms and Conditions of the Notes — Events of Default</i> ”.
Early Redemption: . . . . .	Except as provided in “ <i>Optional Redemption</i> ” above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons. See “ <i>Terms and Conditions of the Notes — Redemption, Purchase and Options</i> ”.

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, subject to customary exceptions, all as described in “*Terms and Conditions of the Notes — Taxation*”.

Governing Law: . . . . . English law.

Listing: . . . . . Application has been made for permission to deal in, and for the listing of the Programme, under which Notes may be issued during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange by the way of debt issues to Professional Investors only or as otherwise specified in the relevant Pricing Supplement. Separate application will be made for the listing of the Notes on the Hong Kong Stock Exchange. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.

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).

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 unlisted, listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system.

Selling Restrictions: . . . . . United States, UK, British Virgin Islands, PRC, Hong Kong, Japan, Singapore, EEA, the Netherlands and such other restrictions as may be applicable in connection with the offering and sale of a particular Tranche of Notes. See “*Subscription and Sale*”.

The Notes in bearer form 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) (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 U.S. Internal Revenue Code of 1986) (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**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Transfer Restrictions: . . . . . There are restrictions on the transfer of Notes sold pursuant to Regulation S prior to the expiration of the relevant distribution compliance period and on the transfer of Registered Notes sold pursuant to Rule 144A. See “*Transfer Restrictions*”.

## 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) 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 and to "hereon" are to the relevant Pricing Supplement.*

This Note is one of a series ("**Series**") of Notes issued by The Wharf (Holdings) Limited ("**WHL**") or Wharf Finance (BVI) Limited ("**WBVI**") or Wharf Finance Limited ("**WFL**") or Wharf Finance (No. 1) Limited ("**WF1L**", together with WBVI and WFL, the "**Guaranteed Issuers**" and each a "**Guaranteed Issuer**") (each, in relation to Notes issued by it, the "**Issuer**") pursuant to the Agency Agreement (as defined below). Issues of Notes by the Guaranteed Issuers will be guaranteed by WHL (in such capacity, the "**Guarantor**"). References to the Guarantor shall only be relevant in the context of an issue of Notes by a Guaranteed Issuer.

The Notes are issued pursuant to an amended and restated agency agreement dated 9 September 2016, as amended by a first supplemental agency agreement dated 10 May 2019, a second supplemental agency agreement dated 8 May 2020, a third supplemental agency agreement dated 7 May 2021 and a fourth supplemental agency agreement dated 6 May 2022 (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") between WHL, WBVI, WFL, WF1L, Deutsche Bank AG, Hong Kong Branch as fiscal agent, Deutsche Bank AG, Hong Kong Branch as lodging agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU Service**"), Deutsche Bank AG, Singapore Branch as lodging and paying agent for Notes to be cleared through the computerised system (the "**CDP System**") operated by The Central Depository (Pte) Limited ("**CDP**"), Deutsche Bank AG, Hong Kong Branch (or, if so specified in the Pricing Supplement, Deutsche Bank Luxembourg S.A. or Deutsche Bank Trust Company Americas) as registrar and the other agents named in it and with the benefit of an amended and restated Deed of Covenant dated 10 May 2019 (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") executed by WHL, WBVI, WFL and WF1L in relation to the Notes and, in relation to Notes to be cleared through the CDP System, a deed of covenant to be executed by the relevant Issuer. The fiscal agent, the CMU lodging agent, the CDP 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 Agent**", the "**CDP Lodging and Paying Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent, the CMU Lodging Agent and the CDP Lodging and Paying Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**". For the purposes of these Conditions, all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU Service, be deemed to be a reference to the CMU Lodging 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 Agency Agreement applicable to them. In connection with the Notes, WHL, WBVI, WFL and WF1L have executed an amended and restated deed poll dated 10 May 2019 (as amended or supplemented as at the Issue Date, the "**Deed Poll**") relating to certain information required to be delivered pursuant to Rule 144(A)(d)(4) under the United States Securities Act of 1933, as amended.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

Copies of the Agency Agreement, the Deed of Covenant and Deed Poll are available for inspection during usual business hours 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**”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Specified Denomination(s) shown hereon.

*All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.*

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 in accordance with the provisions of the 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 EXCHANGES OF EXCHANGEABLE BEARER NOTES AND TRANSFERS OF REGISTERED NOTES**

### **(a) Exchange of Exchangeable Bearer Notes**

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. 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 that are not Exchangeable 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 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(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, 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 request for exchange, 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 relevant request for exchange, 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 Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition (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) Exchange Free of Charge**

Exchange and transfer 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 or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (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. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant 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 WBVI, WFL and WF1L under the Notes, Receipts and Coupons. Its obligations in that respect (the “**Guarantee**”) are contained in the Deed of Covenant.

#### (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. The payment obligations of the Issuer under the Notes and the Receipts and 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/or, as the case may be, the Guarantor, present and future.

### 4 NEGATIVE PLEDGE

The Issuer agrees, and the Guarantor has agreed in the Guarantee, that so long as any of the Notes remains outstanding neither the Issuer, the Guarantor nor any Principal Subsidiary (as defined in Condition 10 but except Modern Terminals Limited) will create or permit to arise or subsist or have outstanding any encumbrance (excluding any Permitted Security Interest (as defined below)) on or over its present or future assets or revenues to secure the repayment or payment of principal, premium or interest of or on any Securities or to secure any guarantee, indemnity or surety given in respect of the repayment or payment of principal, premium or interest of or on any Securities without at the same time or previously either securing the Notes equally and rateably therewith or providing for the Notes such other security as shall have been approved for the purposes by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purposes of this Condition 4:

- (a) “**outstanding**” has the meaning ascribed to it in the Agency Agreement;
- (b) any reference to an “**encumbrance**” is to a mortgage, charge, pledge, lien or other encumbrance;
- (c) “**Permitted Security Interest**” means (i) any encumbrance over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Principal Subsidiary as security for all or part of the purchase price of such assets and any substitute encumbrance created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets; and (ii) any existing encumbrance over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Principal Subsidiary subject to such encumbrance and any substitute encumbrance created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets; and
- (d) any reference to a “**Security**” is to any indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention on



the part of the issuer thereof that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or on any other securities market (whether or not initially distributed by way of private placement) having a maturity of more than one year.

## **5 INTEREST AND OTHER CALCULATIONS**

### **(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from 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(h).

### **(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 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(h). 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) 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.

#### *(iii) 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 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 11.00 a.m. (London time in the case of LIBOR or 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 or 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) 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).

(iv) *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 in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

**(c) 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)).

**(d) 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 in the manner specified hereon.

**(e) 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.

**(f) 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).

**(g) 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 country of such currency.

**(h) 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.

**(i) 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.

**(j) Benchmark Discontinuation**

Where this Condition 5(j) 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(j)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(j)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(j) 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 or the Couponholders for any determination made by it, pursuant to this Condition 5(j).

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(j)(i) prior to the date which is 5 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(j)(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(j)); 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(j)).

(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, following consultation with the Issuer, 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(j) and the Independent Adviser determines (A) that amendments to these Conditions and/or the 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(j)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the 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(j), 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(j) 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 Agency Agreement and/or these Conditions.

For the avoidance of doubt, the Fiscal Agent and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(j)(iv). Noteholders’ consent shall not be required in connection with effecting of the Successor Rate or the Alternative Rate (as applicable), any Adjustment Spread, Benchmark Amendments or such other changes, including the execution of any documents or any steps by the Fiscal Agent and Paying Agent (if required).

In connection with any such variation in accordance with this Condition 5(j)(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(j) will be notified at least 5 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 as soon as practicable thereafter. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

Notwithstanding any other provision of this Condition 5(j), 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(j), the Calculation Agent shall promptly notify the Issuer in writing thereof and the Issuer shall within 3 business days of receipt of the Calculation Agent's written notification direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not provided with such direction within the prescribed time frame, 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 as soon as reasonably practicable 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(j)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii) will continue to apply unless and until a Benchmark Event has occurred.

For the purposes of this Condition 5(j):

“**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:

- (i) 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);
- (ii) the Independent Adviser (in consultation with the Issuer) 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 (if the Independent Adviser determines that no such spread, formula or methodology is customarily applied);
- (iii) the Independent Adviser (in consultation with the Issuer) determines 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 (in consultation with the Issuer) determines in accordance with Condition 5(j)(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(j)(iv).

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist;
- (ii) 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);
- (iii) 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;
- (iv) 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;
- (v) 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
- (vi) 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 using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) 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 (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) 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 notified to the Fiscal Agent, the Calculation Agent and the Paying Agents as soon as reasonably practicable. 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 or national repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(j)(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):

- (i) 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
- (ii) 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.

**(k) 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 and 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 which if the currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively); 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 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/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;

- (iv) 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:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” 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 **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30.

- (v) 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:

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

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” 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 **D<sub>2</sub>** will be 30.

- (vi) 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:

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

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” 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 D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” 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 D<sub>2</sub> will be 30.

- (vii) 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;

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

“**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, and 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; or
- (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 (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 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;

**“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 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; and

**“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.

## **(I) 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 (as defined in the Agency Agreement). 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 investment banking firm 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 Hong Kong 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.

## **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 Note) or, at any time, (if this Note is neither a Floating Rate Note nor an Index Linked 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 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 WBVI) or Hong Kong (in the case of payment by WHL, WFL or WF1L) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, 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 Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by any one Director 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 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 as determined by the Issuer, 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 Agency Agreement) without the prior consent of the Issuer.

**(f) 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.

**(g) Purchases**

The Issuer, the Guarantor and any of their respective 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.

**(h) Cancellation**

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective 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) Payments of principal and interest in respect of Bearer Notes not held in the CMU Service 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:

- (A) 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
  - (B) 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.
- (ii) In this paragraph, “**Bank**” means a bank in the principal financial centre for such currency (and which if the currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or, in the case of euro, in a city in which banks have access to the TARGET System.
  - (iii) Payments of principal and interest in respect of Bearer Notes held in the CMU Service will be made to the CMU for their distribution to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer or, as the case may be, the Guarantor in respect of that payment.

**(b) Registered Notes**

- (i) 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) 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 or (iii) in the case of Registered Notes to be cleared through the CDP System, on the fifth CDP Business Day before the due date for payment thereof (in each case, the “**Record Date**”). Payments of interest on each Registered Note shall be made:
  - (A) 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
  - (B) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(b)(ii), “**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) 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 and payment made in accordance thereof shall discharge the obligations of the Issuer or, as the case may be, the Guarantor in respect of that payment.



- (iv) Registered Notes in a Specified Currency other than Renminbi, if so specified on them, will be issued in the form of one or more Certificates registered in the name of, or in the name of a nominee for, The Depository Trust Company (“DTC”). Payments of principal and interest in respect of Registered Notes denominated in U.S. dollars will be made in accordance with Conditions 7(b)(i) and (ii). Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. dollars or Renminbi will be made or procured to be made by the Paying Agent in the relevant Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Paying Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Paying Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payment, on or prior to the third DTC Business Day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 days prior to the relevant payment date, to receive that payment in such Specified Currency. The Paying Agent, after the Exchange Agent has converted the remaining amounts in such Specified Currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency.

For the purposes of this Condition 7(b):

“CDP Business Day”, means any day on which CDP is open for business; and

“DTC Business Day” means a day on which DTC is open for business.

**(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**

Save as provided in Condition 8, payments will be subject in all cases to any other applicable fiscal and other laws and regulations in the place of payment or other laws and regulations to which the Issuer or the Guarantor or any of the Agents agree to be subject and neither the Issuer nor the Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements. 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 Agent, the CDP 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 Agent, the CDP 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 Agent in relation to Notes accepted for clearance through the CMU Service, (v) a CDP Lodging and Paying Agent in relation to Notes cleared through the CDP System, (vi) one or more Calculation Agent(s) where the Conditions so require, (vii) such other agents as may be required by any stock exchange on which the Notes may be listed and (viii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000.

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 paragraph (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 Notes), the 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 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 paragraph, “**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 and which if the currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively 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 or under the Guarantee 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, in the case of payments by WBVI, the British Virgin Islands or, in the case of payments by WHL, WFL or WF1L, Hong Kong, other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Declaration of non-residence:** to, or to a third party on behalf of, a holder of such Note, Receipt or Coupon to the extent such holder would not be liable for or subject to such deduction or withholding by making a declaration of non-residence or other similar claim for exemption or reduction to the relevant tax authority or under an applicable tax treaty or otherwise if, after having been requested to make such a declaration or claim, such holder fails to do so (provided, however, that, in the case of a Bearer Note, such holder may not be required to make such a declaration or claim in a form which reveals the identity of such holder to the relevant tax authority); or
- (c) **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.

## 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 any Note 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 with accrued interest (if applicable) to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

- (a) **Non-Payment:** there is a failure to pay the principal of or any interest on any of the Notes when due and such failure continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or, is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or the Guarantor or any of the Principal Subsidiaries (as defined herein) for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or the Guarantor or any of the Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.\$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Issuer or the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 30 days; or

- (e) **Security Enforced:** any mortgage, charge, pledge lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of the Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
- (f) **Insolvency:** any of the Issuer or the Guarantor or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any of the Principal Subsidiaries; or
- (g) **Winding-up:** an order is made in the British Virgin Islands, Hong Kong, or such other relevant jurisdiction where any Principal Subsidiary is located or an effective resolution passed for the winding-up or dissolution of the Issuer or the Guarantor or any of the Principal Subsidiaries, or the Issuer or the Guarantor ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of the Principal Subsidiaries; or
- (h) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of the Principal Subsidiaries; or
- (i) **Ownership:** the Guaranteed Issuer which has issued the Notes (if applicable) ceases to be wholly-owned and controlled by the Guarantor; or
- (j) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and/or the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of the British Virgin Islands or Hong Kong (as relevant), is not taken, fulfilled or done; or
- (k) **Illegality:** it is or will become unlawful for the Issuer and/or the Guarantor under the laws of the British Virgin Islands or Hong Kong (as relevant) to perform or comply with any one or more of its obligations under any of the Notes; or
- (l) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or
- (m) **Guarantee:** in the case of Notes issued by a Guaranteed Issuer, the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect,

For the purposes of this Condition 10:

“**Principal Subsidiary**” means at any time a Subsidiary of WHL:

- (i) whose profit (after taxation and before extraordinary items) attributable to WHL (as relevant) represents at least 25% of the consolidated profit (after taxation and before extraordinary items) of WHL and its consolidated Subsidiaries or whose total net assets attributable to WHL exceed 25% of the consolidated total net assets of WHL and its consolidated Subsidiaries, all as calculated by reference to the then latest audited financial statements (consolidated or unconsolidated, as the case may be or where no audited consolidated financial statements are available calculated by reference to the consolidated management accounts applicable to such Subsidiary as certified as being true and accurate by a director of WHL) of such Subsidiary and the then latest audited or unaudited consolidated financial statements of WHL; or
- (ii) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary,

and for such purpose, a certificate prepared by a director 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 the Issuer, the Guarantor and the Noteholders; and

“**Subsidiary**” means a subsidiary of WHL, and “**subsidiary**” has the meaning given to it by Section 15 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong).

## 11 MEETING OF NOTEHOLDERS AND MODIFICATIONS

### (a) Meetings of Noteholders

The 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 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 a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two 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 or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, 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 Agency Agreement provides that a resolution in writing signed by or on behalf of the Noteholders 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 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 Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

**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. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Hong Kong. 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. The Issuer (or, in the case of the Guaranteed Issuers, failing whom, the Guarantor) shall also ensure that notices are duly published in compliance with the requirements of each stock exchange or other relevant authority on which the Notes are for the time being listed. 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 date of the first publication 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.

**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.

## **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 Issuers 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 Issuers and the Guarantor irrevocably appoints Law Debenture Corporate Services Limited of 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom 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 Issuers 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 Issuers 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.



## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Initial Issue of Notes**

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

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each participant 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**

Save as provided in the following paragraph, each of the persons shown in the records of DTC, Euroclear, Clearstream, Luxembourg, CDP or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to DTC, Euroclear, Clearstream, Luxembourg, CDP or such 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 DTC, Euroclear, Clearstream, Luxembourg, CDP or such 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 is lodged with a sub-custodian for or registered with the CMU Service, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service 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 Service 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 Service in respect of each amount so paid. Each of the persons shown in the records of the CMU Service, 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 Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU Service 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 Service) or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) have so certified.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

### *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*”, in part for Definitive Notes or, in the case of (i) below, Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; or
- (ii) (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service or any other clearing system (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 (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent (or, in the case of CMU Notes, the CMU Lodging Agent) of its election for such exchange; or
- (iii) if the permanent Global Note is cleared through the CDP and (a) an Event of Default (as defined in the Conditions) has occurred and is continuing, (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the relevant master depository services agreement made between the relevant Issuer and CDP, as amended, varied or supplemented from time to time, and no alternative clearing system is available.

### *Regulation S Global Certificates*

If the Pricing Supplement states that the Notes are to be represented by a Regulation S Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg, the CMU Service, CDP 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 Regulation S 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) if principal in respect of any Notes is not paid when due; or
- (iii) with the prior consent of the Issuer; or
- (iv) (if the Regulation S Global Certificate is cleared through the CDP) an Event of Default (as defined in the Conditions) has occurred and is continuing; or
- (v) (if the Regulation S Global Certificate is cleared through the CDP) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
- (vi) (if the Regulation S Global Certificate is cleared through the CDP) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or
- (vii) (if the Regulation S Global Certificate is cleared through the CDP) CDP has notified the relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the relevant master depository services agreement made between the relevant Issuer and CDP, as amended, varied or supplemented from time to time, and no alternative clearing system is available,

provided that, in the case of the first transfer of part of a holding pursuant to (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.

### *Exchange or Transfer for an Interest in the Rule 144A Global Certificate*

Exchange or transfer of an interest in a Regulation S Global Certificate for an interest in a Rule 144A Global Certificate is permissible only if the series of Notes is designated as eligible for clearance and settlement through DTC. If a holder of a beneficial interest in the Notes represented by a Regulation S Global Certificate wishes at any time after the date which is 40 days after the completion of the distribution of an identifiable Tranche of which the Note is a part to transfer such beneficial interest to a person who wishes to take delivery thereof in the form of a beneficial interest in a Rule 144A Global Certificate, such holder may transfer such beneficial interest in accordance with the rules and operating procedures of Euroclear, Clearstream, Luxembourg and DTC, provided that the transferee with respect to such Notes shall duly execute and deliver to the Registrar a transfer certificate in substantially the form appended to the Agency Agreement and provided that no such transfer may take place during the period of 15 calendar days ending on the due date for any payment of principal in respect of the Notes.

### *Rule 144A Global Certificates*

Each Rule 144A Global Certificate is exchangeable, in whole but not (except as provided below) in part, for Certificates in definitive form:

- (i) if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to a Rule 144A Global Certificate or ceases to be a “clearing agency” registered under the United States Securities Exchange Act of 1934, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- (ii) by the Issuer giving notice to Noteholders, the Registrar and the Fiscal Agent of its intention to effect such exchange; or
- (iii) if the relevant Pricing Supplement provides that a Rule 144A Global Certificate is exchangeable at the request of the holder, by the holder giving notice to the Registrar of its election for such exchange.

### *Exchange or Transfer for an Interest in the Regulation S Global Certificate*

If a holder of a beneficial interest in the Notes represented by a Rule 144A Global Certificate wishes at any time to transfer such beneficial interest to a person who wishes to take delivery thereof in the form of a beneficial interest in a Regulation S Global Certificate, such holder may transfer such beneficial interest in accordance with the rules and operating procedures of DTC, Euroclear and Clearstream, Luxembourg, provided that no such transfer may take place during the period of 15 calendar days ending on the due date for any payment of principal in respect of the Notes.

### *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 (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) 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 CMU Notes, the CMU Lodging Agent and, in the case of Notes cleared through the CDP System, the CDP 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 or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. 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 and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the 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.

### *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 an exchange for Registered Notes five 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 or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to Global Note held through the CMU Service) 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 endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(viii) and Condition 8(e) will apply to the Definitive Notes only. For the purposes 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).

In respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU Service), all payments 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 Service, 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 in the records of 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. For the purposes of this paragraph, “**Clearing System Business Day**” means a day on which the CMU is operating and open for business.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay interest 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 Terms and Conditions of the Notes, save that the calculation is made in respect of the total aggregate amount of the Notes represented by the 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 ten years (in the case of principal) and five 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 shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

### *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.

### *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 DTC, Euroclear, Clearstream, Luxembourg, the CMU Service, CDP 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 CMU Notes, the CMU Lodging Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent (or, in the case of CMU Notes, the CMU Lodging Agent), or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

### *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 the nominal amount of such Global Note that is becoming due and repayable. 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 relevant Issuer and the Guarantor under the terms of a Deed of Covenant executed as a deed by WHL, WBVI, WFL and WFIL on 10 May 2019 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. In respect of Notes cleared through the CDP System, following the giving of the default notice, the relevant accountholder with CDP may elect for direct enforcement rights against the relevant Issuer under the terms of the relevant CDP deed of covenant executed as a deed by the relevant Issuer, as amended, varied or supplemented from time to time, to come into effect in respect of a nominal amount of Notes, up to the

aggregate nominal amount in respect of which such default notice has been given. 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 and such Global Note is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in

- (ii) and (iii) 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 Service, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the 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 holders of Notes of that Series 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 holder in respect of them.

### **Registered Notes**

Registered Notes which are sold in an “offshore transaction” to non-U.S. persons within the meaning of Regulation S will initially be represented by interests in a Regulation S Global Certificate, without interest coupons, deposited with a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg on its issue date. Registered Notes of such Tranche resold pursuant to Rule 144A will initially be represented by a Rule 144A Global Certificate, without interest coupons, deposited with a custodian for, and registered in the name of a nominee of, DTC on its issue date. Any Rule 144A Global Certificate and any individual definitive Registered Notes will bear a legend applicable to purchasers who purchase the Registered Notes pursuant to Rule 144A, and any Regulation S Global Certificate will bear a legend applicable to purchasers who purchase the Registered Notes pursuant to Regulation S, each as described under “*Transfer Restrictions*”.

## **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 Issuers nor the Group are/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 Issuers or the Group or which the Issuers or the Group currently deem/deems to be immaterial, may affect the Group's business, financial condition or results of operations or the Issuers' ability to fulfil its obligations under the Notes.*

### **Risks relating to the Issuers**

#### ***Some of the Issuers are special purpose vehicles***

Some of the Issuers were established specifically for the purpose of raising finance through the issuance of the Notes and will use the net proceeds from the issue of the Notes to on-lend to the Guarantor and/or its subsidiaries or associates for financing or re-financing the Group's investment property and development property, in Hong Kong and Mainland China, and for general corporate purposes unless otherwise specified in the relevant pricing supplement. As such, such Issuers have limited assets as recourse for Noteholders. Such Issuers do not and will not have any business activities other than raising finance, and their ability to make payments under the Notes will depend on their receipt of timely remittance of funds from the Guarantor and/or its subsidiaries and other members of the Group.

The insolvency laws of the British Virgin Islands and Hong Kong may differ from bankruptcy law in jurisdictions with which the holders of the Notes are familiar.

As one of the Issuers, namely, Wharf Finance (BVI) Limited, is incorporated under the laws of the British Virgin Islands, an insolvency proceeding relating to such Issuer may involve British Virgin Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of jurisdictions with which the holders of the Notes are familiar. As a result, Noteholders may not enjoy the same level of protection as may be available under the laws of other jurisdictions.

### **Risks relating to the Guarantor**

#### ***The Guarantor is a holding company and has limited operations of its own***

The Guarantor primarily operates through subsidiaries, associates and joint ventures. As a result, the Guarantor's obligations in respect of the Notes will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries, associates and joint ventures (other than the Issuers). All claims of creditors of these subsidiaries, associates and joint ventures, including trade creditors, lenders and all other creditors, will have priority as to the assets of such entities over claims of the Guarantor and its creditors, including Noteholders as beneficiaries of the Guarantee. Accordingly, the Guarantor depends, to a significant extent, upon the receipt of dividends from its subsidiaries, associates and joint ventures to make payments with respect to its obligations, including its obligations under the Guarantee, and in order to provide funds to its subsidiaries, associates and joint ventures. The ability of subsidiaries, associates and joint ventures of the Guarantor to pay dividends to their shareholders (including the Guarantor) is subject to the performance and cash flows requirements of such subsidiaries, associates and joint ventures and to applicable law and other restrictions. The ability of the Guarantor's subsidiaries in Mainland China to pay dividends and repay intercompany loans or advances is subject not only to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of the subsidiaries, applicable laws and restrictions, but also foreign exchange controls, see "*PRC Currency Controls*". These restrictions could reduce the payment amount or delay the timing of the payment that the Guarantor receives. No assurance can be given that the Guarantor will have sufficient cash flow from dividends to satisfy its obligations as Guarantor in respect of the Notes, or that its subsidiaries, associates and joint ventures will pay dividends at all.



### *The Group's revenue and results of operations may fluctuate from period to period*

Part of the Group's revenue is derived from the sale of properties held for sale. The Group's results of operations may fluctuate in the future due to a combination of factors, including the overall development schedule of its property projects, the level of interest of properties by prospective customers, the proposed timing for completion and sale of the Group's developed properties, the Group's revenue recognition policies, property acquisition costs and price volatility in construction-related and development expenses. Most of the Group's commercial property projects require at least a year or more to complete the relevant works, whereas the Group's residential property projects require a few years to complete and are often undertaken in phases. Selling prices of developed properties are often higher closer to completion, due in part to the more established community available to prospective purchasers. Furthermore, according to the Group's accounting policy for revenue recognition, it recognises revenue from the sale of properties only upon completion of the relevant contracts of sale, which, in the case of pre-sold residential properties, would often be at the same time as the delivery of completed properties to purchasers. As such, even where a sale and purchase agreement has been entered into by the Group, the Group can only recognise revenue from such sale upon successful completion of that transaction. A time gap ranging from several months to a number of years may pass between the date on which the Group commences pre-sales of its residential properties and the date on which completed properties are delivered to purchasers.

Accordingly, the Group's results of operations may vary significantly from period to period depending, in part, on the GFA sold and the timetable for the completion and delivery of properties contracted for sale. Historically, periods in which the Group completed more of its GFA have often generated a higher level of revenue. Periods in which the Group sells or pre-sells a considerable amount of aggregate GFA, however, may not necessarily generate a higher level of revenue if such sold or pre-sold properties are not completed within the same period. The Group's results of operations are also affected by the limitation that during any particular period of time, it can only undertake a limited number of projects due to the substantial capital requirements for properties or land acquisitions, construction costs and the limited supply of appropriate buildings or land.

The Group reassesses the fair value of its investment properties at the end of each reporting period. Although fair value gains or losses do not change the Group's cash position as long as the relevant investment properties are held by the Group, any major or extended decline in property values may result in an accounting loss for the Group and hence increase the Group's gearing, which may constrain its ability to access additional financing in the future.

The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies, including Renminbi. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's performance. Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's financial condition or results of operations.

### *The Group's businesses are subject to the effects of global economic events*

Economic events outside Hong Kong and Mainland China may adversely affect the Group's business. In recent years, there has been a slowdown in the overall growth of the Mainland China economy. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure. The UK's exit from the European Union and the U.S. government's policies may create uncertainty for the global economy and financial markets. The United States and Mainland China have been involved in controversy over trade barriers in recent years that have triggered the implementation or proposed implementation of tariffs on certain imported products into the two countries. On 15 January 2020, the U.S. government and the PRC government signed the U.S.-China Economic and Trade Agreement (the "**Phase I Agreement**") pursuant to which the United States agreed to cancel a portion of tariffs imposed on products from Mainland China, and Mainland China agreed to purchase additional goods and services from the United States. Both parties expressed a commitment to further improve various trade issues. However, there can be no assurance that the Phase I Agreement will be adhered to by both governments or will successfully reduce trade tensions. More recently, the ongoing COVID-19 pandemic has adversely affected global financial, foreign exchange, commodity and energy markets. The

COVID-19 pandemic, coupled with the spread of new COVID-19 variants (“**COVID-19 pandemic**”) and policies implemented by governments to deter the spread of the disease have had and may continue to have an adverse effect on consumer confidence and the general economic conditions which the Group’s business is subject to. Despite the roll-out of mass vaccination programmes, COVID-19 related restrictions have continued. The COVID-19 pandemic continues to affect many countries globally and there remains significant uncertainty as to when the pandemic will end and whether governments will implement further travel restrictions or other restrictive measures to contain the COVID-19 pandemic. The resultant disruptions to the supply chain and reduced levels of consumption, commercial activities and industrial production in the affected countries may result in an economic slowdown in such economies which, if prolonged, could cause a global recession. In 2022, the military conflict between Russia and Ukraine is contributing to further increases in the price of energy, oil and other commodities and to volatility in financial markets globally, as well as a new landscape in relation to international sanctions. Other geopolitical events such as continued tensions in the Middle East and the Korean peninsula could also significantly undermine the stability of the global economy and financial markets. In addition, mismatches between the supply and demand of goods and services contributed to a rise in inflation in 2021 and central banks in major markets are expected to raise interest rates. In March 2022, the United States Federal Open Market Committee (the “**FOMC**”) raised its benchmark interest rates for the first time since 2018 and signalled that the FOMC may implement further rate increases to counteract rising inflation caused by supply-chain disruption during the pandemic. These fluctuations in interest rates may result in continued significant volatility in global capital markets and adversely affect business and consumer confidence. Whilst Mainland China has recently seen a rebound and a degree of normalisation of supply and demand, the pandemic situation continues to be affected by localised re-emergences of the virus. Furthermore, the COVID-19 pandemic has caused volatility to stock markets worldwide. As the situation of the COVID-19 pandemic is still evolving, the heightened uncertainties surrounding the pandemic may pose a material adverse impact on the Group’s business, financial condition, results of operations and prospects.

While the central banks of various countries have implemented stimulus packages, and national governments have proposed or adopted various forms of economic relief to contain the economic impacts of the COVID-19 pandemic and stabilise markets, there can be no assurance that such monetary and fiscal policy measures will have the intended effects or that a global economic downturn will not occur or market volatilities will not persist. Any severe or prolonged slowdown or instability in the global economy may materially and adversely affect the Group’s business, financial condition and results of operations. The outlook for the global economy and financial markets remain uncertain. If economic conditions were to worsen, if economic recovery fails to continue or if an economic slowdown were to return, the Group may have difficulty accessing financial markets, which could make it more difficult or expensive to obtain funding. In addition, there can be no assurance that the Group will be able to raise finance at reasonable cost, or at all. The Group may also be subject to solvency risks of banks and of its counterparties in its financial arrangements and contracts. These may have a material adverse impact on the operations of the Group. See also “— *The Group’s prospects may be adversely affected by an outbreak, epidemic and/or pandemic of, infectious or contagious diseases, natural disasters, terrorist attacks, other acts of violence or war, or social instability*” for further information.

***Economic, political, social and legal developments in Hong Kong and Mainland China could negatively affect the Group’s business***

Some of the Group’s assets are located in, and a portion of the Group’s revenue is derived from, Hong Kong. As a result, any adverse change in the general state of the Hong Kong economy, the interest rate environment and the political, social, legal and regulatory situation in Hong Kong will affect the Group’s operating results and financial condition. In addition, any instability in the local social, political and economic landscape which may arise from events beyond the Group’s control, in particular, if significant and prolonged, may materially and adversely affect the Group’s business, financial condition, results of operation and prospects. Further, civil unrest and an uncertain political environment may impact the Hong Kong economy and result in an economic slowdown. Protests or demonstrations causing disruption to businesses, commercial activities and the transportation system, such as the political tensions which arose during the latter half of 2020 due to the implementation of the national security legislation, the anti-extradition bill protests during the latter half of 2019 and early 2020 or the Occupy Central Movement that took place during the latter half of 2014, which are outside the control of the Group, may adversely impact consumer and investor confidence, decrease consumer spending and trading activities and affect inbound tourism to Hong Kong, which in turn may have a

negative impact on the local economy. There can be no assurance that further protests or demonstrations will not occur in the future. In addition, any spread of communicable diseases or public health emergencies may impact the Hong Kong economy. For example, the ongoing wide spread of the novel coronavirus, COVID-19, since January 2020 has caused severe disruption to business and economic activities in Hong Kong, Mainland China and globally and restricted cross-border travel. Consumer confidence or consumer sentiment in Hong Kong and elsewhere has been materially impacted due to the continued escalation of the COVID-19 pandemic. The Group's contractors, counterparties, customers and tenants may experience financial difficulties and/or face significant disruptions to their operations and businesses. While the Hong Kong SAR Government has introduced certain economic relief measures to support the Hong Kong economy, there can be no assurance that such measures will have the intended effects. Any significant or sudden economic slowdown, recession or other adverse changes or developments in the local social and economic environment or political arrangements in Hong Kong may result in a decline in the Group's profitability and materially affect its business and expansion strategy, financial results and profitability.

Furthermore, any disruption to Hong Kong's economy, such as an increase in the unemployment rate, an upsurge in interest rates, labour disputes, the occurrence of social unrest, persistent high oil prices, a slowdown in the rate of economic growth in Hong Kong, Mainland China or the global economy may have an adverse impact on the Group's financial condition, asset value, results of operations and prospects. Hong Kong is a Special Administrative Region of the PRC, with its own government and legislature. The Joint Declaration between the PRC and British governments and the Basic Law, the "mini-constitution" for Hong Kong, provide that Hong Kong will have a high degree of legislative, judicial and economic autonomy, that the socialist system and policies of Mainland China will not be practised in Hong Kong, and that Hong Kong's capitalist system and way of life shall remain unchanged for 50 years. Since 1 July 1997, when Mainland China resumed the exercise of sovereignty over Hong Kong, Hong Kong has enjoyed autonomy. However, if there were any change in the political, social or legal environment in Hong Kong, the Group's business and financial condition could be adversely affected.

The PRC government exercises significant control over the economic growth of Mainland China through the allocation of resources, controlling the payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Any future actions and policies adopted by the PRC government could materially affect the economy of Mainland China, which may adversely affect the Group's business, financial condition and results of operations, see "*— Risks specific to the Group's business in Mainland China*".

***The Group's prospects may be adversely affected by an outbreak, epidemic and/or pandemic of, infectious or contagious diseases, natural disasters, terrorist attacks, other acts of violence or war, or social instability***

The Group's operations and financial condition could be materially and adversely affected by any outbreak, epidemic and/or pandemic of (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of) infectious or contagious diseases and/or other adverse public health developments in Hong Kong, Mainland China or elsewhere. In particular, the ongoing COVID-19 pandemic in Mainland China, Hong Kong and globally has led to a significant decline in travel volumes and business activities in Mainland China, Hong Kong and globally. Consumer confidence or consumer sentiment in Mainland China, Hong Kong and elsewhere continues to be materially affected due to the continuing COVID-19 pandemic. In particular, certain governments have imposed travel restrictions or quarantines and stay-at-home orders with a view to containing the pandemic. The Hong Kong SAR Government has also imposed travel restrictions and mandatory quarantine measures which have reduced the number of tourists from Mainland China and other overseas countries visiting Hong Kong.

The sales and construction of some of the Group's development projects in Mainland China had been temporarily halted during the lockdown in certain cities. Completion of some of the Group's development projects may be delayed if the COVID-19 pandemic continues. Any continued escalation of the COVID-19 pandemic may result in material disruptions to the Group's property development and sales and operation of the Group's commercial properties. The reduction in visitor arrivals in Mainland China may also result in a reduction of the corresponding demand for the Group's hotel rooms, catering and restaurant facilities. In addition, the number of customers visiting the Group's shopping malls in Mainland China may also be significantly reduced due to the quarantine and/or lockdown measures. Moreover, government measures or actions to combat the spread of COVID-19 could also negatively impact the ability of the Group's contractors, including its construction contractors, to perform their contracts with the Group. As a result, completion of the Group's projects may be delayed, which may in turn result in an increase in development costs, a decrease in sales and/or otherwise adversely affect the Group's financial condition, operating results and profitability. In addition, the Group's sale and pre-sale of residential properties may also be adversely affected due to reasons such as a reduced number of potential buyers attending pre-sale activities of the Group, temporary closure of the Group's sales centers and restrictions imposed on large-scale sales and marketing activities to comply with social-distancing measures imposed by the government authorities. Moreover, if any of the Group's employees or the Group's contractors' employees are identified as having contracted COVID-19 or any other epidemic, the Group may be required to quarantine employees who are suspected of being infected, or the Group's contractors may be required to quarantine its employees whom are suspected of being infected, as well as others whom have come into contact with those employees, which could lead to disruption of commercial activities and may have an adverse effect on the Group's business operations, financial condition and operating results. The ongoing COVID-19 pandemic may also adversely affect the ability of the Group's tenants to maintain their business performance and/or normal business operations and/or provide uninterrupted sales and services to its customers. Whilst the Group has undertaken proactive measures to maintain occupancy rates, including providing temporary rental relief and concessions to certain of its tenants, undertaking marketing and promotional initiatives to attract footfall and consumption and proactively fine-tune its tenant mix to capture potential market recovery, there can be no assurance that such measures will be effective in improving occupancy rates and maintaining lease renewal. Moreover, the ongoing COVID-19 pandemic or other epidemic may result in the temporary closure of hotels, restaurants and/or shopping malls, which may result in further material disruption to the Group's businesses. It is difficult to predict the level of impact of the ongoing COVID-19 pandemic on Mainland China, Hong Kong and the global economy and there can be no assurance that it would not have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In addition, all levels of business in Hong Kong, Mainland China and other Asian countries were adversely affected by the outbreak of severe acute respiratory syndrome ("SARS") in 2003. There have also been sporadic outbreaks of the H5N1 virus or "Avian Influenza A" among birds, in particular poultry, as well as some isolated cases of transmission of the virus to humans. In 2009 and 2010, there were also outbreaks among humans of the A/H1N1 influenza virus. Other recent epidemics include the Middle East Respiratory Syndrome (MERS), the H5N1 avian flu, the H7N9 avian flu, the Ebola virus disease and the Zika virus disease. The occurrence of another outbreak of SARS, the A/H1N1 influenza virus or of any other highly contagious disease, epidemic and/or pandemic of infectious disease (whether known or unknown to the world) (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of infectious diseases) in Mainland China, Hong Kong or elsewhere may result in another economic downturn regionally and/or globally and could materially and adversely affect the overall level of business and travel activities in the affected areas and/or globally, which in turn could have a material adverse effect on the Group's and the Group's tenants' business, results of operations, prospects and financial condition.

Moreover, natural disasters or other catastrophic events, such as earthquakes, floods or severe weather conditions affecting Hong Kong or Mainland China could, depending upon their magnitude, significantly disrupt the Group's business operations. Terrorist attacks, other acts of violence or war, or social instability and public demonstrations, could also have a negative impact on economic conditions where the Group operates, including with respect to travel and leisure expenditures, which will in turn disrupt the Group's operations. More specifically, an actual, threatened or potential terrorist attack, criminal attack, other social instability or public demonstration occurring in, associated with or targeted

at the Group's properties or adjacent areas could deter or prevent people from using them. The occurrence of any of the above would have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

***The continuing success of the Group depends on key management personnel***

The success of the Group depends on key management personnel and on the continued service of its executive officers and other skilled managerial and technical personnel. Competition for qualified personnel is intense. The Group's business could be adversely affected if the services of a number of key personnel were lost and if the Group could not recruit suitable replacements in a timely manner. Furthermore, as the business of the Group continues to grow, the Group will need to recruit, retain and train additional qualified personnel. If the Group fails to attract, retain and train qualified personnel, its business, financial condition, results of operations and prospects may be adversely affected.

***The Group's results of operations include revaluation adjustments which are unrealised and the future fair value of its investment properties is likely to fluctuate from time to time***

The Group has adopted a policy of measuring its investment properties at fair value, and as a result it is required under HKFRSs to reassess the fair value of its investment properties at each reporting date for which it issues financial statements. Under HKFRSs, the revaluation deficit or surplus arising on revaluation on investment properties is recognised as "decrease/increase in fair value of investment properties" in the consolidated income statement in the period in which they arise.

Fair value gains or losses do not change the Group's cash position as long as the relevant investment properties are held by it and, therefore, do not increase or decrease the Group's liquidity in spite of the increased or decreased profit. Therefore, fair value gains would not generate any cash flow from which dividends could be paid. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. Any significant decrease in the future in the fair value of the Group's investment properties may have a material adverse effect on its business, financial condition, results of operations and prospects.

**Risks relating to real estate development and the Group's investment properties**

***The real estate markets in Hong Kong and Mainland China are volatile, which could adversely affect the Group's business***

Historically, Hong Kong property values have been volatile as they are affected by the supply of, and the demand for, comparable properties, the policies of the Hong Kong SAR Government including the amount of new land made available by the Hong Kong SAR Government to third parties as well as to MTR Corporation Limited over or near the stations of its mass transport networks. In addition to releasing more land for development and public housing, a series of measures are in place to curb speculation and restrain rising prices in the Hong Kong real estate market.

The Residential Properties (First-hand Sales) Ordinance became law on 29 April 2013. This ordinance sets out detailed requirements in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements and the mandatory provisions of preliminary agreement for sale and purchase and agreement for sale and purchase for the sales of first-hand residential properties.

The Stamp Duty (Amendment) Ordinance 2014 (the "Amendment Ordinance") became law on 28 February 2014 and was deemed to have come into operation on 27 October 2012. Under the Amendment Ordinance, any residential property acquired on or after 27 October 2012, either by an individual or a company (regardless of where it is incorporated), and resold within 36 months, is subject to Special Stamp Duty ("SSD"). Residential properties acquired by any person (including a company incorporated) except a Hong Kong permanent resident will also be subject to a Buyer's Stamp Duty ("BSD"), to be charged at a flat rate of 15%, on top of the existing stamp duty and the SSD, if applicable.

The Stamp Duty (Amendment) (No. 2) Ordinance 2014 (the “**Amendment Ordinance No. 2**”) was gazetted on 25 July 2014. The Amendment Ordinance No.2 provides that the ad valorem stamp duty (“**AVD**”) payable on certain instruments dealing with immovable properties executed on or after 23 February 2013 (the “**Effective Date**”) shall be computed at higher rates (“**Scale 1 rates**”). It also advanced the timing for charging AVD on non-residential property transactions from the conveyance on sale to the agreement for sale executed on or after the Effective Date. Under the Amendment Ordinance No. 2, any residential property and non-residential property acquired on or after the Effective Date, either by an individual or a company, is subject to the Scale 1 rates, except that any such property acquired by a Hong Kong permanent resident acting on his/her own behalf who does not own any other residential property in Hong Kong at the time of acquisition.

The Stamp Duty (Amendment) Ordinance 2018 (the “**2018 Amendment Ordinance**”) was gazetted on 19 January 2018. Under the 2018 Amendment Ordinance, the AVD at Scale 1 rates enacted under the Amendment Ordinance No. 2 are further divided into Part 1 (a flat rate of 15%) and Part 2 (original Scale 1 rates under the Amendment Ordinance (No. 2)) with effect from 5 November 2016. Part 1 of the Scale 1 rates applies to instruments of residential property and Part 2 of the Scale 1 rates applies to instruments of non-residential property. The 2018 Amendment Ordinance provides, amongst others, that any instrument of residential property executed on or after 5 November 2016 for the sale and purchase or transfer of residential property, unless specifically exempted or provided otherwise, will be subject to AVD at the rate under Part 1 of the Scale 1 rates, i.e. a flat rate of 15% of the consideration or value of the residential property, whichever is the higher.

The Stamp Duty (Amendment) (No. 2) Ordinance 2018 (the “**2018 Amendment Ordinance No. 2**”) was gazetted on 20 April 2018. The 2018 Amendment Ordinance No. 2 provides, amongst others, that acquisition of more than one residential property under a single instrument executed on or after 12 April 2017, unless specifically exempted or provided otherwise, will be subject to AVD at the rate under Part 1 of the Scale 1 rates, i.e. a flat rate of 15% of the consideration or value of the residential property, whichever is higher, even if the purchaser or transferee is a Hong Kong permanent resident acting on his/her own behalf and does not own any other residential property in Hong Kong at the time of acquisition.

The Stamp Duty (Amendment) Ordinance 2021 (the “**2021 Amendment Ordinance**”) was gazetted on 19 March 2021. The 2021 Amendment Ordinance provides, amongst others, that any instrument executed on or after 26 November 2020 for the sale and purchase or transfer of non-residential property, unless specifically exempted or provided otherwise, will be subject to AVD at rates equal to half of the rates under Part 2 of the Scale 1 rates (“**Scale 2 rates**”).

On 29 June 2018, the Hong Kong SAR Government proposed a tax on vacant first-hand private residential units (the “**Vacancy Tax**”) to encourage developers to release residential units more quickly into the market and expedite the supply of first-hand homes. Under the proposal, developers of first-hand private residential units with an occupation permit issued for 12 months or more will be required to make annual returns disclosing the occupancy status of their units. Units that have not been occupied or rented out for more than six months at or above the market rent after the issue of the occupation permit will be considered vacant and subject to the Vacancy Tax charged at two times the annual rateable value of the units. On 13 September 2019, the Hong Kong SAR Government gazetted the Rating (Amendment) Bill 2019 (the “**Bill**”) to implement the proposed Vacancy Tax at the Legislative Council and in May 2020, a Bills Committee was formed to study the Bill. On 23 June 2020, members of the Bills Committee decided to discontinue their scrutiny works on the Bill. The Hong Kong SAR Government had made a statement that it would take into account the prevailing market circumstances when considering whether to reintroduce the Bill into Legislative Council for scrutiny in the next legislative term. If implemented, the Vacancy Tax may have an adverse effect on the Group’s business, operating results and financial condition.

On 16 October 2019, the Hong Kong SAR Government expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90% loan-to-value ratio (“**LTV**”) has been raised from HK\$4 million to HK\$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80% LTV has also been raised from HK\$6 million to HK\$10 million. On 23 February 2022, the Mortgage Insurance Programme for completed residential properties has been further amended to provide assistance to home buyers with

housing needs. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90% LTV has been raised to HK\$10 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80% LTV has also been raised to HK\$12 million. In addition, coverage of the Mortgage Insurance Programme has been extended to properties valued from above HK\$12 million and up to HK\$19.2 million, subject to a mortgage loan cap of HK\$9.6 million.

As the introduction of these measures are subject to policy changes reflecting domestic, political or economic circumstances, there is no assurance that the Hong Kong SAR Government will not introduce further measures in the future that may have a significant impact on the Hong Kong real estate market, which may in turn affect the Group's operating results and financial conditions.

The HKMA also imposes a number of measures applicable to the provision of loans secured over real estate by banks in Hong Kong aimed at protecting the depositors of those banks from the risk of a collapse in real estate prices in Hong Kong. On 27 February 2015, the HKMA announced a series of counter cyclical measures to banks in relation to property mortgage lending to strengthen banks' risk management and resilience, with immediate effect, namely (i) the maximum LTV for self-use residential properties with a value below HK\$7 million was lowered by a maximum of 10 percentage points. For example, the maximum LTV applicable to properties with a value of HK\$6 million or below and subject to the LTV cap of 70% was lowered to 60%; (ii) the maximum debt-servicing ratio ("DSR") for borrowers who buy a second residential property for self-use was lowered to 40% from 50%, and the stressed-DSR cap was lowered to 50% from 60%; and (iii) the maximum DSR of mortgage loans for all non-self-use properties, including residential properties, commercial and industrial properties and car park spaces, was lowered to 40% from 50%, and the stressed-DSR cap was lowered to 50% from 60%. On 19 May 2017, the HKMA further announced a series of new measures to banks in relation to property mortgage lending to strengthen the risk management of banks and safeguard banking stability, with immediate effect, which include, amongst others (i) to lower the applicable LTV cap by 10 percentage points for property mortgage loans involving borrowers and/or guarantors with one or more pre-existing mortgage loans, in addition to the existing requirement of lowering the applicable DSR limit by 10 percentage points for these loans; and (ii) to lower the applicable DSR limit by 10 percentage points for property mortgage loans extended to borrowers whose income is mainly derived from outside of Hong Kong, on top of the existing requirement of lowering the applicable LTV cap by 10 percentage points for these loans. On 19 August 2020, the HKMA relaxed the countercyclical measures for mortgage loans on non-residential properties. The applicable LTV caps for mortgage loans on non-residential properties were adjusted upward by 10 percentage points, from 40% to 50% for general cases, with effect from 20 August 2020. These regulatory changes (and any further measures the Hong Kong SAR Government may introduce from time to time in the future) may have an adverse effect on the property market in Hong Kong, and in turn, the Group's business, financial condition, results of operations, prospects and profitability.

Since 2005, the Group has acquired sites in various cities in Mainland China for development. The real estate market in Mainland China has been volatile as it is affected by numerous factors including the supply of and demand for comparable properties, the amount of new land made available by the Municipal Bureaus of Land and Resources, the rate of urbanisation in Mainland China, governmental policies towards the property market and events such as the availability of end-buyer mortgages as well as political and economic developments in Mainland China. In recent years, the development property market in Mainland China has been concurrently affected by economic factors and government policies including but not limited to changes affecting the issue of pre-sale licenses and permitted selling price, mortgage levels and ownership, interest rate changes, supply and demand conditions as well as the overall economic volatility in Mainland China, which may affect the Group's investment strategy and business model as well as the Group's business, financial condition, results of operations, prospects and profitability. See also "*— Risks specific to the Group's business in Mainland China*".

Any of the above factors and any significant drop in property prices and/or liquidity in the Hong Kong and Mainland China property market may adversely affect the Group's financial condition, results of operations, prospects and profitability.

***The Group is subject to project development risks***

Development property involves significant risks for the Group when compared with companies which acquire existing investment properties. Such risks, among other things, include the financing risks for property under development, construction not being completed on schedule or within budget due to unforeseen infrastructure or engineering problems, delays in land site clearance, workforce shortages, unexpected building cost increases, property design feasibility, interruption caused by environmental and weather constraints, problems with independent contractors and changes to governmental policies and regulations. Contractors may undertake projects for other developers, the time taken and the costs involved in completing construction can also be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with subcontractors, accidents, changes in governmental priorities and other unforeseen circumstances. Major contractors may experience financial or other difficulties which may affect their ability to carry out construction works, thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. There is no assurance that the Group's projects will be completed in a timely manner or be of satisfactory quality within the original budget.

Failure to complete and/or deliver a pre-sold property in a timely manner may cause the Group to be liable to the relevant purchasers for losses suffered by them. The Group's failure to complete property developments in the time required by pre-sale contracts may entitle purchasers to claim damages under the pre-sale contracts, and in the event that such failure causes a delay that extends beyond any grace period stipulated in the pre-sale contracts, purchasers may be entitled to terminate the presale contracts, claim damages and request a refund of their purchase amount together with interest.

All these risks may adversely affect the timeliness of project completion and investment returns generated from development property projects undertaken by the Group and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group derives a portion of its revenue from its investment property portfolio, the performance of which depends on a number of factors, including changes in market rental levels, competition for tenants and rental collection and renewal***

Part of the Group's business constitutes leasing of its investment properties. The Group is subject to risks incidental to the ownership and operation of commercial properties, such as volatility in market rental rates and occupancy rates, competition for tenants, costs resulting from on-going maintenance and repair and the inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, the Group may not be able to renew leases with its tenants on terms acceptable to it, or at all, upon the expiration of the existing terms. The Group's rental income may experience more frequent adjustments resulting from competition arising from oversupply in retail and office areas. Furthermore, rental levels may also be impacted by global and local economic and market conditions including but not limited to the fluctuations in general supply and demand, performance in stock markets and financial volatility, which may indirectly affect the revenue and profitability of the Group's investment properties. Any downturn in the rental market for retail and/or office premises in general could negatively affect the demand for the Group's rental properties and revenue. If any of the above occurs, there may be a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's revenue and profit are affected by its ability to continue to attract and retain quality tenants***

The Group's investment properties compete for tenants with other properties on the basis of, among other things, location, quality, maintenance, property management, rent levels and other lease terms. There can be no assurance that existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with the Group's investment properties would increase the competition for tenants and, as a result, the Group may have to reduce rent or incur additional costs to make its properties more attractive. If the Group is not able to retain its existing tenants or attract new tenants to replace those that have left or to lease its new properties, the Group's occupancy rates may decline. If the Group is unable to attract renowned brands as tenants or retain



existing tenants that bring in renowned brands to its properties, its investment properties may become less attractive and less competitive. The occurrence of any of these events may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

***There is no assurance that third-party contractors will always meet the quality standards of the Group and provide services in a timely manner***

The Group employs third-party contractors to carry out various works, including design, construction, structural engineering, internal decoration, landscaping, electrical and mechanical engineering and lift installation. Despite the Group's project management, there is no assurance that such third-party contractors will always provide satisfactory services. In addition, the Group may not be able to engage third-party contractors with the appropriate experience and on favourable terms. Moreover, as is common in the property industry, completion of the required property maintenance, repairs, refurbishments, renovations and/or developments may be delayed and the Group may incur additional costs due to a contractor's financial or operational difficulties. The Group's contractors may undertake projects for others thereby diverting resources, engage in risky undertakings or otherwise encounter financial or other difficulties, which may cause delay in the completion of the Group's projects and increase its costs. The services rendered by independent contractors may not always meet quality standards of the Group. Any of these factors could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

***The Group is subject to risks associated with the title of its properties***

In Hong Kong, structural alterations of properties are subject to prior approval by the Building Authority of the Hong Kong SAR Government (the "BA"). The BA may issue warning notices and/or building orders in relation to certain parts of a property or the common areas of a building if there are alteration works carried out without the required permits or consents. If the subject matter as stated in the warning notice is not rectified within the specified period, the BA may issue a building order which may constitute title defects in respect of the relevant property, unless and until the relevant requirements as set out in the building order have been duly complied with. The works required to comply with warning notices and/or building orders may involve substantial costs to be borne by the owners. Under Hong Kong law, the existence of these title defects and other title issues do not prevent the relevant properties from being sold, purchased, or being suitable for acceptance by banks as security for granting mortgages. Nevertheless, any title defect on any property may have adverse effect on the value of such property. If such property has been contracted for sale with a prospective purchaser, such title defect may entitle the prospective purchaser to refuse completion of the sale and purchase transaction.

There is no assurance that the Group's properties in Hong Kong held for investment purposes or the common areas of the building in which such properties are situated will not be subject to any warning notice or building order. If any warning notice or building order is issued against the Group's properties and the subject matter cannot be rectified by the Group and/or other owners of the building in a timely manner, or at all, the sale of the Group's properties may be affected which may in turn have material adverse impact on its business, financial condition and results of operations.

***Potential liability for environmental problems could result in costs to the Group***

The Group is subject to various laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, its environmental condition, the present and former uses of the site, as well as any adjoining properties. Environmental laws and conditions may result in delays to the Group's property developments, may cause the Group to incur compliance and other costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

Each project the Group develops in Hong Kong or Mainland China is required under applicable laws and regulations to undergo environmental assessments. Further, an environmental impact assessment document is required to be submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request the Group to submit additional environmental impact documents, issue orders to suspend the construction and/or impose penalties for any projects that have not, prior to the commencement of construction, received approval following the

submission of the environmental impact assessment documents. Although the environmental investigations conducted to date have not revealed any environmental liability that the Group believes would have a material adverse effect on its business, financial condition or results of operations, it is possible that these investigations did not reveal all environmental liabilities, or that there are material environmental liabilities of which the Group is unaware. In such circumstances, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

***The Group is subject to risks relating to accidents or other incidents which may not be covered by insurance***

The Group maintains insurance coverage on all of its properties under construction, third party liabilities and owner's liabilities in accordance with what it believes to be industry standards. However, the Group may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium costs disproportionate to the level of risks concerned or other reasons. In particular, the Group's insurance policies generally do not cover certain types of losses incurred due to events such as war, civil disorder, acts of terrorism, pollution, fraud, professional negligence and acts of God. Furthermore, the Group's insurers may become impaired and financially unable to meet claims.

In addition, where insurance is taken out in relation to properties which are owned by a jointly controlled entity or an associate in which the Group is interested, there is no guarantee that such properties are insured in accordance with the same standards which the Group applies when taking out insurance in respect of its own properties.

Any losses may significantly affect the Group's business operation and the Group may not have sufficient funds to replace any property destroyed as a result of such hazards. Furthermore, whilst due care is taken by the Group and its employees in the selection and supervision of its independent contractors, accidents and other incidents, such as theft, may occur from time to time. Such accidents may expose the Group to liability or other claims by its customers and other third parties. The occurrence of such accidents or injuries at any of the Group's investment properties or construction sites could adversely affect its reputation among shoppers and tenants of its properties, harm the Group's brand, decrease its overall rents and occupancy rates and increase its costs by requiring the Group to implement additional safeguard measures. In addition, if accidents, injuries or prohibited activities occur at any of the Group's investment properties or construction sites, the Group may be held liable for costs, damages and fines and there is also a risk that the Group's operations may be suspended as a result. Although the Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents or incidents which are not covered by these arrangements could occur. The occurrence of any such accidents or incidents which are not covered by insurance and the resulting payment the Group may be required to make to cover any losses, damages or liabilities could adversely affect the business, financial condition, prospects and results of operations of the Group. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

***The Group is subject to a tightened credit environment***

Development property requires significant amounts of capital. The Group has traditionally financed land acquisition, development property and investment property, through a combination of equity, borrowings and the debt capital markets. The Group's ability to arrange for external financing and the cost of such financing is dependent on a number of factors, including general economic conditions, interest rates, credit availability from banks, investor confidence in the Group and the legal and regulatory environment. As a result of concerns for heightened inflation and asset-bubble risks, the availability of credit in the global credit and financial markets may decrease. Regulatory authorities in both developed and developing countries have issued regulations to further tighten traditional bank lending, including capital reserve requirements. Where the Group's unsecured bank borrowings are on a floating rate basis, fluctuations in interest rates may increase its interest expenses. In the event of any adverse change in the capital markets, the Group may have difficulty in accessing new financing sources, which could make it more difficult or expensive to obtain funding in the future. In light of the above, no assurance can be given that the Group will be able to raise financing at a reasonable cost, or at all.

***The Group is subject to the cyclical nature of consumer demand and commercial market sentiment***

The Group derives a portion of its revenue from shopping malls and office properties which are closely tied to general consumer demand and commercial market sentiment. Any change in such general consumer demand and commercial market sentiment can affect overall economic outlook and investor confidence leading to changes in the tenant mix and credit standing of tenants. Competition from new market entrants and fluctuations in the level of disposable household income may adversely affect the Group's relative bargaining position with its tenants in terms of lease rates, tenure and frequency of rental revisions, and thus adversely affect its revenue, business, financial condition, results of operations and prospects.

***Some of the Group's development and investment property projects are undertaken through joint ventures***

The Group has invested in joint venture companies to develop, own and/or manage some of its development and investment properties in Hong Kong and Mainland China. Certain corporate actions of these joint ventures require approval of all partners. Although the Group has not experienced any significant problems which cannot be resolved with respect to its joint venture partners to date which could not be resolved, should such problems occur in the future they could have a material adverse effect on the success of these properties. If the Group's joint venture partners act in a manner which is contrary to the Group's interests, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

***The Group's business in the future may be adversely affected if it is unable to acquire land at favourable prices***

Property is the Group's most important business segment and the Group's business and results of operations are dependent, in part, on the availability of land suitable for development and the Group's ability to replenish its land bank at favourable cost. The Group has enjoyed a competitive advantage in this segment because several of its projects in Hong Kong and in Mainland China are located on sites that the Group acquired at a relatively favourable cost. There can be no assurance that the Group will be able to obtain additional land for development property in Hong Kong or Mainland China at similarly favourable prices in the future. The occurrence of such circumstances may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

***Cash conversion risks of property assets and liquidity risk***

As development properties and investment properties are relatively illiquid, the Group's ability to liquidate one or more of its properties may be limited or it may be required to discount property prices significantly to ensure a timely sale in case of any market downturn if the Group is not able to satisfy its obligations from its cash and bank balances, committed undrawn banking facilities or from the capital markets.

Investment properties cannot be readily converted to alternative uses, as such conversion requires extensive governmental approvals and involves substantial capital expenditures and time for renovation and refurbishment. There is no assurance that the Group will obtain the necessary approvals and sufficient funds to carry out such conversion. These factors and any others that would impede the Group's ability to respond to adverse changes in the performance of its investment properties could affect its ability to compete against its competitors. The occurrence of any of the above events may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

***The Group may be involved in disputes and legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result***

The Group may be involved in disputes arising out of the leasing, usage, development or sale of its properties with tenants, residents, residents of surrounding areas, contractors, suppliers, construction workers, co-investors, joint venture partners, purchasers or other parties. These disputes may lead to protests, legal or other proceedings and may damage the Group's reputation and divert its resources and management's attention. Significant costs may have to be incurred in defending the Group in such

proceedings whether it succeeds or not. If the Group is not successful in defending itself in such proceedings, it may be liable for damages, the amount of which may be significant. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings or unfavourable decrees that may result in liabilities and cause delays to its property developments. The Group may also be involved in disputes or legal proceedings in relation to delays in the completion and delivery of its projects. Any of the above could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Further, the Group has endeavoured to structure its business in a tax efficient manner. If any of the Group's arrangements is successfully challenged by the relevant tax authorities, it may incur additional tax liabilities, which could adversely affect its business, financial condition, results of operations and prospects.

***Failures or breakdowns in the Group's information and technology systems may interrupt its business operations***

The Group uses modern information and technology systems to control and manage its operations. These information and technology systems are intended to enable the Group to improve efficiency and monitor and control its operations and are fundamental to ensuring that the Group maintains its competitiveness in its industry. The Group's information systems are vulnerable to damage or interruption from circumstances beyond its control, including but not limited to, fire, power loss, hardware failure, software programme error, back-up data failure, telecommunications failure, computer viruses, human error, hacking and break-in and other similar events. Any failure or breakdown in these systems could interrupt the Group's normal business operations and result in a significant decrease in operational and management efficiency during such failure or breakdown. Recovery from such disasters may result in lost data as a result of such malfunction and disruption. In addition, precautionary measures may only be partly, if at all, successful. Any prolonged failure or breakdown could significantly impact the Group's ability to manage its properties and offer services to its customers, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

**Risks specific to the Group's other businesses**

***Competition from ports in Mainland China may adversely affect the Group's container terminal business in Hong Kong***

The attractiveness of a port is dependent on factors such as location, facilities, supporting infrastructure, service and price. If competing ports are built or existing terminals are substantially upgraded with superior facilities and supporting infrastructure and services or if competitors offer lower tariffs, these events may lead to a reduction in the Group's market share, a decrease in the volume of containers handled, or increased price competition, thus adversely affecting the Group's cash flows, operating margins and profitability.

Since the early 1990s, various new container terminals have been built in Mainland China (including those in which the Group has an interest in Modern Terminals) that compete, or will compete, with the Group's container terminal business in Hong Kong. There is a cost advantage to shippers using ports in Mainland China due to the lower cost of onshore transportation arising from the relatively close proximity of such ports to the source, or, as the case may be, destination of the cargo and the lower handling fees at such ports. Due to this cost disadvantage, such ports in Mainland China may absorb the majority of the growth in trade between Mainland China and the rest of the world in the future, which would adversely affect the Group's container terminal business in Hong Kong.

***The Group is subject to risks associated with the tourism and hospitality industry***

The Group's hotel performance is usually subject to a high degree of fluctuations caused by both predictable and unpredictable factors including seasonality, economic conditions, social stability, epidemic diseases and ease of traveling.

### *Volatility of stock market could affect the performance of the Group's long-term investment portfolio*

The Group holds a diversified portfolio of long-term investments consisting of mainly blue chips investments. None of the investments is individually material to the Group's total assets. Given the volatility of the stock market, the portfolio is subject to market fluctuation and may affect the net asset value and/or financial performance of the Group.

### **Risks specific to the Group's business in Mainland China**

#### *Mainland China's economic, political, social and legal conditions, as well as government policies, could affect the Group's business*

The Group's strategy is to continue to expand its business in Mainland China to capitalise on Mainland China's economic growth and rapid urbanisation. In the near to medium term, the Group's growth drivers are expected to be its business initiatives in both property and logistics in Mainland China. The Group's financial condition, operating results and prospects will, accordingly, be subject to economic, political, social and legal developments in Mainland China as well as in the economies in the surrounding region. The economy in Mainland China differs from the economies of most developed countries in many respects, including:

- extent of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources to sectors such as transport, energy, healthcare, education and energy efficient motor vehicles. Some of these measures benefit the overall PRC economy, but may also have a negative effect on the Group's operations. For example, the Group's business, financial condition and operating results may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-orientated economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in Mainland China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in Mainland China by imposing top-down policies. It also exercises significant control over Mainland China's economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular geographies, industries or companies. The PRC government may also take credit tightening measures to increase the cost of credit and to reduce the availability of credit to curb inflationary pressure. The PRC government may also implement other measures which could also have an adverse impact on the Group's ability to access onshore financing in Mainland China, and in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

#### *Mainland China's legal system is less developed than in certain other countries and laws in Mainland China may not be interpreted and enforced in a consistent manner*

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC government has introduced many new laws and regulations to provide general guidance on

economic and business practices in Mainland China and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation of changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group and its joint ventures. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainty. The interpretation of PRC laws may be subject to policy changes which reflect domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on the Group's prospects, financial condition and operating results.

### ***Real estate is a highly regulated sector in Mainland China***

The Group's business is dependent on continued economic growth in Mainland China. The PRC government, in the past, has imposed restrictions on direct foreign investment in the property sector to curtail the overheating economy. Property developers in Mainland China must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC government adjusts its macroeconomic and fiscal policies to encourage or restrict property development, which may have a direct impact on the Group's business. For example, with effect from 1 May 2016 certain real estate transactions are now subject to value added tax. The Group must obtain various permits, certificates, relevant approvals from the relevant administrative authorities at various stages of development, including land use rights documents, planning permits, construction permits and confirmation of completion and acceptance. Each approval is dependent on the satisfactory compliance with certain requirements or conditions. The Group can give no assurance that it will not encounter delays or other impediments in fulfilling the conditions precedent to obtain these approvals or that the Group will be able to comply with any new laws, regulations or policies that may come into effect with respect to the property development industry in general or the requirements for obtaining such approvals. If the Group fails to obtain the relevant permits, licences, certificates or other approvals or to fulfil the conditions therein for its property developments, its developments may not proceed on schedule, and the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

The supply of land in Mainland China is controlled and regulated by the PRC government. The land supply policies adopted by the PRC government directly impact the Group's ability to acquire land use rights for development and the costs of such acquisitions. For example, in recent years, the PRC government has introduced a series of measures (and may implement further measures) to curb its overheating economy, including policies to prevent excessive rises in property prices in certain cities and sectors such as taxing capital gains to discourage speculation, restricting purchases of real estate by foreigners, limiting the amount of luxury villa developments and tightening credit available to real estate developers and individual purchasers. Property developers must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC government adjusts its macroeconomic policies to encourage or restrict property development which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The PRC government's restrictive measures to control the property development industry's rate of growth could limit the Group's access to capital resources, reduce market demand and increase the Group's operating costs. The PRC government may adopt additional and more stringent measures in the future, which may further slow the development of the industry and materially and adversely affect the Group's business and result of operations. In particular, any additional or more stringent measures imposed by the PRC government in the future to curb high-end residential/mixed use real estate projects may materially and adversely affect the Group's business, financial condition and results of operations.

The Group may, under certain land clearance agreements with relevant land authorities, be required to assist local governments with clearing land and relocating original residents with respect to some of its development property projects in accordance with the relevant PRC laws and regulations.

The complicated administrative process and possibility of unfavourable settlement regarding the amount of compensation may increase the cost of the development and materially adversely affect the Group's cash flow, business operations and financial condition. Under PRC law, if a developer fails to

develop land according to the terms of the land grant contract (including those relating to payment of fees, land use or the time for commencement and completion of the development of the land), the relevant local government authority may give a warning to or impose a penalty on the developer or forfeit the land granted to the developer. Under applicable PRC laws and regulations, if a developer fails to pay any outstanding land premium by the stipulated deadline, it may be subject to a late payment penalty calculated on a per-day basis. In addition, if a developer fails to commence development of a property project within the stipulated period as required under applicable PRC laws without the approval from the relevant PRC land bureau, the relevant PRC land bureau may serve a warning notice on the developer and impose an idle land fee of up to 20% of the land premium unless such failure is caused by a government action or a force majeure event. Even if the commencement of the land development complies with the land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or if the total capital expenditure is less than 25% of the total investment of the project and the suspension of the development of the land is more than one year without government approval, the land will still be treated as idle land. The Notice on Promoting Economisation of Land Use issued by the State Council in January 2008 further confirmed the idle land fee at 20% of the land premium. If a developer fails to commence such development for more than two years, the land is subject to forfeiture without compensation to the PRC government unless the delay in development is caused by government actions or force majeure events. In addition, a developer with idle land together with its shareholders may be restricted from participating in future land bidding.

Although the Group has never been subject to any such penalties or required to pay idle land fees or forfeit any of its land in Mainland China, there can be no assurance that circumstances leading to possible forfeiture of land or delays in the completion of a project may not arise in the future.

Further, the Group must obtain various permits, certificates, relevant approvals from the relevant administrative authorities at various stages of development, including land use rights document, planning permits, construction permits and confirmation of completion and acceptance. Each approval is dependent on the satisfactory compliance with certain requirements or conditions. There can be no assurance that the Group will be able to obtain the relevant permits, certificates, relevant approvals from the relevant administrative authorities or that the Group will not encounter material delays or other impediments in fulfilling the conditions precedent to obtaining these approvals.

Although these measures have to date focused on tier one and tier two cities, there is a risk that similar measures will be introduced in tier three and tier four cities which would have an adverse impact on the Group's developments in such cities.

#### ***The PRC government may adopt further measures to slow down growth in the property sector***

Along with the economic growth in Mainland China, investments in the property sector have increased significantly in the past decade. In response to concerns over the increase in such investments, the PRC government has at various times introduced policies and measures to curtail property development.

There can be no assurance that the PRC government will not adopt additional and more stringent measures in the future, which could further slow down property development in Mainland China and adversely affect the Group's business and prospects.

The PRC government and local government authorities will continue to exercise a substantial degree of control and influence over the PRC economy and property market and any form of government control or newly implemented laws and regulations, depending on the nature and extent of such changes and the Group's ability to make corresponding adjustments, may result in a material adverse effect on the Group's business and operating results. In particular, decisions taken by the PRC government concerning economic policies or goals that are inconsistent with the Group's interests could adversely affect its operating results.

***Mainland China is a competitive market for property development and it may be difficult to acquire suitable sites for development in the future***

During the last decade, a large number of property developers based in Mainland China have begun to undertake property development and investment projects in Mainland China. In addition, a number of international developers have expanded their operations into Mainland China, including a number of leading Hong Kong real estate development and investment groups. Many of these developers, both private and state-owned, have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Competition in the property development industry is intense and may result in, among other things, increased costs for the acquisition of land for development, oversupply of properties in certain parts of Mainland China, a decrease in property prices, a slowdown in the rate at which new property development projects will be approved and/or reviewed by the relevant government authorities, an increase in construction costs, and difficulty in obtaining high quality contractors and qualified employees.

The PRC central and local governments have implemented various measures to regulate the means by which property developers obtain land for property development. They control land supply through zoning, land usage regulations and other means. All these measures further intensify the competition for land in Mainland China among property developers. For example, subsequent re-zoning by the PRC government may adversely affect the Group's ability to obtain land use rights. If the Group fails to acquire sufficient land bank suitable for development in a timely manner and at acceptable prices, or at all, its prospects and competitive position may be adversely affected and its growth potential and performance may be materially and adversely affected.

The consequences of any such risks eventuating may adversely affect the Group's business, results of operations and financial position. In addition, the real estate market in Mainland China is rapidly changing. If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors, the Group's business, financial condition and results of operations will be adversely affected.

***Policy initiatives in the financial sector to further tighten lending requirements for property developers may limit the Group's flexibility and ability to use bank loans or other forms of financing to finance the Group's development properties and therefore may require the Group to maintain a relatively high level of internally sourced cash***

The Group's ability to arrange adequate financing for land acquisitions or development properties on favourable terms depends on a number of factors, many of which are beyond the Group's control. The PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten lending requirements for property developers, which, among other things:

- forbid PRC commercial banks from extending loans to property developers to finance land premiums;
- restrict PRC commercial banks from extending loans for the development of luxury residential properties;
- restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans;
- forbid property developers from using borrowings obtained from any local banks to fund property developments outside that local region; and
- increase the regulation of trust companies including the imposition of enlarged capital adequacy requirements.



The People's Bank of China (“PBOC”) adjusts the reserve requirement ratio for commercial banks to curtail overheating of the property sector, or, as the case may be, in order to stimulate the PRC economy as necessary. The reserve requirement refers to the amount of funds that banks must hold in reserve with PBOC against deposits (including margin deposits such as acceptances, letters of credit and letters of guarantee) made by their customers. Further increases in the bank reserve requirement ratio may negatively impact the amount of funds available to lend to businesses, including to the Group, by commercial banks in Mainland China. The China Banking and Insurance Regulatory Commission also regulates the provision of “shadow finance” in the form of wealth management products by banks and trust companies to curtail the overheating of the property sector and to protect investors. The regulations include limitations on the pooling of assets, on the proportion of wealth management products relative to other assets, on proprietary trading and on the disclosure associated with the marketing of wealth management products.

There can be no assurance that the PRC government will not introduce other initiatives which may limit the Group's access to capital resources. The foregoing and other initiatives introduced by the PRC government may limit the Group's flexibility and ability to use bank loans or other forms of financing to finance the Group's development properties and therefore may require the Group to maintain a relatively high level of internally sourced cash. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

#### ***Mainland China inflationary pressure may result in increased construction and funding costs***

Inflation in Mainland China may result in increased construction and funding costs for the Group. The PRC government uses various measures to control inflation, including increasing benchmark lending rates and reserve ratios on several occasions. As commercial banks in Mainland China link the interest rates on their loans to benchmark lending rates published by PBOC, any increase in such benchmark lending rates will increase the funding costs for the Group. The PRC government is expected to continue to manage liquidity, cool down the real estate market and use price controls when needed. The Group's business, financial condition and results of operations in Mainland China may be adversely affected by increased construction and funding costs.

#### ***The Group is exposed to foreign exchange risks***

Part of the Group's revenue is denominated in Renminbi and may be converted into U.S. dollars or other foreign currencies to pay dividends or make other payments. Under the PRC's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditure from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, foreign exchange controls are imposed on capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities. In the past, there have been shortages of U.S. dollars or other foreign currency available for conversion of Renminbi in Mainland China, and it is possible such shortages could recur, or that restrictions on conversion could be re-imposed. A portion of the Group's revenue and associated operating costs are denominated in Renminbi. Any volatility of the Renminbi exchange rate in the future may materially affect the Group's financial condition and results of operations and any devaluation of the Renminbi against foreign currencies will increase the amount of Renminbi the Group needs to service its obligations denominated in foreign currencies.

#### ***The relevant PRC tax authorities may challenge the basis on which the Group calculates its land appreciation tax (the “LAT”) obligations***

Under PRC tax laws and regulations, the Group's properties developed for sale or transfer are subject to LAT, which is collected by local tax authorities. All income from the sale or transfer of land use rights relating to state-owned land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as defined by the relevant tax laws, with certain exceptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items as defined in the relevant tax laws. On 28 December 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises which came into effect on 1 February 2007 (the “LAT Notice”). Under the LAT Notice, local tax authorities can formulate their own implementation rules according to the notice and local situations. In the event

that the local authorities governing cities in which the Group undertakes development projects promulgate implementation rules which require the Group to settle all unpaid LAT, it could adversely affect the Group.

The Group's management believes that it estimates and makes provision for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations, but only pays a portion of such provision each year as required by the local tax authorities. Although the Group's management believes that such provisions are sufficient, there can be no assurance that the tax authorities will agree with the basis on which the Group calculates its LAT obligations. In the event that the local tax authorities believe a higher rate of LAT should be paid, the financial position and results of operations of the Group may be adversely affected.

### **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 or any applicable 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 and 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 such 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 own 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 own legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

#### ***The Notes are subject to modification and waivers***

The Conditions 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. There is a risk that the decision of the majority Noteholders may be adverse to the interests of individual Noteholders. In addition, the Conditions may be amended, modified or varied in relation to any Notes by the terms of the relevant Pricing Supplement.

***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. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

***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 may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, with DTC, with CDP or lodged with the CMU Service (each of Euroclear, Clearstream, Luxembourg, DTC, CDP and the CMU Service, 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 or 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, Wharf and/or the relevant Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg, to DTC, to CDP or, as the case may be, to the CMU Service, for distribution to their account holders. A holder of a beneficial interest in a Global Note or a Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. Wharf and such Issuer have no 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 or Global Certificates, other than holders having direct securities accounts with CDP, will not have a direct right to vote in respect of the relevant Notes. Instead, such holders, other than holders having direct securities accounts with CDP, 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 denomination may be illiquid and difficult to trade***

Notes may be issued with a minimum denomination. The Pricing Supplement of a Tranche of Notes may provide that, for so long as the Notes are represented by a Global Note or a Global Certificate and the relevant Clearing System(s) so permit, the Notes will be tradeable in nominal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

Definitive Notes will only be issued if, amongst others, the relevant Clearing System(s) is/are closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so. The Pricing Supplement may provide that, if Definitive Notes are issued, such Notes will be issued in respect of all holdings of Notes equal to or greater than the minimum denomination. However, Noteholders should be aware that Definitive Notes that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against Wharf and/or the Issuer(s) (including rights to receive principal or interest or to vote) in respect of such Notes.

## **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 Issuers 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 relevant 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 Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, such 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 relevant 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 relevant Issuer may be expected to exercise its rights 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 Issuers 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 Issuers may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent installments 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 LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

***Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice-versa, may have lower market values than other Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant 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 relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

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

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

***Investors may lose part or all of their investment in any index linked Notes***

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.

***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 United Kingdom 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. 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 (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR). 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.

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.

***Future discontinuation of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR***

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 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 (as defined in the Conditions) 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 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 relevant 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. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Notes initially 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 apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the relevant 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 relevant Issuer may be unable to appoint an Independent Adviser in which case the relevant Issuer may determine the Successor Rate or the Alternative Rate and the Adjustment Spread.

The relevant 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 relevant 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 relevant 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 relevant 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 a "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.

### **Risks relating to Renminbi-denominated Notes**

Notes denominated in RMB ("**RMB Notes**") may be issued under the Programme. RMB Notes contain particular risks for potential investors.

***Renminbi is not freely convertible. There are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of RMB Notes***

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the U.S. dollar, despite the significant reduction over the years by the PRC government of control over the import and export of goods and services as well as other routine foreign exchange transactions under current accounts.

Remittance of Renminbi by foreign investors into Mainland China for the settlement 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 FDI, including capital injections, payments for the acquisition of PRC 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 3 December 2013, the Ministry of Commerce of the PRC (“**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 the PRC listed companies as strategic investors) or for entrustment loans in the PRC. Effective 30 July 2017, pursuant to the Decision on Revision of the Provisional Measures on Administration of Filing for Establishment and Change of Foreign Investment Enterprises, the establishment and change of foreign invested enterprises, other than those subject to special administration measures, only needs to be filed with the local arm of MOFCOM. As such, the aforesaid written approval requirement regarding “Renminbi Foreign Direct Investment” set forth in the MOFCOM Circular has been replaced with a simplified record filing requirement.

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

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in Mainland China will not 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 relevant Issuer or the Guarantor to repatriate funds outside the PRC to meet its obligations under Notes denominated in Renminbi, the relevant 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 RMB Notes and the Issuer's ability to source Renminbi outside Mainland China to service such RMB Notes***

As a result of the restrictions imposed by the PRC 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 PRC central government and the Hong Kong SAR Government, licensed 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 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 PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with enterprises in Mainland China. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In 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 PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not 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 relevant Issuer's RMB Notes. To the extent the relevant Issuer or the Guarantor is required to source Renminbi outside Mainland China to service its RMB Notes, there is no assurance that either the relevant Issuer or the Guarantor will be able to source such Renminbi on satisfactory terms, if at all.

***Remittance of proceeds into or outside of Mainland China in Renminbi may be difficult***

In the event that the relevant Issuer decides to remit some or all of the proceeds into Mainland China in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

In the event that the relevant Issuer does remit some or all of the proceeds into Mainland China in Renminbi and the relevant Issuer subsequently is not able to repatriate funds outside Mainland China in Renminbi, it will need to source Renminbi outside Mainland China to finance its obligations under the RMB Notes, and its ability to do so will be subject to the overall availability of Renminbi outside Mainland China.

***Investment in RMB Notes is subject to exchange rate risks***

The value of 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 prevailing exchange rates in the marketplace. If the value of Renminbi depreciates

against 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 US 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.

***Investment in RMB Notes is subject to interest rate risks***

The value of Renminbi payments under the RMB Notes may be susceptible to interest rate fluctuations occurring within and outside Mainland China, including Mainland China Renminbi repo rates and/or the Shanghai inter-bank offered rate. The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside Mainland China may significantly deviate from the interest rate for Renminbi in Mainland China as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As RMB Notes may carry a fixed interest rate, the trading price of the RMB Notes will consequently vary with the fluctuations in Renminbi interest rates. If holders of RMB Notes propose to sell their RMB Notes before their maturity, they may receive an offer lower than the amount they have invested.

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

All payments to investors in respect of RMB Notes will be made solely: (i) for as long as RMB Notes are represented by global notes or certificates held in the CMU Service, by transfer to a Renminbi bank account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing CMU Service rules and procedures; or (ii) for as long as RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing rules and regulations. Neither the relevant 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 draft or by transfer to a bank account in Mainland China).

***There may be PRC 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 PRC tax laws to their particular situation 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 PRC tax with respect to acquiring, holding or disposing of and receiving payments under those RMB Notes.

***Gains on the transfer of the RMB Notes may become subject to income taxes under PRC tax laws***

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of RMB Notes by non-PRC resident enterprise or individual holders may be subject to PRC enterprise income tax ("EIT") or PRC individual income tax ("IIT") if such gain is regarded as income derived from sources within Mainland China. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent of the gains derived by such non-PRC resident enterprise or individual holder from the transfer of RMB Notes but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The PRC Individual Income Tax Law levies IIT at a rate of 20 per cent of the gains derived by such non-PRC resident or individual holder from the transfer of RMB Notes.

However, uncertainty remains as to whether the gain realised from the transfer of RMB Notes by non-PRC resident enterprise or individual holders would be treated as income derived from sources within Mainland China and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between Mainland China and Hong Kong, for avoidance of double taxation, holders who are residents of Hong Kong, including enterprise holders and individual holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if non-PRC enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of RMB Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of RMB Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in RMB Notes may be materially and adversely affected.

### **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 forms a single series with a Tranche of Notes which is already issued). In particular, one or more initial investors in the Notes may purchase a significant portion of the aggregate principal amount of the Notes pursuant to an offering. The existence of any such significant Noteholder(s) may reduce the liquidity of 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 Group. 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 may be made for the Notes issued under the Programme to be admitted to listing on Hong Kong Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes 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 Issuers 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 (i) the Investor’s Currency equivalent yield on the Notes, (ii) the Investor’s Currency equivalent value of the principal payable on the Notes and (iii) 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.

***The liquidity and price of the Notes may be volatile***

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

***Developments in other markets may adversely affect the market price of the Notes***

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes will, to varying degrees, be influenced by economic, political, social and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Hong Kong and Mainland China. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. In particular, the ongoing COVID-19 pandemic has caused stock markets worldwide to lose significant value since February 2020. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

## **USE OF PROCEEDS**

The net proceeds of any Notes issued under the Programme shall be used by the Group for general corporate purposes.

## WHARF FINANCE (BVI) LIMITED

Wharf Finance (BVI) Limited (“WBVI”) was incorporated on 16 April 2002 in the British Virgin Islands and is subject to the provisions of the BVI Business Companies Act, 2004 (Revised) which provides for, *inter alia*, the constitution of companies, directors’ liabilities and powers, creditors’ rights and liquidations. WBVI is constituted by its memorandum and articles of association which sets out the objects and powers of WBVI, *inter alia*, to enter into financial transactions.

WBVI is a special purpose financing vehicle and a wholly-owned subsidiary of Wharf. WBVI’s sole purpose and activity is to issue debt securities and on-lend proceeds to the Group for the purpose of financing the Group’s general corporate funding requirements. Apart from the arrangements with respect to the Programme, the issuance of Notes and the on-lending of proceeds thereof to the Group, WBVI has not undertaken any business activities since the date of its incorporation. WBVI does not sell any products or provide any services.

The registered office address of WBVI is c/o Vistra (BVI) Limited, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

WBVI is authorised to issue 50,000 shares with a par value of U.S.\$1 each. Its issued share capital is U.S.\$500, consisting of 500 shares of U.S.\$1 each, all of which are fully paid up.

As at 31 December 2021, WBVI had debt securities outstanding in an aggregate principal amount of HK\$4,330 million. Since 1 January 2022 up until 3 May 2022, there was an increase of HK\$21 million in the aggregate principal amount of outstanding debt securities. The outstanding debt securities will mature between 2022 to 2026 and they are all guaranteed by Wharf. As at 3 May 2022, WBVI did not have any bank overdraft, short term and long term loans, or any hire purchase commitments, guarantees or contingent liabilities.

Under the laws of the British Virgin Islands, WBVI is not required to publish any of its financial statements.

### Board and Management

The management of WBVI is vested in the board of directors, which comprises:

Stephen Tin Hoi Ng, Director  
Paul Yiu Cheung Tsui, Director  
Peter Zen Kwok Pao, Director

Stephen Tin Hoi Ng is the Chairman and Managing Director of Wharf and Paul Yiu Cheung Tsui is the Vice Chairman, Executive Director and Group Chief Financial Officer of Wharf. None of the members of WBVI’s board of directors holds any share in WBVI, nor any option to purchase or subscribe for, or other beneficial interests in, shares in WBVI.

The business address of each member of WBVI’s board of directors is 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

## WHARF FINANCE LIMITED

Wharf Finance Limited (“WFL”) was incorporated on 30 April 1997 in Hong Kong and is subject to the Companies Ordinance (Cap. 622 of the laws of Hong Kong) which provides for, *inter alia*, the formation and operation of companies and directors’ duties, liabilities and powers and creditors’ rights. It also provides that a company incorporated in Hong Kong, such as WFL, has the capacity, rights, powers and privileges of a natural person which include the capacity, right and power to enter into financial transactions. WFL is constituted pursuant to its articles of association which provide that WFL’s power to borrow and issue debentures is to be exercised by its board of directors. WFL is also subject to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) which provides for, *inter alia*, insolvency and winding up procedures and prospectus requirements.

WFL is a special purpose financing vehicle and a wholly-owned subsidiary of Wharf. WFL’s sole purpose and activity is to issue debt securities, act as a borrower in respect of term loans and other credit facilities made available by banks and financial institutions, against guarantees provided by Wharf, and on-lend proceeds to the Group for the purpose of financing the Group’s general corporate funding requirements. Apart from the arrangements with respect to borrowings from banks and financial institutions, the Programme, the issuance of Notes and the on-lending of proceeds thereof to the Group, WFL has not undertaken any other business activities since the date of its incorporation. WFL does not sell any products or provide any services.

The registered office of WFL is situated at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

The issued and paid up share capital of WFL is HK\$2.

As at 31 December 2021, WFL had total short term and long term loans outstanding in an aggregate principal amount of HK\$9,408 million and debt securities outstanding in an aggregate principal amount of HK\$4,383 million. There was a decrease of HK\$484 million in debt securities outstanding since 1 January 2022 up until 3 May 2022. There was a decrease of HK\$1,898 million in loans outstanding since 1 January 2022 up until 3 May 2022. The outstanding debt securities will mature between 2022 to 2040 and they are all guaranteed by Wharf. As at 3 May 2022, WFL did not have any bank overdrafts, any hire purchase commitments, guarantees or contingent liabilities.

### Board and Management

The management of WFL is vested in the board of directors, which comprises:

Stephen Tin Hoi Ng, Director  
Paul Yiu Cheung Tsui, Director  
Peter Zen Kwok Pao, Director

Stephen Tin Hoi Ng is the Chairman and Managing Director of Wharf and Paul Yiu Cheung Tsui is the Vice Chairman, Executive Director and Group Chief Financial Officer of Wharf. None of the members of WFL’s board of directors holds any share in WFL, nor any option to purchase or subscribe for, or other beneficial interests in, shares in WFL.

The business address of each member of WFL’s board of directors is 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

## WHARF FINANCE (NO. 1) LIMITED

Wharf Finance (No. 1) Limited (“WF1L”) was incorporated on 9 September 2009 in Hong Kong and is subject to the Companies Ordinance (Cap. 622 of the laws of Hong Kong) which provides for, *inter alia*, the formation and operation of companies and directors’ duties, liabilities and powers and creditors’ rights. It also provides that a company incorporated in Hong Kong, such as WF1L, has the capacity, rights, powers and privileges of a natural person which include the capacity, right and power to enter into financial transactions. WF1L is constituted pursuant to its articles of association which provide that WF1L’s power to borrow and issue debentures is to be exercised by its board of directors. WF1L is also subject to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) which provides for, *inter alia*, insolvency and winding up procedures and prospectus requirements.

WF1L is a special purpose financing vehicle and a wholly-owned subsidiary of Wharf. WF1L’s sole purpose and activity is to issue debt securities and on-lend proceeds to the Group for the purpose of financing the Group’s general corporate funding requirements. Apart from the arrangements with respect to the Programme, the issuance of Notes and the on-lending of proceeds thereof to the Group, WF1L has not undertaken any other business activities since the date of its incorporation. WF1L does not sell any products or provide any services.

The registered office of WF1L is situated at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

The issued and paid up share capital of WF1L is HK\$2.

As at 31 December 2021, WF1L had debt securities outstanding in an aggregate principal amount of HK\$921 million. Since 1 January 2022 up until 3 May 2022, there was a decrease of HK\$35 million in the aggregate principal amount of outstanding debt securities. The outstanding debt securities will mature between 2023 to 2026 and they are all guaranteed by Wharf. As at 3 May 2022, WF1L did not have any bank overdraft, short term and long term loans, or any hire purchase commitments, guarantees or contingent liabilities.

### Board and Management

The management of WF1L is vested in the board of directors, which comprises:

Stephen Tin Hoi Ng, Director  
Andrew On Kiu Chow, Director  
Paul Yiu Cheung Tsui, Director

Stephen Tin Hoi Ng, Andrew On Kiu Chow and Paul Yiu Cheung Tsui are the Chairman and Managing Director, the Deputy Chairman and Executive Director, and the Vice Chairman, Executive Director and Group Chief Financial Officer of Wharf, respectively. None of the members of WF1L’s board of directors holds any share in WF1L, nor any option to purchase or subscribe for, or other beneficial interests in, shares in WF1L.

The business address of each member of WF1L’s board of directors is 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.



# THE WHARF (HOLDINGS) LIMITED

## Overview

The Wharf (Holdings) Limited (“WHL” or “Wharf” and, together with its subsidiaries, associates and joint ventures, the “Group”) was founded in 1886 and is strategically focused on its businesses in Hong Kong and Mainland China.

Wharf’s shares (stock code: 0004) are listed on the Hong Kong Stock Exchange.

The principal activities of the Group are investment properties and development properties in Hong Kong and Mainland China, hotels ownership and management, logistics and investment.

## Hong Kong Properties

Inclusive of joint ventures and associates on an attributable basis, revenue and operating profit from the Hong Kong properties segment increased to HK\$4,317 million and HK\$1,492 million respectively for the year ended 31 December 2021. Disposal of the Group’s remaining interest in the Cable TV Tower and One Midtown in Tsuen Wan also contributed to a gain of HK\$573 million.

### *The Peak Portfolio*

Wharf’s Peak portfolio, with a total attributable GFA of approximately 600,000 square feet, comprises a collection of luxurious and prestigious residences on the Peak.

Mount Nicholson is a 50:50 joint venture development. It features a selection of exclusive luxury residences on the Peak with a panoramic view of Victoria Harbour. During 2021, total contracted sales was HK\$2.1 billion. The project started in 2010 and 10 out of 67 units remained unsold as at 31 December 2021.

Sale of 77/79 Peak Road, comprising six houses for sale and two houses for lease, commenced in early 2021 on a targeted basis. During 2021, six houses were sold for a total of HK\$3.9 billion.

<u>Property</u>	<u>Attributable Gross Floor Area as at 31 December 2021</u> (square feet)
<b>The Peak Portfolio</b>	
Mount Nicholson (50% — Joint Venture) . . . . .	28,000 <sup>(1)</sup>
1 Plantation Road . . . . .	91,000
11 Plantation Road . . . . .	46,000
77/79 Peak Road . . . . .	11,000 <sup>(1)</sup>
Chelsea Court . . . . .	43,000
Strawberry Hill . . . . .	13,000
No. 2-8 Mansfield Road . . . . .	259,000
No. 9, 11 Mansfield Road (50% — Joint Venture) . . . . .	73,000

*Note:*

(1) Attributable GFA (Net of Recognised Sales)

### *Kowloon Tong Residential Project*

A residential development site in Kowloon Tong was acquired by the Group in a public tender in January 2018 for HK\$12.5 billion. With a total developable GFA of 436,000 square feet, the site is strategically located at the junction of Lion Rock Tunnel Road and Lung Cheung Road and adjacent to the traditional luxury residential area of Beacon Hill with a Kowloon Peninsula view. Approval has been granted to build two blocks of 15-storey and two blocks of 17-storey residential buildings.

## ***Kowloon East Portfolio***

With a total attributable GFA of 2,005,000 square feet, the Group's Kowloon East portfolio is located at the heart of the second core business district in Hong Kong and comprises sites with spectacular harbour view, including the Group's Kowloon Godown in Kowloon Bay, the Group's 30%-owned Kai Tak site at the former airport's runway, and the Group's 15%-owned Yau Tong Bay project.

<b>Property</b>	<b>Attributable Gross Floor Area as at 31 December 2021</b> (square feet)
<b>Kowloon East Portfolio</b>	
Kowloon Godown . . . . .	1,032,000 <sup>(1)</sup>
Yau Tong Bay (15% — Joint Venture). . . . .	611,000
Kai Tak Residential Project (30% — Joint Venture). . . . .	362,000
<b>Kowloon Tong</b>	
Kowloon Tong Residential Project. . . . .	436,000

*Note:*

(1) GFA of existing building

## **Mainland China Development Properties**

Inclusive of joint ventures and associates on an attributable basis, revenue from the Mainland China development properties segment increased by 64% to HK\$28,875 million for the year ended 31 December 2021 while operating profit decreased to HK\$2,913 million for the year ended 31 December 2021.

The Group's attributable contracted sales for the year ended 31 December 2021 amounted to RMB13.9 billion for 3,625 units totalling 452,000 square metres, mainly contributed from projects in Hangzhou and Suzhou. The net order book was RMB16.7 billion for 0.5 million square metres as at 31 December 2021. The Group's Mainland China development properties land bank amounted to 2.1 million square metres as at 31 December 2021.

### ***Mainland China Major Development Properties by Region***

		<b>Attributable Gross Floor Area as at 31 December 2021</b> (square metres)
<b>Eastern China</b>		
Hangzhou . . . . .	Luxurious Mountain View	155,000
	Parc Royale and Parc Regal	109,000
	Parc Grande	52,000
Suzhou . . . . .	Villa One (Huayuan Road Lot #78 Project)	147,000
	Suzhou Yangcheng Lake Lot #27 Project	110,000
	Poetic Palace	73,000
	Suzhou Xiangcheng Yuan He Street Lot #77 Project	61,000
	Loral Mansion	25,000
<b>Western China</b>		
Chengdu . . . . .	Chengdu ICC	314,000
	Times Town	309,000
Chongqing . . . . .	International Community	34,000

**Attributable  
Gross Floor Area  
as at  
31 December 2021**  
(square metres)

**Southern China**

Foshan . . . . .	Glory Garden	60,000
	Rosy Mansion	59,000
Guangzhou . . . . .	Guangzhou Central Manor	10,000

**Northern and Central China**

Beijing . . . . .	West Manor	32,000
	One LiangMa	10,000
Changsha . . . . .	Changsha IFS	420,000

**Mainland China Investment Properties**

Revenue from the Mainland China investment properties segment increased by 28% to HK\$5,366 million and operating profit increased by 37% to HK\$3,529 million for the year ended 31 December 2021.

***International Finance Square (“IFS”)***

The first IFS project opened in Chengdu in 2014 marks the next phase of the Group’s commercial investment properties. The award-winning Chengdu IFS has proven to be a success and an exemplary model for the Group’s other IFS projects.

Chongqing IFS, which celebrated its grand opening in September 2017, has become the city’s new landmark for luxury shopping, dining, entertainment and lifestyle, offering a unique lifestyle experience to customers. The Group’s leadership in retail management has been further solidified with the successful opening of Changsha IFS in May 2018.

The IFS developments will further strengthen the Group’s recurrent income base in the years to come.

**Changsha IFS**

Changsha IFS, the most sizable mixed-used IFS complex with a 243,000-square-metre mega mall, is located at the intersection of Huangxing Road (one of the busiest pedestrian streets) and Jiefang Road (financial street). It commands an underground linkage to the Wuyi Plaza metro station. The development comprises two iconic towers above a mega mall, offering upscale retail, grade A offices and a Niccolo hotel. Since its opening in May 2018, the gigantic mall has become an unrivalled shopping, dining, lifestyle and leisure destination in the Hunan Province.

With the Group’s continuous operational efforts to enhance environmental sustainability, Changsha IFS mall and Tower 1 have achieved LEED Platinum certification.

***Retail***

The 243,000-square-metre retail podium houses more than 370 brands, including Parkson Beauty, Tesla, and a league of premium internationalised local designers’ labels. The strategically calibrated trade mix covers high-end luxury, affordable luxury, high street, internationalised Chinese designers’ labels, fast fashion, sportswear, kids, entertainment and food and beverage. Since its opening in May 2018, Changsha IFS has become the community hub for the central China region, bringing a vast array of exhibitions, cultural activities, festivals and art collaborations with famous artists such as KAWS, Steven Harrington and Tom Claassen. Occupancy rate was 99% as at 31 December 2021.

Changsha IFS earned numerous worldwide recognitions and acclaims in 2021, including “Bronze Award for Marketing Innovation — Others” in 2021 ECI Awards, “Gold Winner for Innovative Achievement in Science or Technology” in Asia-Pacific Stevie Awards 2021 and “Silver Award for Best Mobile Campaign” in Digital Media Awards 2021 by Haymarket Media.

#### *Office and Hotel*

Two premium office towers include Tower 1, the 452-metre towering city icon, being the tallest building in the Hunan province. Location and quality of Tower 1 have attracted tenants including major enterprises and multi-national corporations. Occupancy of investment property floors was 74% as at 31 December 2021. Tower 2 is scheduled to complete in phases from 2023.

Occupying the top floors of Tower 1, Niccolo Changsha offers panoramic views of the city skyline and Xiang River and delivers luxurious and international standards of hospitality for global travellers and local and regional residents. It has strived to be a market leader in room yield among peers.

#### **Chengdu IFS**

Strategically located at the intersection of Hongxing Road, Dacisi Road and Beishamao Street, the city’s busiest pedestrian shopping area, Chengdu IFS offers one-stop “retailtainment” and upscale experiences and has become a unique lifestyle icon in the western China metropolis. Chengdu IFS comprises a mega shopping mall, three premium grade A office towers, IFS Residences and Niccolo Chengdu. Its dominant position in western China regularly places the Chengdu IFS mall among the top 10 malls in Mainland China for retail sales, often the only one from western region.

#### *Retail*

Occupancy rate was 95% as at 31 December 2021. Leveraging on its unrivalled location, critical mass, high-calibre management, as well as the 15-metre-tall giant panda outdoor art piece, the shopping mall has become a one-stop lifestyle shopping and entertainment landmark in western China since its opening in early 2014. The 204,000 square-metre retail complex offers exceptional brand diversity with an extensive collection of over 600 premium brands (including more than 120 premium brands which established presence during 2020, of which over 70 were national, regional or local debut stores). The 7,700-square-metre Sculpture Garden showcasing a range of art exhibitions and cultural activities is an urban public space landmark for visitors to relax and refresh themselves. A host of entertainment offerings including an IMAX movie theatre and an ice skating rink are also well-liked by shoppers.

The tenant mix is refined from time to time with the addition of various new brands and culinary options. Innovative events, promotions and various other marketing campaigns were put in place throughout the year to drive patronage.

Throughout 2021, Chengdu IFS accomplished various professional awards, affirming its achievements in retail experience, digital innovation and team development. In particular, Chengdu IFS was awarded “Gold Award for Digital and Social Media — Digital Campaign” in 2021 SABRE Awards Asia-Pacific, “Silver Award for PR Event” in PR Awards Asia 2021 and “Gold Winner for Innovative Achievement in Sales or Revenue Generation” in Asia-Pacific Stevie Awards 2021.

## *Office, Hotel and IFS Residences*

Three premium Grade A office towers, IFS Residences and Niccolo Chengdu are located above the nine-level retail and lifestyle podium. The three Grade A office towers attract high calibre tenants including Fortune 500 corporations, multinationals, financial institutions and major corporations in western China. As at 31 December 2021, occupancy of the three premium office towers was 87%. Rental rates achieved were among the highest in the city.

Niccolo Chengdu remains as one of the city's market leaders in room yield and occupancy.

IFS Residences, featuring 175 upscale apartments and inaugurated in late 2016, are among the most coveted and exclusive serviced residences among elite entrepreneurs and expatriates of multinational corporations.

### **Chongqing IFS**

Opened in September 2017, Chongqing IFS is located at the centre of Jiangbeizui central business district. The development features a "City-within-a-City" concept that comprises Grade A offices and Niccolo Chongqing in an iconic 300-metre landmark tower and four other towers above the 106,000-square-metre retail podium, making it the largest mixed-used integrated complex in the emerging Jiangbeizui financial district.

The premier mall in Chongqing IFS is the city's landmark, offering a one-stop lifestyle experience in Chongqing and western China. Chongqing IFS contains the largest cluster of first tier brands in Chongqing under one roof, with more than 170 retailers including most coveted international brands and exclusive or debut brands in the city. Chongqing IFS also offers an array of international cuisines and a range of entertainment offerings. The Grade A office towers designed with advanced business amenities target multinationals, Fortune 500 corporations and state enterprises in the area.

Niccolo Chongqing, Chongqing's highest sky hotel with panoramic views of the city, was opened alongside the mall in September 2017.

Chongqing IFS obtained various industry awards and recognitions in 2021, including "Gold Award for Best Retail/Mall/Pop up Event" in Event Marketing Awards 2021, "Silver Award for Branded Content Campaign of the Year" in International Business Awards 2021 and "Silver Winner for Award for Innovation in the Use of Events" in Asia-Pacific Stevie Awards 2021.

### ***Times Outlets***

Outlet malls are among the fastest growing sectors of commercial properties in Mainland China. The Group has developed two outlet malls in Chengdu and Changsha to capture the potential of burgeoning domestic consumption by the rapidly-rising middle class in Mainland China.

#### **Times Outlets Chengdu**

Times Outlets Chengdu is located in close proximity to the Chengdu Shuangliu International Airport. With over 260 top international brands spreading across 63,000 square metres of the mall, it is a popular outlet destination in Mainland China.

#### **Times Outlets Changsha**

Strategically located at the northwestern area of Changsha, Times Outlets Changsha has convenient access to multiple motorways including metro and the high-speed expressway connecting Changsha to a number of popular tourist attractions nationwide. The mall hosts a diverse mix of international and top local apparels and lifestyle brands as well as eateries. It has positioned itself as a one-stop integrated shopping and leisure landmark in the region.

## Shanghai Wheelock Square

Shanghai Wheelock Square, a premium office space at the iconic skyscraper in Puxi, remains one of the most preferred locations for multinational firms and major corporations in the district. It is conveniently located opposite to Jing'an Temple Metro Station from where frequent trains commute to Pudong International Airport and is adjacent to the Yan'an elevated expressway which provides a high level of accessibility.

## Shanghai Times Square

Shanghai Times Square, strategically located in the vibrant shopping, entertainment and business hub of Huaihai Zhong Road, is a prominent retail destination and an office choice for multinational enterprises. The development also consists of a 30-storey Grade A office tower and a 26-storey deluxe serviced apartment tower.

Shanghai Times Square was awarded the “Bronze Award for Content Marketing” in the 12th Tiger Roar Awards.

## Hotel Management

The Group manages 16 hotels in Mainland China, Hong Kong and the Philippines. Among them, 11 are operating under the foundation Marco Polo Hotels brand and five are operating under the luxury Niccolo Hotels brand. These hotels comprise over 5,000 rooms and suites in total. Niccolo Hotels operates a series of contemporary chic hotels with a mix of luxury, design and hospitality.

Marco Polo Wuhan, as well as Niccolo Chengdu and Niccolo Changsha at the respective IFS complexes, are wholly owned by the Group, while Niccolo Chongqing is 50%-owned.

Niccolo Suzhou, which is owned by Wharf's sister company, Wharf Real Estate Investment Company Limited (“**Wharf REIC**”), was opened in April 2021 and became the fifth addition to the Group's luxury Niccolo Hotels brand.

## Logistics Infrastructure

The logistics infrastructure segment, comprising Modern Terminals Limited (“**Modern Terminals**”) and Hong Kong Air Cargo Terminals Limited (“**HACTL**”), constitutes a steady source of cash flow for the Group. Supply chain disruptions caused by the pandemic have set off congestion at ports and logistics hubs around the world, while surging demand added pressure on terminal operations. During 2021, air cargo volumes remained strong. For the year ended 31 December 2021, revenue from the logistics infrastructure segment increased by 17% to HK\$3,002 million and operating profit increased by 55% to HK\$771 million.

### *Modern Terminals*

As at 31 December 2021, the Group had a 67.6% interest in Modern Terminals, a leading developer/manager and operator of world-class container terminal facilities in Hong Kong and Shenzhen serving the Pearl River Delta. Established in 1969, Modern Terminals has operated Hong Kong's first purpose-built container terminal since September 1972. Modern Terminals now owns and operates container terminals 1, 2 and 5 at Kwai Chung and 9 (south) at Tsing Yi Island.

Throughput handled in Hong Kong remained at 4.9 million TEUs. In Shenzhen, throughput at DaChan Bay Terminals, in which Modern Terminals held a 65% stake as at 31 December 2021, increased by 26% to 1.7 million TEUs in 2021. Throughput at Shekou Container Terminals, in which Modern Terminals held a 20% stake as at 31 December 2021, declined by 2% to 5.7 million TEUs in 2021.

To improve the regional competitiveness of Hong Kong container port, Modern Terminals formed the Hong Kong Seaport Alliance (“**HKSPA**”) with Hongkong International Terminals, COSCO-HIT Terminals and Asia Container Terminals in early 2019. The HKSPA’s objectives are to optimise operational efficiency and resources utilisation of 23 berths at Kwai Tsing port; to maximise efficiencies to the benefit of customers and the industry at large; and to ensure the continuation of transportation and logistics as one of the four pillars of Hong Kong’s economy.

## **HACTL**

HACTL, a 20.8% associate of the Group, is a leading air cargo terminal operator in Hong Kong with four decades of operational experience. With its world-class facilities, highly efficient operation and innovative technology, HACTL has the capacity to handle cargo for up to 3.5 million tonnes per year and is committed to playing an integral role in the logistics business in Hong Kong and the Pearl River Delta. The air cargo industry benefitted from the disruption in sea freight with the shortage of containers and congestion in major ports. Total cargo handled by HACTL increased by 19% to 2.0 million tonnes in 2021.

## **Employees**

The Group had approximately 6,200 employees as at 31 December 2021, including approximately 1,100 employees that are employed by managed operations. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective entity’s achievements and results.

## **Business Outlook and Recent Development**

The Group’s proven management and execution capabilities have laid a solid foundation for business growth, and helped the Group to weather economic ups and downs throughout the past decades. The Group will continue to build on its core strength in the property sector. In the foreseeable future, properties, both from Hong Kong and Mainland China, will remain the core business of the Group. The logistics infrastructure segment, with its rare critical mass and sturdy foundations will continue to provide the Group with a solid income base.

The ongoing COVID-19 pandemic has caused substantial disruptions in Hong Kong, Mainland China and international economies and markets as well as created additional uncertainties in the Group’s businesses and operating environment. The pace and strength of recovery are far from certain. Cross-border travel may take longer to return to normal and domestic consumption may still hold the key in the near term. The Group has been closely monitoring the impact of the development of the COVID-19 epidemic on its businesses and will keep its proactive measures and risk management under review as the situation evolves.

The ongoing COVID-19 pandemic poses potential risks to the Group’s business, financial condition and results of operations. For further information, please see “*Risk Factors — The Group’s businesses are subject to the effects of global economic events*”, “*Risk Factors — Economic, political, social and legal developments in Hong Kong and Mainland China could negatively affect the Group’s business*” and “*Risk Factors — The Group’s prospects may be adversely affected by an outbreak, epidemic and/or pandemic of, infectious or contagious diseases, natural disasters, terrorist attacks, other acts of violence or war, or social instability*” in this Offering Circular.

## DIRECTORS AND MANAGEMENT

### Directors and Management

#### *Board of Directors*

The board of directors of Wharf comprises:

Mr Stephen Tin Hoi Ng	<i>Chairman and Managing Director</i>
Mr Andrew On Kiu Chow	<i>Deputy Chairman and Executive Director</i>
Mr Paul Yiu Cheung Tsui	<i>Vice Chairman, Executive Director and Group Chief Financial Officer</i>
	<i>Executive Director</i>
Ms Yen Thean Leng	
Mr Kevin Kwok Pong Chan	
Mr Kevin Chung Ying Hui	
Prof Edward Kwan Yiu Chen*	<i>GBS, CBE, JP</i>
Mr Vincent Kang Fang*	<i>GBS, JP</i>
Mr Hans Michael Jebsen*	<i>BBS</i>
Ms Elizabeth Law*	<i>MH, JP</i>
Mr Richard Yat Sun Tang*	<i>SBS, JP</i>
Ms Nancy Sau Ling Tse*	<i>JP</i>
Mr David Muir Turnbull*	

\* *Independent Non-executive Directors*

Biographical details of the directors are set out below:

#### ***Stephen Tin Hoi Ng, Chairman and Managing Director (Age: 69)***

Mr Ng joined the Group in 1981. He has been the Managing Director of Wharf since 1989 and became the Chairman in 2015. He also serves as the chairman of Wharf's Nomination Committee and a member of Wharf's Remuneration Committee.

In addition, Mr Ng serves on the boards of the following affiliated companies listed in Hong Kong: chairman and managing director of Wharf REIC, chairman of Harbour Centre Development Limited ("**HCDL**") and a non-executive director of Greentown China Holdings Limited ("**Greentown**"). Mr Ng also serves as the deputy chairman of Wheelock and Company Limited ("**Wheelock**"), which is the holding company of Wharf and listed in Hong Kong until July 2020.

Furthermore, Mr Ng was previously a non-executive chairman of Joyce Boutique Group Limited ("**JBGL**") (until it was delisted in Hong Kong in April 2020).

Mr Ng was born in Hong Kong in 1952 and grew up in Hong Kong. He attended Ripon College in Ripon, Wisconsin, USA and the University of Bonn, Germany, and graduated in 1975 with a major in mathematics. He is the chairman of Project *WeCan* Committee (a Business-in-Community school project), a council member, the vice chairman of the General Committee and a member of the Executive Committee of the Employers' Federation of Hong Kong ("**EFHK**").

#### ***Andrew On Kiu Chow, Deputy Chairman and Executive Director (Age: 71)***

Mr Chow is a Director and Deputy Chairman of Wharf, as well as a director of some subsidiaries of Wharf including *inter alia* WFIL (being one of the issuers). Mr Chow will retire from the board of directors of Wharf and resign from other directorships in the Group, including *inter alia* WFIL, on 12 May 2022.

Mr Chow is also an alternate director of Greentown until 12 May 2022. Mr Chow was formerly an independent non-executive director of Hong Kong Economic Times Holdings Limited (being publicly listed in Hong Kong) until his resignation with effect from 1 January 2022. He is a graduate of The University of Hong Kong where he obtained his bachelor's degree in Social Science.



***Paul Yiu Cheung Tsui, Vice Chairman, Executive Director and Group Chief Financial Officer (Age: 75)***

Mr Tsui, *FCCA, FCPA, FCMA, CGMA, CPA, CGA*, has been Executive Director and Group Chief Financial Officer of Wharf since 2008 and became Vice Chairman in 2015.

Mr Tsui is vice chairman and an executive director of Wharf REIC, and is also an executive director and group chief financial officer of Wheelock. He joined the Wheelock/Wharf group in 1996 and became a director of Wheelock in 1998. Furthermore, Mr Tsui is a director of JBGL, vice chairman of Wheelock Properties Limited, a wholly-owned subsidiary of Wheelock, and a director of Wharf Estates Singapore Pte. Ltd. He formerly served as a director of HCDL until his resignation in August 2015.

Mr Tsui is currently a general committee member of EFHK and the chairman of EFHK's "Property & Construction" functional group.

***Yen Thean Leng, Executive Director (Age: 50)***

Ms Leng, *BSc(Hons), MRICS, MHKIS, RPS*, was appointed as a Non-executive Director of Wharf in October 2020, and has been re-designated to an Executive Director since August 2021, with responsibility to manage the Group's investment properties in Mainland China.

Ms Leng is an executive director of Wharf REIC and an executive director of Wharf Estates Limited with primary responsibilities for managing its investment properties in Hong Kong and Singapore.

Ms Leng was formerly a director of HCDL from 2012 to 2013 and of Wharf from 2013 until 2017 when Wharf REIC was separately listed on the Hong Kong Stock Exchange.

Ms Leng has extensive experience in the leasing and management of prime commercial properties. She obtained a bachelor's degree in Land Management from the University of Portsmouth, UK with first class honours. She is a chartered surveyor of Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors as well as a registered professional surveyor.

***Kevin Kwok Pong Chan, Director (Age: 61)***

Mr Chan joined the Group in 1993 and has been a Director of Wharf since 2015. He has been involved in various property development projects of the Group in both Mainland China and Hong Kong. Among various other subsidiaries of Wharf of which he serves as a director, he is an executive director of WCDL and Wharf China Estates Limited with responsibility to work on the Group's Mainland Development Property strategy as well as to oversee the Group's massive Mainland Investment Property construction projects. He was formerly a non-executive director of HCDL from 2013 to 2015.

Mr Chan graduated from The Hong Kong Polytechnic University with Associateship in Civil & Structural Engineering. He is a member of the Hong Kong Institution of Engineers as well as the Institution of Civil Engineers, UK and also a chartered engineer of the Engineering Council UK.

***Kevin Chung Ying Hui, Director (Age: 65)***

Mr Hui, *FCCA, CPA, FCG, HKFCG*, has been a Director of Wharf since July 2021. An accountant by profession since 1986, Mr Hui is presently a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and the vice president and a council member of The Taxation Institute of Hong Kong. He is also a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. In addition, he is a member of the Project *WeCan* Committee.

He joined Wheelock in 1986 and has worked for Wheelock group and subsequently for the Group, gaining extensive experience in financial management and reporting control, auditing, taxation and corporate governance. He is the group financial controller of the Group and a director of the Group's subsidiary companies Wharf Limited and Modern Terminals Limited ("**Modern Terminals**"). Mr Hui

has been the Company Secretary of Wharf since July 2013 and he is also the company secretary of Wharf REIC. He was formerly a director of Wharf REIC from 2020 to 2021 and HCDL from 2015 to 2020.

***Professor Edward Kwan Yiu Chen, GBS, CBE, JP, Director (Age: 77)***

Professor Chen has been an Independent Non-executive Director of Wharf since 2002.

Professor Chen is an honorary professor of the Hong Kong Metropolitan University (previously known as the Open University of Hong Kong) and a distinguished fellow of the Hong Kong Institute for the Humanities and Social Sciences at The University of Hong Kong. He is now the chairman of HKU SPACE, a member of the board of directors of the Hong Kong Institute for Monetary and Financial Research of the Hong Kong Monetary Authority and a non-official member of Human Resources Planning Commission. He was the president of Lingnan University in Hong Kong from September 1995 to August 2007. He was also a member of the Legislative Council of Hong Kong from 1991 to 1992, and a member of the Executive Council of Hong Kong from 1992 to 1997.

Professor Chen is also an independent non-executive director of First Pacific Company Limited (publicly listed in Hong Kong), Hang Seng Qianhai Fund Management Company Limited and Delta Asia Financial Group. He was formerly an independent non-executive director of Asia Satellite Telecommunications Holdings Limited (publicly listed in Hong Kong until September 2019).

Professor Chen was educated at The University of Hong Kong (Bachelor of Arts and Master of Social Sciences) and Oxford University (Doctor of Philosophy). He was appointed a Justice of the Peace in 1993 and awarded a CBE in 1995. In 2003, he was awarded the Gold Bauhinia Star by the Hong Kong SAR Government.

***Vincent Kang Fang, GBS, JP, Director (Age: 78)***

Mr Fang has been an Independent Non-executive Director of Wharf since 1993. He also serves as the chairman of Wharf's Audit Committee. He is the chief executive officer of Toppo Company (Hong Kong) Limited and managing director of Fantastic Garments Limited.

Mr Fang is currently the honorary chairman of the Liberal Party and a director of The Federation of Hong Kong Garment Manufacturers. He was formerly a non-official member of Commission on Strategic Development of the Hong Kong SAR Central Policy Unit and of the Commercial Properties Committee of the Housing Department. He served as a member of Legislative Council representing Wholesale and Retail in Functional Constituency since 2004 until his retirement in September 2016. He also served as the chairman of Hospital Governing Committee of Princess Margaret Hospital and Kwai Chung Hospital, advisor of the Quality Tourism Services Association, a functional constituency representative for retail and wholesale of the Hong Kong Retail Management Association and a member of the Airport Authority Hong Kong, the Hong Kong Tourism Board, the Hospital Authority and the Operations Review Committee of the Independent Commission Against Corruption.

Mr Fang is a graduate of North Carolina State University where he obtained both his bachelor's and master's degrees in Science of Textiles Engineering. He was awarded the Silver Bauhinia Star in 2008 and the Gold Bauhinia Star in 2016 by the Hong Kong SAR Government. He is also a Justice of the Peace.

***Hans Michael Jebsen, BBS, Director (Age: 65)***

Mr Jebsen has been an Independent Non-executive Director of Wharf since 2001. He also serves as a member of Wharf's Audit Committee and Nomination Committee and the chairman of Wharf's Remuneration Committee.

Mr Jebsen is the chairman of Jebsen and Company Limited. He currently holds a number of public offices, namely, the chairman and a board member of the Asian Cultural Council Hong Kong, the chairman of the Advisory Council of the Business School of The Hong Kong University of Science and Technology, a trustee of World Wide Fund for Nature Hong Kong and a member of Board of Trustees of Asia Society Hong Kong Center, Hong Kong-Europe Business Council of the Hong Kong Trade

Development Council as well as Advisory Board of the Hong Kong Red Cross. Since 2017, Mr Jebsen co-founded and has served as an executive council member of the Asian Academy of International Law. He is also a non-executive director of publicly listed Hysan Development Company Limited. Mr Jebsen previously served as a member of the Operations Review Committee of the Independent Commission Against Corruption.

After schooling in Germany and Denmark, Mr Jebsen received a two-year banking education in Germany and the UK and studied Business Administration at the University of St. Gallen in Switzerland from 1978 to 1981.

Mr Jebsen was awarded the Bronze Bauhinia Star by the Hong Kong SAR Government in 2001, made a Knight of the Dannebrog by receiving the Silver Cross of the Order of Dannebrog by H. M. The Queen of Denmark in 2006, was awarded the Merit Cross of the Order of the Merit of the Federal Republic of Germany in 2008 and received the title “Hofjægermester” by H. M. The Queen of Denmark in January 2011. In 2014, Mr Jebsen was awarded the Knight of 1st Class of the Order of Dannebrog, Denmark. In 2015, he was awarded Doctor of Business Administration honoris causa of The Hong Kong University of Science and Technology. In 2018, Mr Jebsen was awarded the Blanchette Hooker Rockefeller Award.

***Elizabeth Law, MH, JP, Director (Age: 67)***

Ms Law has been an Independent Non-executive Director of Wharf since August 2017. She also serves as a member of Wharf’s Audit Committee.

Ms Law graduated from McGill University, Canada in 1976. She is currently a managing director of Law & Partners CPA Limited, and the proprietor of Stephen Law & Company. Ms Law is a Certified Public Accountant (Practising) in Hong Kong, a member of the Chartered Professional Accountants, Canada, a fellow member of The Institute of Chartered Accountants in England & Wales, a fellow member of Certified Public Accountants Australia, and a certified tax adviser in Hong Kong.

Ms Law is also a member of the Protection of Wages on Insolvency Fund Board. She is the honorary founding president of Association of Woman Accountants (Hong Kong) Limited. She was appointed a Justice of the Peace in 2009.

Ms Law is currently an independent non-executive director of Clifford Modern Living Holdings Limited and Sunwah Kingsway Capital Holdings Limited (both being publicly listed in Hong Kong).

Ms Law served as the president of The Society of Chinese Accountants and Auditors and a council member of the Hong Kong Institute of Certified Public Accountants. She had been an independent non-executive director of China Vanke Company Limited (being publicly listed in Hong Kong) since 2012 until her retirement in June 2017 and Sunwah International Limited (until its delisting from the Toronto Stock Exchange in June 2021).

***Richard Yat Sun Tang, SBS, JP, Director (Age: 69)***

Mr Tang has been an Independent Non-executive Director of Wharf since January 2021.

Mr Tang is an MBA graduate from the University of Santa Clara, California, USA and a holder of Bachelor of Science degree in Business Administration from Menlo College, California, USA.

Mr Tang is currently chairman and managing director of Richcom Company Limited. He is also chairman of King Fook Holdings Limited and an executive director of Miramar Hotel and Investment Company, Limited, both companies being publicly listed in Hong Kong. Furthermore, he is a director of various private business enterprises, an advisor of Tang Shiu Kin and Ho Tim Charitable Fund and a steward of The Hong Kong Jockey Club. Mr Tang was formerly an independent non-executive director of Wheelock from October 2012 until its delisting in July 2020. He was also formerly an independent non-executive director of Hang Seng Bank Limited until his retirement in May 2018.

***Nancy Sau Ling Tse, JP, Director (Age: 69)***

Ms Tse has been an Independent Non-executive Director of Wharf since January 2021.

Ms Tse obtained her Bachelor of Arts (Honours) degree in Mathematics and Master of Business Administration degree in Finance/Accounting from the University of California, Los Angeles, USA; and qualified as Chartered Accountant in Canada. She is also a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Hong Kong Institute of Directors.

Ms Tse is currently an independent non-executive director of Link Asset Management Limited (as manager of Link Real Estate Investment Trust, publicly listed in Hong Kong) and DBS Bank (Hong Kong) Limited. She is also an independent non-executive director and the chairman of HSBC Provident Fund Trustee (Hong Kong) Limited.

Ms Tse is a member of the Board of Governors of the Prince Philip Dental Hospital, an adjunct professor of The Jockey Club School of Public Health and Primary Care of The Chinese University of Hong Kong, and an honorary adviser and a member of the Oversight, Policy and Governance Committee of The Financial Reporting Council. Ms Tse is also the deputy chair and member of the Professional Accountants in Business Advisory Group and a member of Public Policy and Regulation Advisory Group of the International Federation of Accountants. She serves on the boards and committees of a number of other charitable organisations and non-government organisations. Ms Tse was the Chief Financial Officer and Director (Finance and Information Technology Services) of the Hong Kong Hospital Authority (“HA”) until her retirement at the end of August 2013. She joined the HA in 1991 when it was established. Ms Tse was formerly an independent non-executive director of Wheelock from October 2013 until its delisting in July 2020.

***David Muir Turnbull, Director (Age: 67)***

Mr Turnbull has been an Independent Non-executive Director of Wharf since 2013. He also serves as a member of Wharf’s Audit Committee, Nomination Committee and Remuneration Committee.

Mr Turnbull is currently the chairman and executive director of Pacific Basin Shipping Limited (being publicly listed in Hong Kong).

Mr Turnbull graduated from Cambridge University in 1976 with a Bachelor of Arts degree in Economics and subsequently earned a Master of Arts degree. He joined the Swire Group upon graduation and held various senior management positions with international responsibilities covering aviation, shipping and property during his 30 years’ service thereof. He was appointed as a director of Cathay Pacific Airways Limited in 1994 and took up the positions of deputy managing director in 1994, managing director in 1996 and deputy chairman and chief executive in 1998 before his appointment as the chairman in 2005. He is also the former chairman of Swire Pacific Limited from January 2005 to January 2006, and of Hong Kong Aircraft Engineering Company Limited from March 1995 to August 2006. He was formerly an independent non-executive director of Sands China Ltd. from October 2009 to March 2016 and an independent non-executive director of G3 Exploration Limited from 2006 to July 2018.

None of the directors has a service contract with Wharf or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

The business address of each director is 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

## **Directors' Interests in Competing Business**

Six Directors of Wharf, namely, Mr Stephen T H Ng, Mr Andrew O K Chow, Mr Paul Y C Tsui, Ms Y T Leng, Mr Kevin K P Chan and Mr Kevin C Y Hui, being directors of Wheelock and/or certain subsidiary(ies) and/or associate(s) of Wheelock (“**Wheelock Group**”), are considered as having an interest in Wheelock Group under Rule 8.10(2) of the Listing Rules of the Hong Kong Stock Exchange.

The development and/or investment in property assets and hotel businesses by Wheelock Group are considered as competing businesses for the Group. However, given the Group itself has adequate experience in property and hotel businesses, it is capable of carrying on independently of Wheelock Group.

For safeguarding the interests of the Group, the Independent Non-executive Directors and the Audit Committee of Wharf would on a regular basis review the business and operational results of the Group to ensure, *inter alia*, that the Group’s (i) development of properties for sale and/or investment; (ii) property leasing businesses; and (iii) hotel businesses are and continue to be run at arm’s length from those of Wheelock Group.

## **Directors' Remuneration**

According to the Articles of Association of Wharf, the directors are entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by Wharf in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the directors in such proportions and in such manner as the Board may decide or, if no decision is so made, equally, except that in such event any director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. However, the foregoing provisions shall not apply to a director who holds any salaried employment or office in Wharf, except in the case of sums paid in respect of directors’ fees.

The directors are also entitled to be repaid all traveling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as directors, including their expenses for traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged in the business of Wharf or in the discharge of their duties as directors. The Board may grant special remuneration to any director who has been called upon to perform any special or extra services to or at the request of Wharf. Such special remuneration may be made payable to such director in addition to or in substitution for his ordinary remuneration as a director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be arranged.

Notwithstanding the above, the remuneration of a Managing Director, Executive Director or Director appointed to any other office in the management of or carrying out any work for Wharf shall from time to time be fixed by the Board and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his remuneration as a director.

## Directors' Interests in Securities

### (i) Interests in Shares

As at 31 December 2021, Directors of Wharf had the following beneficial interests, all being long positions, in the shares of Wharf, Modern Terminals (which is a subsidiary of Wharf) and Greentown (which is an associated corporation of Wharf (of which Wharf is interested in more than 20% of its issued shares)). The percentages (where applicable) which the relevant shares represented to the total number of shares in issue of the three companies respectively are also set out below:

	<u>Quantity held</u> <u>(percentage, where applicable)</u>	<u>Nature of Interest</u>
<b>Wharf</b>		
Stephen T H Ng . . . . .	4,185,445 (0.1370%)	Personal Interest
Andrew O K Chow . . . . .	790,000 (0.0259%)	Personal Interest
Paul Y C Tsui. . . . .	300,000 (0.0098%)	Personal Interest
Y T Leng. . . . .	1,050,000 (0.0344%)	Personal Interest
Kevin K P Chan . . . . .	350,000 (0.0115%)	Personal Interest
Vincent K Fang. . . . .	500,000 (0.0164%)	Personal Interest
David Muir Turnbull . . . . .	70,000 (0.0023%)	Personal Interest
<b>Modern Terminals</b>		
Hans Michael Jebsen . . . . .	3,787 (5.40%)	Corporate Interest
<b>Greentown</b>		
Andrew O K Chow . . . . .	250,000 (0.01%)	Personal Interest

*Note:*

The shareholding classified as "Corporate Interest" in which the Director concerned was taken to be interested as stated above was interest of corporation(s) at general meetings of which the relevant Director was either entitled to exercise (or taken under Part XV of the Securities and Futures Ordinance ("SFO") to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporation(s).

## (ii) Interests in Share Options of Wharf

Set out below are particulars of all interests (all being personal interests) in share options held during the financial year ended 31 December 2021 by Directors of Wharf to subscribe for ordinary shares of Wharf granted/exercisable under the share option scheme of Wharf, which had already expired on 8 June 2021:

Name of Director	Date of grant (Day/Month/ Year)	No. of shares under option			Subscription price per share (HK\$)	Vesting/Exercise Period (Day/Month/Year)
		As at 1 January 2021	Exercised during the year	As at 31 December 2021		
Stephen T H Ng	07/07/2016	1,000,000	(1,000,000) <sup>(1)</sup>	—	15.92	08/07/2019 — 07/07/2021
		1,000,000	(1,000,000) <sup>(1)</sup>	—		08/07/2020 — 07/07/2021
		<b>Total</b>	<b>2,000,000</b>	<b>(2,000,000)<sup>(1)</sup></b>		—
Andrew O K Chow	07/07/2016	500,000	(500,000) <sup>(2)</sup>	—	15.92	08/07/2018 — 07/07/2021
		600,000	(600,000) <sup>(2)</sup>	—		08/07/2019 — 07/07/2021
		600,000	(600,000) <sup>(2)</sup>	—		08/07/2020 — 07/07/2021
<b>Total</b>	<b>1,700,000</b>	<b>(1,700,000)<sup>(2)</sup></b>	—			
Y T Leng	07/07/2016	200,000	(200,000) <sup>(3)</sup>	—	15.92	08/07/2018 — 07/07/2021
		200,000	(200,000) <sup>(3)</sup>	—		08/07/2019 — 07/07/2021
		200,000	(200,000) <sup>(3)</sup>	—		08/07/2020 — 07/07/2021
<b>Total</b>	<b>600,000</b>	<b>(600,000)<sup>(3)</sup></b>	—			
Kevin K P Chan	07/07/2016	200,000	(200,000) <sup>(4)</sup>	—	15.92	08/07/2019 — 07/07/2021
		200,000	(200,000) <sup>(4)</sup>	—		08/07/2020 — 07/07/2021
		<b>Total</b>	<b>400,000</b>	<b>(400,000)<sup>(4)</sup></b>		—
<b>Grand Total</b>		<b>4,700,000</b>	<b>(4,700,000)</b>	—		

### Notes:

- (1) The weighted average closing price of Wharf's shares immediately before the dates of exercises of share options by Mr Stephen T H Ng during the financial year was HK\$22.30 per share.
- (2) The weighted average closing price of Wharf's shares immediately before the dates of exercises of share options by Mr Andrew O K Chow during the financial year was HK\$25.32 per share.
- (3) The closing price of Wharf's shares immediately before the date of exercise of share options (all exercised on the same day) by Ms Y T Leng during the financial year was HK\$29.75 per share.
- (4) The weighted average closing price of Wharf's shares immediately before the dates of exercises of share options by Mr Kevin K P Chan during the financial year was HK\$21.58 per share.
- (5) Except as disclosed above, no share option of Wharf held by Directors and/or their associate(s) lapsed or was exercised or cancelled during the financial year, and no share option of Wharf was granted to any Director and/or their associate(s) during the financial year.
- (6) The share option scheme of Wharf had already expired on 8 June 2021.

Except as disclosed above, as recorded in the register kept by Wharf under Section 352 of the SFO in respect of information required to be notified to Wharf and the Hong Kong Stock Exchange by the Directors and/or Chief Executive of Wharf pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (or any other applicable code), there were no interests, whether long or short positions, held or deemed to be interested as at 31 December 2021 by any of the Directors or Chief Executive of Wharf in shares, underlying shares or debentures of Wharf and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any rights to subscribe for any shares, underlying shares or debentures of Wharf and its associated corporations held or deemed to be interested by any of them as at 31 December 2021.

### **Senior Management**

Various businesses of the Group are respectively under the direct responsibility of the first six Directors named under the section headed “Board of Directors” above (as listed on page 81), led by the Chairman and Managing Director. Only those six Directors of Wharf are regarded as members of the Group’s senior management.

### **Controlling Shareholder**

Wheelock is a substantial shareholder of Wharf. Wheelock, together with its subsidiaries and associates, owned a total of 59.86% of Wharf’s issued share capital as at 31 December 2021.



## SUMMARY FINANCIAL INFORMATION

*The summary financial information set forth below has been derived from the Group's audited consolidated financial statements as at and for the years ended 31 December 2020 and 2021 and/or the Group's 2021 Annual Report and should be read in conjunction with, and is qualified in its entirety by reference to, the information incorporated by reference into this Offering Circular.*

<b>Results</b>	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	(millions of Hong Kong dollars, except per share data)	
Revenue . . . . .	22,378	20,997
Operating profit . . . . .	8,536	11,104
Underlying net profit <sup>(1)</sup> . . . . .	3,646	3,417
Profit attributable to equity shareholders . . . . .	6,019	3,864
Basic earnings per share . . . . .	HK\$1.97	HK\$1.27
Dividend per share . . . . .	HK\$0.40	HK\$0.40
<b>Financial Position</b>	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	(millions of Hong Kong dollars, except per share data and financial ratios)	
Total assets . . . . .	253,700	254,095
Net debt <sup>(2)</sup> . . . . .	13,186	25,506
Shareholders' equity . . . . .	162,020	158,854
Total equity . . . . .	166,377	163,476
Net asset value per share . . . . .	HK\$53.02	HK\$52.07
Net debt to total equity . . . . .	7.9%	15.6%

*Notes:*

- (1) Underlying net profit primarily excludes investment property revaluation differences, mark-to-market changes on financial instruments and non-recurring items.
- (2) The Group defines net debt as total loans less bank deposits and cash.

## CAPITALISATION AND INDEBTEDNESS

### Capitalisation and Indebtedness of the Group

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 31 December 2021 and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2021.

	As at 31 December 2021
	(in HK\$ million)
<i>Short-term debt</i>	
<b>Bank loans and other borrowings</b> <sup>(1)</sup> .....	3,664
<i>Long-term debt</i>	
<b>Bank loans and other borrowings</b> <sup>(1)(2)</sup> .....	33,081
<i>Shareholders' funds</i>	
Share capital .....	30,381
Reserves .....	131,639
<b>Total shareholders' equity</b> .....	162,020
<b>Total capitalisation</b> <sup>(3)</sup> .....	198,765

*Notes:*

- (1) As at 31 December 2021, certain banking facilities of the Group were secured by mortgages over certain properties under development, investment properties and property, plant and equipment with an aggregate carrying value of HK\$30,872 million.
- (2) The Group's borrowings include JPY10 billion 2.875% Notes due 2026, which are listed on the Hong Kong Stock Exchange and guaranteed by Wharf. The funding sourced from the Group's borrowings was mainly used to finance the Group's investment properties, development properties and port investments.
- (3) Total capitalisation is defined to be the sum of total shareholders' equity, total long-term debt and total short-term debt.

Save as disclosed above, there has been no material adverse change in the capitalisation and indebtedness of the Group since 31 December 2021.

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, 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. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional 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 consequence of such actions under the tax laws of those countries. It is emphasised that none of the Issuers, 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 the laws 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 advisers to ascertain the applicability of any exemptions to their individual position.

#### *Stamp Duty*

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

- (i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap.117 of the laws of Hong Kong) (the “**SDO**”)).

If stamp duty is payable, it is payable by the relevant Issuer on the issue of Bearer Notes at a rate of 3% 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).

With effect from 1 August 2021, if stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.26% (of which 0.13% is payable by the seller and 0.13% 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.

#### **PRC**

Pursuant to the New Enterprise Income Tax (“**EIT**”) Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management body” are within the territory of the PRC shall be PRC tax resident enterprises for the purpose of the New EIT Law and they shall pay enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside the PRC. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of an Issuer is within the territory of the PRC, that Issuer may be held to be a PRC tax resident enterprise for the purpose of the New EIT Law and be subject to enterprise income tax at the rate of 25 per cent. for its income sourced from both within and outside the PRC.

As of the date of this Offering Circular, none of the Issuers have been notified or informed by the PRC tax authorities that they are considered as a PRC tax resident enterprise for the purpose of the New EIT Law. However, there is no assurance that one or more of the Issuers will not be treated as a PRC tax resident enterprise under the New EIT Law and related implementation regulations in the future.

Pursuant to the New EIT Law and its implementation regulations, any non-resident enterprise, without an establishment in the PRC or its incomes have no actual connection to its establishment inside the PRC, shall pay enterprise income tax at the rate of 10 per cent. on income sourced inside the PRC, and such income tax shall be withheld at source by the PRC payer acting as the obligatory withholder, who shall withhold the tax amount from each payment or payment due. Accordingly, in the event an Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer shall withhold income tax from the payments of interest in respect of the Notes for any non-PRC enterprise Noteholder. However, despite the potential withholding of PRC tax by the Issuers, the Issuers have agreed to pay additional amounts to holders of the Notes so that holders of the Notes would

receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes. In addition, if the Issuers are treated as a PRC tax resident enterprise under the New EIT 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 being derived from sources within the PRC and accordingly would be subject to up to 10 per cent. of PRC withholding tax.

### **British Virgin Islands**

Payment of principal and interest in respect of the Notes will not be subject to income tax in the British Virgin Islands and the Notes will not be liable to stamp duty in the British Virgin Islands. Gains derived from the sale or exchange of Notes issued by WBVI by persons who are not otherwise liable to British Virgin Islands income tax will not be subject to British Virgin Islands income tax. The British Virgin Islands currently has no capital gains tax, estate duty, inheritance tax or gift tax.

### **FATCA Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued 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. 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.

## PRC CURRENCY CONTROLS

*The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.*

### Remittance of Renminbi into and outside the PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

### Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Since July 2009, the PRC has commenced a 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 the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, 24 August 2011 and 3 February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186), 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 (together the “**Circulars**”). 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 in the PRC, (iii) the restriction on designated offshore districts was lifted, and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods without obtaining the approval as previously required, provided that the relevant provincial government has submitted to PBOC and five other PRC 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 the settlement currency for exports.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the “**2013 PBOC Circular**”) which simplified the procedures for cross-border Renminbi trade settlement under current account items. On 1 November 2014, PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the “**2015 PBOC Circular**”), which, among others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises in the China (Shanghai) Free Trade Pilot Zone (“**Shanghai FTZ**”) may establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pool.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules.

### **Capital Account Items**

Under PRC 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 or filing with, the relevant PRC authorities.

Prior to October 2011, capital account items of foreign invested entities were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) were generally 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 any other relevant PRC parties were 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.

On 10 May 2013, the State Administration of Foreign Exchange of the PRC (“SAFE”) promulgated the “Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors” (the “SAFE Provisions”), which became effective on 13 May 2013. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

On 13 February 2015, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (the “13 Notice”), which became effective on 1 June 2015. According to the 13 Notice, two administrative examination and approval items, such as the verification and approval of foreign exchange registration under domestic direct investment, and verification and approval of foreign exchange registration under overseas direct investment, shall be abolished. The 13 Notice also simplifies the procedures for handling certain foreign exchange services under direct investment.

On 30 March 2015, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises (the “19 Notice”), which became effective on 1 July 2015. According to the 19 Notice, foreign-invested enterprises shall be allowed to settle their foreign exchange capitals on a discretionary basis, which means that foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution).

On 26 January 2017, the SAFE issued the *Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance* (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) (匯發[2017]3號) to further advance the reform of foreign exchange administration, such as:

- settlement of domestic foreign exchange loans are allowed for export trade in goods. A domestic institution shall repay loans with the foreign exchange funds received from export trade in goods, rather than, in principle, purchased foreign exchange;
- a debtor may directly or indirectly repatriate the funds under guarantee and use them domestically by, among others, granting loans and making equity investment domestically. Where a bank performs its guarantee obligation under overseas loans with domestic guarantee, relevant foreign exchange settlement and sale shall be managed as the bank's own foreign exchange settlement and sale;
- the deposits absorbed by a domestic bank through its principal international foreign exchange account and allowed to be used domestically are no more than 100% of the average daily deposit balance in the previous six months as opposed to the former 50%; and the funds used domestically are not included in the bank's outstanding short-term external debt quota;
- allowing foreign exchange settlement in the domestic foreign exchange accounts of overseas institutions within pilot free trade zones: Where funds are repatriated and used domestically after settlement, a domestic bank shall, under the relevant provisions on cross-border transactions, handle such funds by examining the valid commercial documents and vouchers of domestic institutions and domestic individuals; and
- where a domestic institution grants overseas loans, the total of the balance of overseas loans granted in domestic currency and the balance of overseas loans granted in foreign currency shall not exceed 30% of owner's equity in the audited financial statements of the previous year.

The foregoing circulars, notices and measures will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances are subject to the specific requirements or restrictions set out in the relevant SAFE rules.



## CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg, CDP, DTC or the CMU Service (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that WHL and the Guaranteed Issuers believe to be reliable, but neither WHL, the Guaranteed Issuers nor any Dealer or the Arranger 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 WHL, the Guaranteed Issuers nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

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

### The Clearing Systems

#### *Euroclear and Clearstream, Luxembourg*

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

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

#### *CDP*

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**CDP System**”) maintained by CDP. CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global note or global certificate for persons holding the Notes in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the CDP System may only be effected through certain corporate depositories (“**Depository Agents**”) approved by CDP under the Securities and Futures Act 2001 of Singapore to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the CDP System must be held in securities sub-accounts with Depository Agents.

Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the CDP System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Fiscal Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

#### *DTC*

DTC is a limited purpose trust company organised under the laws of the State of New York, a “**banking organization**” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “**clearing corporation**” within the meaning of the Uniform Commercial Code and a “clearance agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organisations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (“**indirect participants**”).

#### *CMU Service*

The CMU Service is a central depository service provided by the Central Moneymarkets Unit of 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 Services securities and capital markets instruments (together, “**CMU Instruments**”) which are specified in the CMU Service Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Instruments 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 Service is open to all financial institutions regulated by the Hong Kong Monetary Authority, 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 Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

## Book-Entry Ownership

### *Bearer Notes*

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The relevant Issuer may also apply to have Bearer Notes accepted for clearance through the CMU Service or CDP. 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 Service or CDP. 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 Service, Euroclear, Clearstream, Luxembourg. Each Global Note will, where applicable, have an International Securities Identification Number (“**ISIN**”) and/or a Common Code or a CMU Instrument Number. Investors in Notes of such Series may hold their interests in a Global Note only through Euroclear or Clearstream, Luxembourg or the CMU Service or CDP, as the case may be.

### *Registered Notes*

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Regulation S Global Certificate. The Issuer may also apply to have Registered Notes represented by a Regulation S Global Certificate accepted for clearance through the CMU Service or CDP. Each Global Certificate deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or with CDP will, where applicable, have an ISIN and/or a Common Code or, if lodged with a sub-custodian for the CMU Service, will have a CMU Instrument Number. Investors in Notes of such Series may hold their interests in a Regulation S Global Certificate only through Euroclear or Clearstream, Luxembourg or CDP.

The Issuer and the Fiscal Agent may make applications to DTC for acceptance in its book-entry settlement system of the Rule 144A Registered Notes represented by each Rule 144A Global Certificate. Each Rule 144A Global Certificate will have a CUSIP number. Each Rule 144A Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Note, as set out under “*Transfer Restrictions*”. In certain circumstances, as described below in “— *Transfers of Registered Notes*”, transfers of interests in a Rule 144A Global Certificate may be made as a result of which such legend is no longer applicable.

The custodian with whom the Rule 144A Global Certificates are deposited (the “**Custodian**”) and DTC will electronically record the nominal amount of the Rule 144A Registered Notes held within the DTC system. Investors in Notes of such Series may hold their interests in a Regulation S Global Certificate only through Euroclear or Clearstream, Luxembourg. Investors may hold their interests in a Rule 144A Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Rule 144A Global Certificate registered in the name of DTC’s nominee will be to or to the order of its nominee as the registered owner of such Rule 144A Global Certificate. We expect that the nominee, upon receipt of any such payment, will immediately credit DTC participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Rule 144A Global Certificate as shown on the records of DTC or the nominee. We also expect that payments by DTC participants to owners of beneficial interests in such Rule 144A Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the Issuer, the Fiscal Agent or any other agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Rule 144A Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

## *Individual Definitive Certificates*

Registration or title to Registered Notes in a name other than a depository for Euroclear and Clearstream, Luxembourg, DTC or CDP will not be permitted unless (i) in the case of Rule 144A Registered Notes, DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Rule 144A Global Certificate, or ceases to be a “clearing agency” registered under the Exchange Act, or is at any time no longer eligible to act as such and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, or (ii) (in the case of Regulation S Registered Notes deposited with a common depository for Euroclear and Clearstream, Luxembourg) Euroclear or Clearstream, Luxembourg 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 (iii) (in the case of Regulation S Registered Notes cleared through the CDP) (a) an Event of Default (as defined in the Conditions) has occurred and is continuing, (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available, or (d) CDP has notified the relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the relevant master depository services agreement made between the relevant Issuer and CDP, as amended, varied or supplemented from time to time, and no alternative clearing system is available. In such circumstances, the Issuer will cause sufficient individual Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Certificates; and
- (ii) in the case of a Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Rule 144A Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

## **Transfers of Registered Notes**

### *Transfers within Clearing System*

Transfers of interests in Global Certificates within DTC, Euroclear, Clearstream, Luxembourg, the CMU Service or CDP will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Rule 144A Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Rule 144A Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate in respect of such interest.

### *Transfers between Clearing Systems*

Beneficial interests in a Regulation S Global Certificate may be held only through Euroclear or Clearstream, Luxembourg or the CMU Service. Transfers may be made at any time by a holder of an interest in a Regulation S Global Certificate to a transferee who wishes to take delivery of such interest through the Rule 144A Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the distribution compliance period (defined as 40 days after completion of the distribution of any identifiable Tranche as determined, and certified to the relevant Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, to the relevant Issuer and the Fiscal Agent by the relevant Dealers) relating to the Notes represented by such Regulation S Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from the transferor of such interest to the effect that such transfer is being made to a person

whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Any such transfer made thereafter of the Notes represented by such Regulation S Global Certificate will only be made upon request through Euroclear or Clearstream, Luxembourg by the holder of an interest in the Regulation S Global Certificate to the Fiscal Agent or its agent and receipt by the Fiscal Agent or its agent of details of that account at DTC to be credited with the relevant interest in the Rule 144A Global Certificate. Transfers at any time by a holder of any interest in the Rule 144A Global Certificate to a transferee who takes delivery of such interest through a Regulation S Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a Certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear, Clearstream, Luxembourg, the CMU Service or DTC, as the case may be, to be credited and debited, respectively, with an interest in the relevant Global Certificates.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under “*Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg or the CMU Service accountholders on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Fiscal Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and Clearstream, Luxembourg and/or the CMU Service and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T + 3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg or the CMU Service and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg and the CMU Service, on the other, transfers of interests in the relevant Global Certificates will be effected through the Fiscal Agent or its agent, the Custodian and the Registrar receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or its agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear, Clearstream, Luxembourg or the CMU Service accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “*Transfer Restrictions*”.

## **DTC Procedures**

We understand that DTC will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Rule 144A Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC, interests in Rule 144A Global Certificates are credited, and only in respect of such portion of the aggregate nominal amount of the relevant Rule 144A Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Rule 144A Global Certificates for exchange for individual Definitive Certificates (which will, in the case of Rule 144A Registered Notes, bear the legend applicable to transfers pursuant to Rule 144A).

Although DTC, Euroclear, Clearstream, Luxembourg and the CMU Service have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Euroclear, Clearstream, Luxembourg and the CMU Service, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Fiscal Agent or any other agent will

have any responsibility for the performance by DTC, Euroclear, Clearstream, Luxembourg or the CMU Service or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Rule 144A Global Certificate is lodged with DTC or the Custodian, Rule 144A Registered Notes represented by individual Definitive Notes will not be eligible for clearing or settlement through DTC, Euroclear, Clearstream, Luxembourg or the CMU Service.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in the amended and restated dealer Agreement dated 6 May 2022 (as amended, supplemented and/or restated as at the Issue Date, the “**Dealer Agreement**”) between WHL, the Issuers, the Permanent Dealers and the Arranger, the Notes may be offered by the Issuers to the Permanent Dealers. However, each of WHL and the Guaranteed Issuers 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 relevant Issuer through the Dealers, acting as agents of the relevant Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. Each of WHL and the Guaranteed Issuers has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment 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 will be stated in the relevant Pricing Supplement.

Each of WHL and the Guaranteed Issuers 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 the issue of any Tranche of Notes, the Stabilisation Manager(s) (being the Dealer or Dealers (if any) named as the stabilisation manager(s) in the applicable Pricing Supplement) (or persons acting on behalf of any Stabilisation Manager) may, to the extent permitted by applicable laws and directives, 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, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuers or WHL. However, there is no assurance that the Stabilisation Manager(s) or person(s) acting on behalf of the Stabilisation Manager(s) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the relevant Dealers.

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Dealers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuers, WHL and/or their respective affiliates for which they have received, or will receive, fees and expenses.

In connection with the offering of the Notes issued under the Programme, the Dealers and/or their respective affiliates, or affiliates of the Issuers or WHL, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trades of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuers, WHL and/or their respective affiliates, and therefore, they may offer or sell the Notes or other securities otherwise

than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Dealers and/or their respective affiliates, or affiliates of the Issuers or WHL as investors for their own account. Such entities are not

expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Furthermore, it is possible that a significant proportion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained (see “*Risk Factors — Risks relating to the market generally — 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*”). The Issuers, WHL and/or their respective affiliates and the Dealers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuers, WHL and/or their respective affiliates. The Dealers have received, or may in the future receive, customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the Dealers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuers and/or WHL, including the Notes and could adversely affect the trading price and liquidity of the Notes. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers and/or WHL routinely hedge their credit exposure to the Issuers and/or WHL consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuers’ and/or WHL’s securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Dealers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuers or WHL, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments of the Issuers or WHL.

## **Selling Restrictions**

### *United States*

- (i) The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or (in the case of bearer Notes issued in compliance with the D Rules) to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes and the Guarantee, an offer or sale of Notes and the Guarantee within the United States by any dealer (whether or not participating in the offering of such tranche of Notes and the Guarantee) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.



- (ii) Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold or, in the case of Notes in bearer form, delivered, and shall not offer or sell or, in the case of Notes in bearer form, deliver, the Notes of any identifiable tranche and the Guarantee (1) as part of their distribution at any time and (2) otherwise until 40 days after completion of the distribution of such tranche as determined and certified to the relevant Issuer and each Relevant Dealer, by the Fiscal Agent or, in the case of a Syndicated Issue, the relevant Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons except (only as provided below) in accordance with Regulation S or Rule 144A under the Securities Act. Each Dealer has agreed that, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and the Guarantee, and it and they have complied and shall comply with the offering restrictions requirement of 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 relevant 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 agreed that, at or prior to confirmation of sale of Notes and the Guarantee, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes and the Guarantee 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 (the “**Securities Act**”) and may not be offered and 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 completion of the distribution of such tranche as determined, and certified to the Issuer and [Relevant Dealers], by [[AGENT]/[LEAD MANAGER]], except in either case in accordance with Regulation S or Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.”

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented that it has not entered and has agreed that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S under the Securities Act) with respect to the distribution or delivery of the Notes, except with its affiliates or with the prior written consent of WHL and the Guaranteed Issuers.

- (iii) In addition, unless the Purchase Information 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 Bearer Notes:
- (a) except to the extent permitted under 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) (the “**D Rules**”):
    - (I) it has not offered or sold, and during a 40-day restricted period it shall not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and
    - (II) it has not delivered and it shall not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
  - (b) it has and throughout the restricted period it shall 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 United States person, except as permitted by the D Rules;

- (c) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) (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); and
- (d) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (x) repeats and confirms the representations contained in (a), (b) and (c) above on behalf of such affiliate or (y) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in (a), (b) and (c) above.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

- (iv) In addition, to the extent that the Purchase Information or the Subscription Agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is “C Rules”, under 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 U.S. Internal Revenue Code of 1986) (the “C Rules”), each Dealer has agreed that Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance by an issuer that (directly or indirectly through its agents) does not significantly engage in interstate commerce with respect to the issuance. In relation to each such Tranche, each Dealer has represented and agreed that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with their original issuance of Notes in bearer form, each Dealer has agreed that it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions, and shall not otherwise involve its U.S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the C Rules.

Notwithstanding anything above to the contrary, it is understood that the Notes may be offered and sold pursuant to a private placement in the United States, and in connection therewith each Dealer has represented, agreed and undertaken and each further Dealer appointed under the Programme will be required to represent, agree and undertake, that:

- (a) offers, sales, resales and other transfers of Notes made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption from the registration requirements of the Securities Act;
- (b) offers, sales, resales and other transfers of Notes made in the United States will be made only in private transactions to institutional investors that are reasonably believed to qualify as “qualified institutional buyers” within the meaning of Rule 144A (each such institutional investor being hereinafter referred to as a QIB);
- (c) the Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Notes in the United States;
- (d) no sale of Notes in the United States to any one QIB will be for less than U.S.\$200,000 principal amount or (in each case) its foreign currency equivalent rounded upwards and no Note will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 principal amount or (in each case) its foreign currency equivalent rounded upwards of the Notes;

- (e) each Note sold as a part of a private placement in the United States shall contain a legend in substantially the form set out on the face of such Note in the Agency Agreement; and
- (f) such Dealer will deliver an Offering Circular to each QIB purchasing a Note or Notes and the Guarantee from it pursuant to Rule 144A.

Each Dealer has represented and agreed that each issuance 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.

This Offering Circular has been prepared by WHL and the Guaranteed Issuers for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons and for the resale of the Notes in the United States to QIBs (together with supplemental information to this Offering Circular as may be appropriate). WHL, the Guaranteed Issuers 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 or to any U.S. person, other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Offering Circular by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of WHL and the Guaranteed Issuers of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

#### *British Virgin Islands*

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that with respect to offers and sales of any Notes, that it has not and will not make any invitation to the public in the British Virgin Islands to purchase the Notes and the Notes may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

#### *PRC*

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the PRC.

#### *Hong Kong*

In relation to each Tranche of Notes issued by the relevant Issuer, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) 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 the laws of Hong Kong) (the “SFO”) other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32 of the laws of Hong Kong) (the “C(WUMPO)”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (ii) 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 “**Financial Instruments and Exchange Act**”). 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, 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 Financial Instruments and Exchange Act 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 2001 of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (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)(c)(ii) 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).*

#### *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:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (b) a customer within the meaning of the Insurance Distribution Directive, as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (c) not a qualified investor as defined in the Prospectus Regulation, as amended or superseded; and
- (ii) 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 Offer Selling Restrictions under the Prospectus Regulation*

If the Pricing Supplement in respect of any Notes specifies the “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:

- (i) 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;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

- (iii) 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
- (iv) 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 (ii) to (iv) 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.

#### *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 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 UK. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (a) 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; or
  - (b) a customer within the meaning of the provisions of the Financial Services and Markets Act (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 UK MiFIR; or
  - (c) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and
- (ii) 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 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:

- (i) if the Pricing Supplement in relation to the Notes specifies 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 has been approved by the Financial Conduct Authority, provided that any such prospectus has subsequently been completed by the 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 relevant Issuer has consented in writing to its use for the purpose of that Public Offer;

- (ii) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (iii) 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 relevant Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in (ii) to (iv) shall require the relevant 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.

#### *Selling Restrictions Addressing Additional UK Securities Laws*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of its business and (b) 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 as 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 relevant Issuer;
- (ii) 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 relevant Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such 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”, 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 the 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 (as defined under “Public Offer Selling Restrictions under the Prospectus Regulation” above), provided that these parties acquire the Notes for their own account or that of another qualified investor. However, the Notes may be offered in the Netherlands free of any restrictions 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 Regulation (EU) No 1286/2014.

## **General**

These selling restrictions may be modified by the agreement of the relevant Issuer and the 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 or will be 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.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuers in such jurisdiction.

Each Dealer has agreed it shall, and each further Dealer appointed under the Programme shall be required to agree that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement and none of WHL, the Guaranteed Issuers nor any other Dealer shall have responsibility therefor.



## TRANSFER RESTRICTIONS

### Purchasers of Notes Pursuant to Rule 144A

Each purchaser of Notes within the United States pursuant to Rule 144A, by accepting delivery of this Offering Circular and agreeing to purchase such Notes, will be deemed to have represented, agreed and acknowledged that:

- (1) It is (a) a QIB (a “qualified institutional buyer” within the meaning of Rule 144A), (b) acquiring such Notes for its own account or for the account of one or more QIBs and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made without registration under the Securities Act in reliance on Rule 144A.
- (2) The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of this Note.
- (3) Such Notes, unless the relevant Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. 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 NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

- (4) It understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Certificate. Before any interest in the Rule 144A Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (5) It understands that the relevant Issuer, the Guarantor, if any, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer. If it is acquiring any Notes and the Guarantee for the

account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

**Prospective purchasers are hereby notified that sellers of the Notes and the Guarantee may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

#### **Purchasers of Notes pursuant to Regulation S**

Each purchaser of Notes and the Guarantee outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes and the Guarantee in resales prior to the expiration of the distribution compliance period (defined as 40 days after completion of the distribution of any identifiable Tranche as determined, and certified to the relevant Issuer, by the Fiscal Agent, or in the case of an issue of Notes issued on a syndicated basis, to the relevant Issuer and the Fiscal Agent by the relevant Dealers), by accepting delivery of this Offering Circular and agreeing to purchase such Notes and the Guarantee, will be deemed to have represented, agreed and acknowledged that:

- (1) It is, or at the time Notes and the Guarantee are purchased will be, the beneficial owner of such Notes and the Guarantee and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the relevant Issuer, the Guarantor or a person acting on behalf of such an affiliate.
- (2) It understands that such Notes and the Guarantee have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes and the Guarantee except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (3) It understands that the Notes offered in reliance on Regulation S will be represented by the Regulation S Global Certificate. Prior to the expiration of the distribution compliance period, before any interest in the Regulation S Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (4) It understands that the relevant Issuer, the Guarantor, if any, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer.
- (5) It understands that such Notes, unless otherwise agreed by the relevant Issuer in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. 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. NEITHER THIS NOTE NOR ANY PORTION HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

## FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

### Pricing Supplement dated [●]

**[THE WHARF (HOLDINGS) LIMITED/  
WHARF FINANCE (BVI) LIMITED  
(incorporated with limited liability in the British Virgin Islands)/  
WHARF FINANCE LIMITED/  
WHARF FINANCE (NO. 1) LIMITED]**  
**Issue of [Aggregate Nominal Amount of Tranche]  
[Title of Notes] [Guaranteed by The Wharf (Holdings) Limited]  
under the U.S.\$7,000,000,000 Medium Term Note Programme**

**[MiFID II product governance/Professional investors and ECPs only target market** — Solely for the purposes of 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**”); 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 manufacturers’ 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 manufacturers’ 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**”) 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 manufacturers’ target market assessment) and determining appropriate distribution channels.]

**[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 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**”).]<sup>1</sup> Consequently no key information document required by Regulation (EU) No 1286/2014 (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.]

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Note:

1. Paragraph (iii) is not required where the Notes have a denomination of at least C100,000 or equivalent.

**[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 (“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 the FSMA to implement [Directive (EU) 2016/97/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.]<sup>2</sup> Consequently no key information document required by [Regulation (EU) No 1286/2014/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 2001 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]/[capital market products other than prescribed capital market 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).]<sup>3</sup>

[This Pricing Supplement 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: [Each of the/The] Issuer (as defined below) [and the Guarantor (as defined below)] confirm[s] 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, [each of the/the] Issuer [and the Guarantor] confirm[s] 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 Pricing Supplement, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Pricing Supplement to Professional Investors only have been reproduced in this Pricing Supplement. Listing of the Programme and 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 [or the Guarantor] or quality of disclosure in this Pricing Supplement. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Pricing Supplement, 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 Pricing Supplement.**

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*Notes:*

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.

This Pricing Supplement 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]. The Issuer [and the Guarantor] accept[s] full responsibility for the accuracy of the information contained in this Pricing Supplement and confirm[s], having made all reasonable enquiries, that to the best of [its] [their] knowledge and belief there are no other facts the omission of which would make any statement herein misleading.]<sup>4</sup>

This 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 set forth in the Offering Circular dated 6 May 2022 [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular as so supplemented.

*[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 [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] 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 directions for completing the Pricing Supplement.]*

1	[(i)] Issuer:	[The Wharf (Holdings) Limited] [Wharf Finance (BVI) Limited] [Wharf Finance Limited] [Wharf Finance (No. 1) Limited]
	[(ii)] Guarantor:	The Wharf (Holdings) Limited]
2	[(i)] Series Number:	[●]
	[(ii)] Tranche Number:	[●]
	(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]]
5	[(i)] Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date] (in the case of fungible issues only, if applicable)</i> ]
	[(ii)] Net proceeds:	[●] ( <i>Required only for listed issues</i> )]

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*Note:*

4. Applicable for Notes to be listed on the Hong Kong Stock Exchange only.

6	(i) Specified Denominations:	[●] <sup>5 6</sup> [If a Global Note is exchangeable for Definitive Notes, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination)]
	(ii) Calculation Amount:	<i>[If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor] [Note: There must be a common factor in the case of two or more Specified Denominations]</i>
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●]
8	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]<sup>7</sup></i>
9	Interest Basis:	[[●] per cent. Fixed Rate] [ <i>specify reference rate</i> ] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other ( <i>specify</i> )] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other ( <i>specify</i> )]
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] [Call] [(further particulars specified below)]
13	[(i)] Status of the Notes:	Senior
	[(ii)] Status of the Guarantee:	Senior]

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*Notes:*

5. Notes (including Notes denominated in Sterling) 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 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). Add appropriate provisions to terms and conditions if included.
6. 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 set out in the Guidance Note published by ICMA in November 2006 (or its replacement from time to time) 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”.
7. Note that Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the 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]
- 16 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.)*
- 17 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” and no KID will be prepared, “Applicable” should be specified.)*

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 18 **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] 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 Amount<sup>8</sup>
- (iv) Broken Amount: [●] per Calculation Amount, payable on the Interest Payment date falling [in/on] [●]
- (v) Day Count Fraction (Condition 5(k)): [●] (*Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars or Hong Kong dollars, unless the client requests otherwise*)

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*Note:*

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.

- (vi) Determination Date(s) (Condition 5(k)): [●] 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]*<sup>9</sup>
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 19 **Floating Rate Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub- paragraphs of this paragraph.)*
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Interest Period Date: [●]
- (iv) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (v) Business Centre(s) (Condition 5(k)): [●]
- (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 Interest Amount(s) (if not the [Calculation Agent]): [●]
- (viii) Screen Rate Determination (Condition 5(b)(iii)(B)):
- Reference Rate: [●]
- Interest Determination Date: [[●] [TARGET] Business Days in *[specify city]* for *[specify currency]* prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
- Relevant Screen Page: [●]

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*Note:*

9. Only to be completed for an issue where Day Count Fraction is Actual/Actual-ICMA.



	(ix) ISDA Determination (Condition 5(b)(iii)(A)):	
	— Floating Rate Option:	[●]
	— Designated Maturity:	[●]
	— Reset Date:	[●]
	— ISDA Definitions:	2006 (if different to those set out in the Conditions, please specify)
	(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 (Condition 5(k)):	[●]
	(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:	[●]
20	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Amortisation Yield (Condition 6(b)):	[●] per cent. per annum
	(ii) Day Count Fraction (Condition 5(k)):	[●]
	(iii) Any other formula/basis of determining amount payable:	[●]
21	<b>Index Linked Interest Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Formula:	[Give or annex details]
	(ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]):	[●]
	(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[●]
	(iv) Interest Period(s):	[●]
	(v) Specified Interest Payment Dates:	[●]
	(vi) Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i> ]

- (vii) Business Centre(s) (Condition 5(k)): [●]
  - (viii) Minimum Rate of Interest: [●] per cent. per annum
  - (ix) Maximum Rate of Interest: [●] per cent. per annum
  - (x) Day Count Fraction (Condition 5(k)): [●]
- 22 **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) Party, if any, responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [●]
  - (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: [●]
  - (v) Day Count Fraction (Condition 5(k)): [●]

**PROVISIONS RELATING TO REDEMPTION**

- 23 **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: [●]

- 24 **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: [●]
- 25 **Final Redemption Amount of each Note** [●] per Calculation Amount
- 26 **Early Redemption Amount**
- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(c)) or an event of default (Condition 10) 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

- 27 **Form of Notes:** [Bearer Notes/Exchangeable Bearer Notes/Registered Notes] *[Delete as appropriate]*
- (i) Temporary or permanent global Note: [temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]
- [temporary Global Note exchangeable for Definitive Notes on [●] days' notice]<sup>10</sup>
- [permanent Global Note/Regulation S Global Certificate/Rule 144A Global Certificate exchangeable for Definitive Notes/Definitive Regulation S Certificates/Definitive Rule 144A Certificates in the limited circumstances specified in the permanent Global Note/Regulation S Global Certificate/Rule 144A Global Certificate]
- (ii) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
- 28 Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates: [Not Applicable/Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which item 16(ii), 17(iv) and 19(vii) relate]

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*Note:*

10. If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "C100,000 and integral multiples of C1,000 in excess thereof up to and including C199,000", the Temporary Global Note shall not be exchangeable on [●] days' notice.

29	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. <i>If yes, give details</i> ]
30	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/ <i>give details</i> ]
31	Details relating to Instalment Notes:	[Not Applicable/ <i>give details</i> ]
	(i) Instalment Amount(s):	[●]
	(ii) Instalment Date(s):	[●]
	(iii) Minimum Instalment Amount:	[●]
	(iv) Maximum Instalment Amount:	[●]
32	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]
33	Consolidation provisions:	[Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]
34	Other terms or special conditions: <sup>11</sup>	[Not Applicable/ <i>give details</i> ]
35	[Private Bank Rebate/Commission:	[Not Applicable/ <i>give details</i> ] [ <i>To be included if a PB rebate is paid: In addition, we have agreed with the Joint Lead Managers that we will pay a commission to certain private banks in connection with the distribution of the Notes to their clients.</i>
		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.]]

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*Note:*

11. If full terms and conditions are to be used, please add the following here: “The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary.” The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the pricing supplement.

## DISTRIBUTION

- 36 (i) If syndicated, names of Managers: [Not Applicable/*give names*]  
(ii) Stabilisation Manager(s) (if any): [Not Applicable/*give name(s)*]  
(iii) Dealer's Commission: [●]
- 37 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 38 Additional selling restrictions: [Not Applicable/*give details*]

## OPERATIONAL INFORMATION

- 39 ISIN Code: [●]
- 40 Common Code: [●]
- 41 CMU Instrument Number: [●]
- 42 Legal Entity Identifier of the Issuer: [●]
- 43 Any clearing system(s) other than Euroclear and Clearstream, Luxembourg, DTC, the CMU Service and CDP and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- 44 Delivery: Delivery [against/free of] payment
- 45 The Agents appointed in respect of the Notes are: [●]

## GENERAL

- 46 Use of Proceeds: [As described in the "Use of Proceeds" section in the Offering Circular/(*specify if different from the use of proceeds set out in the Offering Circular*)]
- 47 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a): [Not Applicable/*give details*]
- 48 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.\$][●]]
- 49 In the case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong: [●]
- 50 In the case of Bearer Notes, specify the location of the office of the Fiscal Agent if other than London: [●]

**[LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$7,000,000,000 Medium Term Note Programme of [●].]

**[STABILISING**

In connection with this issue, [*insert name of Stabilisation Manager*] (the “**Stabilisation Manager**”) (or persons acting on behalf of any Stabilisation Manager) may, to the extent permitted by applicable laws and directives, 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, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuers. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such overallotment or stabilisation shall be for the account of the relevant Dealers.]

**[MATERIAL ADVERSE CHANGE STATEMENT**

[Except as disclosed in this document, there/There]<sup>12</sup> has been no significant change in the financial or trading position of the Issuer[, the Guarantor] or of the Group since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer[, the Guarantor] or of the Group since [*insert date of last published annual accounts.*]

**RESPONSIBILITY**

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorised

[Signed on behalf of the Guarantor:

By: \_\_\_\_\_  
Duly authorised]

\_\_\_\_\_

*Note:*  
12. If any change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

## GENERAL INFORMATION

- (1) Application has been made to the Hong Kong Stock Exchange for the listing of the Programme on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular. The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing of the relevant Notes.

Admission to the Hong Kong Stock Exchange and quotation of any Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Programme, the Notes, the Issuers, the Guarantor or the Group. The Hong Kong Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions or reports contained herein.

- (2) Each of WHL, WFL and WF1L has obtained all necessary consents, approvals and authorisations in Hong Kong and WBVI has obtained all necessary consents, approvals and authorisations in the British Virgin Islands in connection with the establishment of the Programme and the guarantee relating to the Programme. The establishment of the Programme was authorised by resolutions of the respective Boards of Directors of WHL, WFL and WBVI passed on 17 September 2003 and the giving of the guarantee relating to the Programme by the Guarantor was authorised by resolutions of the Board of Directors of WHL passed on 4 May 2020. The accession of WF1L as Issuer pursuant to the Programme was authorised by resolutions of the respective Boards of Directors of WF1L passed on 30 October 2009. The update of the Programme was authorised by resolutions of the respective Board of Directors of WHL, WFL, WBVI and WF1L passed on 28 April 2022.
- (3) Except as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of WHL, WBVI, WFL or WF1L or of the Group since 31 December 2021.
- (4) None of WHL, the Guaranteed Issuers nor any of WHL's subsidiaries is involved in any litigation, arbitration or administrative proceedings relating to claims which are material in the context of the issue of the Notes and, so far as any of them is aware, no such litigation, arbitration or administrative proceedings are pending or threatened. Each of the Issuers or the Guarantor may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of its business.
- (5) Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (6) Notes may be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems and the CDP System. The appropriate Common Code and ISIN for each Series of Notes to be cleared through Euroclear, Clearstream or the CDP System will be set out in the relevant Pricing Supplement. The relevant Issuer may also apply to have Notes accepted for clearance through the CMU Service. The relevant CMU instrument number will be set out in the relevant Pricing Supplement (if applicable). In addition, the relevant Issuer may make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes (if applicable), together with the relevant ISIN and common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement.

The Legal Entity Identifier of each of the Issuers are set out below:

<b>Name of Issuer</b>	<b>Legal Entity Identifier</b>
WHL	254900JCV4TBBPX9IW91
WBVI	254900F7WIGGU4DRDO38
WFL	2549007FO4G2RYQHA317
WF1L	254900U26XSSE5R60493

- (7) For so long as Notes may be issued pursuant to this Offering Circular, copies of the following documents will, when published, be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of WHL and at the specified office of the Paying Agents:
- (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
  - (ii) the Dealer Agreement;
  - (iii) the Deed of Covenant (including the Guarantee);
  - (iv) the Deed Poll;
  - (v) the Articles of Association or Constitution (as the case maybe) of each of WHL, WBVI, WFL and WF1L;
  - (vi) the published annual report and audited consolidated financial statements of WHL for the two financial years ended 31 December 2021 (WHL currently prepares audited consolidated financial statements on an annual basis and does not prepare annual non-consolidated financial statements other than the statement of financial position);
  - (vii) the most recently published audited annual financial statements of WHL, the most recently published unaudited interim financial statements of WHL, the most recently published audited annual financial statements of WFL and the most recently published audited annual financial statements of WF1L from time to time (at the date of this Offering Circular, WBVI has not published any audited or unaudited financial statements and does not propose to publish any financial statements);
  - (viii) a copy of this Offering Circular together with any Supplement (including any Pricing Supplement) to this Offering Circular or further Offering Circular;
  - (ix) a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on any stock exchange; and
  - (x) all reports, letters and other documents, statement of financial position, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.
- (8) KPMG, at 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong, Certified Public Accountants and independent auditors of each of WHL, WFL and WF1L, have audited, and rendered unqualified audit reports on, the accounts of WHL, WFL, WF1L for the two years ended 31 December 2020 and 2021. WBVI has not published any audited or unaudited financial statements.



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## Wharf Finance (No.1) Limited

31st December, 2020

WHARF FINANCE (NO. 1) LIMITED

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements for the financial year ended 31st December, 2020.

PRINCIPAL PLACE OF BUSINESS AND ACTIVITY

The Company is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

The principal activity of the Company is the arrangement of funds.

RESULTS AND APPROPRIATIONS

The results of the Company for the financial year ended 31st December, 2020 and the state of the Company's affairs at that date are set out in the financial statements on pages 9 to 31.

DIVIDEND

The Directors do not recommend any dividend for the financial year ended 31st December, 2020.

BUSINESS REVIEW

Pursuant to Section 388(3)(b) of the Companies Ordinance, the Company is exempted from the requirement for inclusion in this report a business review with contents in accordance with Schedule 5 of the Companies Ordinance.

## SHARE CAPITAL

Details of the share capital of the Company are set out in note 12 to the financial statements.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreement which may result in the Company issuing shares was entered into by the Company or existed during the financial year.

## DIRECTORS

Given below are the names of all the persons who were, during the financial year and up to the date of this report, Directors of the Company:-

Stephen Tin Hoi NG  
Andrew On Kiu CHOW  
Paul Yiu Cheung TSUI

There being no provisions in the Company's articles of association for the retirement of Directors by rotation, all the existing Directors continue in office for the ensuing year.

## MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Company's business to which the ultimate holding company of the Company or any subsidiary of such ultimate holding company was a party and in which a Director of the Company or any connected entities of a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

## MANAGEMENT CONTRACTS

No contracts for management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the financial year.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company or its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception that during the year, there existed certain outstanding options to subscribe for ordinary shares of The Wharf (Holdings) Limited (“Wharf”), the Company’s parent company, and of Wheelock and Company Limited (“Wheelock”), the Company’s ultimate holding company, granted under Wharf’s share option scheme and Wheelock’s share option scheme respectively to certain employees/directors of companies in Wharf group and in Wheelock group respectively, some of whom were Directors of the Company during the financial year.

Under the respective rules of the two share option schemes (such rules being subject to the relevant laws and regulatory provisions applicable from time to time), shares of Wharf and/or Wheelock would be issued at such respective prices as being not less than the highest of (a) the indicative price as specified in the written offer; (b) the closing price on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of grant of the options; and (c) the average closing price on the Stock Exchange for the five trading days immediately preceding the date of grant; and the relevant options would be exercisable during such periods, not being beyond the expiration of 10 years from the date of grant of relevant options, as determined by the boards of directors of Wharf and/or Wheelock respectively.

During the financial year, a total of 1,000,000 shares, 200,000 shares and 300,000 shares of Wharf were allotted and issued to Mr. Stephen T. H. Ng, Mr. Andrew O. K. Chow and Mr. Paul Y. C. Tsui respectively (all being Directors of the Company) on their exercise of options under Wharf’s share option scheme.

According to the scheme document jointly published by Wheelock and the offeror, namely, Admiral Power Holdings Limited, on 21 May 2020,

the share options of Wheelock lapsed automatically on the effective date of the scheme, i.e. 23 July 2020, and would no longer be exercisable as from such date. The relevant details are set out in the scheme document.

#### PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director is entitled to be indemnified out of the assets of the Company against all costs, expenses, losses or liabilities, which he may sustain or incur in or about the execution and discharge of the duties of his office, to the extent as permitted by laws.

During the financial year and up to the date of this Report, a permitted indemnity provision (whether made by the Company or otherwise) is in force for the benefits of the Directors of the Company.

#### AUDITORS

The financial statements now presented have been audited by KPMG, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board  
For and on behalf of  
WHARF SECRETARIES LIMITED  
Secretaries



Grace L. C. Ho  
Secretary

Hong Kong, 26th April, 2021



**Independent auditor's report  
to the members of Wharf Finance (No.1) Limited**  
*(incorporated in Hong Kong with limited liability)*

**Opinion**

We have audited the financial statements of Wharf Finance (No.1) Limited ("the Company") set out on pages 9 to 31, which comprise the statement of financial position as at 31st December, 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st December, 2020 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matter**

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<b>Expected credit loss allowance for loans to a fellow subsidiary and amounts due from fellow subsidiaries</b>	
<i>Refer to notes 7 and 9 to the financial statements and the accounting policies 2(c) and 2(d)</i>	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Company's principal activity is the arrangement of funds through the issue of guaranteed notes to external parties and the lending of funds raised to its fellow subsidiaries. The loans to a fellow subsidiary and amounts due from fellow subsidiaries are not secured by any assets of these entities.</p> <p>Management determines a loss allowance on the loans to a fellow subsidiary and amounts due from fellow subsidiaries using an expected credit loss model which is subject to a number of key parameters and assumptions, such as the identification of loss stages, estimates of probability of default, loss given default, exposure at default and other adjustment factors. Management judgement is involved in the selection of those parameters and the application of the assumptions.</p>	<p>Our audit procedures to assess the expected credit loss allowance for loans to a fellow subsidiary and amounts due from fellow subsidiaries included the following:</p> <ul style="list-style-type: none"> <li>assessing the expected credit loss model used by management in determining the loss allowance, including the appropriateness of the key parameters and assumptions in the expected credit loss model, such as the identification of loss stages, probability of default, loss given default, exposure at default and any management adjustments;</li> </ul>





**Independent auditor's report  
to the members of Wharf Finance (No.1) Limited**  
*(incorporated in Hong Kong with limited liability)*

**Key audit matter (continued)**

The Key Audit Matter	How the matter was addressed in our audit
<p>We identified the expected credit loss allowance for loans to a fellow subsidiary and amounts due from fellow subsidiaries as a key audit matter because the estimation of expected credit losses is inherently subjective and requires the exercise of significant management judgement.</p>	<ul style="list-style-type: none"><li>• evaluating management's assessment for whether the credit risk of the loans to a fellow subsidiary and amount due from fellow subsidiaries has increased significantly since initial recognition or not and whether the loan is credit-impaired by checking loan overdue information; making enquiries of the management about the fellow subsidiaries' business operations and assessing the fellow subsidiaries' financial information;</li><li>• for key parameters derived from internal data relating to loans to a fellow subsidiary and amount due from fellow subsidiaries, comparing the total balance (before loss allowance) recorded by the Company to the financials records of the fellow subsidiaries and inspecting the relevant loan related documents. For key parameters derived from external data assessing the accuracy of such data by comparing them with available public resources;</li><li>• recalculating the amount of the credit loss allowance based on the above parameters and assumptions; and</li><li>• assessing the disclosures in the financial statements with reference to the requirements of the prevailing accounting standards.</li></ul>



**Independent auditor's report  
to the members of Wharf Finance (No.1) Limited**  
*(incorporated in Hong Kong with limited liability)*

**Information other than the financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



**Independent auditor's report**  
**to the members of Wharf Finance (No.1) Limited**  
*(incorporated in Hong Kong with limited liability)*

**Auditor's responsibilities for the audit of the financial statements (continued)**

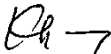
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheung Wing Han, Ivy.

  
Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
26th April, 2021

**WHARF FINANCE (NO. 1) LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

(Expressed in Hong Kong dollars)

	NOTE	<u>2020</u>	<u>2019</u>
REVENUE	3	\$ 114,330,174	\$ 192,575,419
OTHER INCOME		3	13
EXCHANGE GAIN		753	69,835
ADMINISTRATIVE AND CORPORATE EXPENSES		(79,483)	(77,265)
FINANCE COSTS	4(a)	(114,230,174)	(192,465,686)
PROFIT BEFORE TAXATION	4	\$ 21,273	\$ 102,316
INCOME TAX	6(a)	13,371	3,120
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>\$ 34,644</u>	<u>\$ 105,436</u>

The notes on pages 14 to 31 form part of these financial statements.

**WHARF FINANCE (NO. 1) LIMITED**

STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER, 2020

(Expressed in Hong Kong dollars)

	NOTE	<u>2020</u>	<u>2019</u>
<b>NON-CURRENT ASSETS</b>			
Loans to a fellow subsidiary	7	\$ 2,510,750,520	\$ 4,140,466,139
Deferred items	8	2,548,672	3,938,563
		<u>\$ 2,513,299,192</u>	<u>\$ 4,144,404,702</u>
<b>CURRENT ASSETS</b>			
Amounts due from fellow subsidiaries	9	\$ 284,118,931	\$ 291,045,832
Deferred items	8	1,389,889	2,233,636
Taxation recoverable		13,370	817,834
Cash at bank		42,816	61,166
		<u>\$ 285,565,006</u>	<u>\$ 294,158,468</u>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	11	\$ (1,523,600,000)	\$ (1,699,780,000)
Amount due to immediate holding company	10	(243,174,787)	(230,040,158)
Amount due to a fellow subsidiary	9	(536,243)	(536,243)
Payables and accruals		(60,000)	(60,000)
Interest payable		(42,335,688)	(65,488,314)
		<u>\$ (1,809,706,718)</u>	<u>\$ (1,995,904,715)</u>
<b>NET CURRENT LIABILITIES</b>		<u>\$ (1,524,141,712)</u>	<u>\$ (1,701,746,247)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		\$ 989,157,480	\$ 2,442,658,455
<b>NON-CURRENT LIABILITY</b>			
Loans and borrowings	11	\$ (987,150,520)	(2,440,686,139)
<b>NET ASSETS</b>		<u>\$ 2,006,960</u>	<u>\$ 1,972,316</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	\$ 2	\$ 2
Retained profits		2,006,958	1,972,314
<b>TOTAL EQUITY</b>		<u>\$ 2,006,960</u>	<u>\$ 1,972,316</u>

Approved and authorised for issue by the board of directors on 26 APR 2021

*Paul Y. C. Tsui*

PAUL Y. C. TSUI

*Andrew O. K. Chow*

ANDREW O. K. CHOW

)  
) Directors  
)

The notes on pages 14 to 31 form part of these financial statements.

**WHARF FINANCE (NO. 1) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

(Expressed in Hong Kong dollars)

	<i>Share capital</i>	<i>Retained profits</i>	<i>Total equity</i>
At 1st January, 2019	\$ 2	\$ 1,866,878	\$ 1,866,880
Profit and total comprehensive income for the year	-	105,436	105,436
At 31st December, 2019 and 1st January, 2020	\$ 2	\$ 1,972,314	\$ 1,972,316
Profit and total comprehensive income for the year	-	34,644	34,644
At 31st December, 2020	\$ 2	\$ 2,006,958	\$ 2,006,960

The notes on pages 14 to 31 form part of these financial statements.

**WHARF FINANCE (NO. 1) LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020**

(Expressed in Hong Kong dollars)

	NOTE	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		\$ 21,273	\$ 102,316
Adjustments for:			
Interest and loan arrangement fee income	3	(114,330,174)	(192,575,419)
Finance costs	4(a)	114,230,174	192,465,686
Exchange gain		(753)	(69,835)
<b>OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL</b>			
Decrease in amount due to immediate holding company		(10,017,997)	(2,476,563)
Decrease in amounts due from fellow subsidiaries		6,926,901	3,687,801
Increase in amount due to a fellow subsidiary		-	140
<b>NET CASH (USED IN)/GENERATED FROM OPERATION</b>			
Interest received		114,330,174	192,575,419
Interest paid		(111,996,536)	(190,232,047)
Other borrowing cost paid		-	(2,233,639)
Tax refund/(paid)		817,835	(1,272,301)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>			
<b>INVESTING ACTIVITY</b>			
Decrease in loans to fellow subsidiaries		\$ 1,629,715,619	\$ 467,171,058
<b>NET CASH GENERATED FROM INVESTING ACTIVITY</b>			
<b>FINANCING ACTIVITY</b>			
Repayment of loans and borrowings		\$ (1,629,715,619)	\$ (467,171,058)
<b>NET CASH USED IN FINANCING ACTIVITY</b>			
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>			
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>			
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>			

The notes on pages 14 to 31 form part of these financial statements.

**WHARF FINANCE (NO. 1) LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2020 (CONTINUED)**

(Expressed in Hong Kong dollars)

Reconciliation of liabilities arising from financing activities:

The table below details changes in the company's liabilities from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the company's statement of cash flows as cash flows from financing activities.

	Loans and borrowings (note 11)
At 1st January, 2019	\$ (4,607,637,197)
Changes from financing cash flows:	
Repayment of loans	467,171,058
	<hr/>
At 31st December, 2019 and 1st January, 2020	\$ (4,140,466,139)
Changes from financing cash flows:	
Repayment of loans	1,629,715,619
	<hr/>
At 31st December, 2020	\$ (2,510,750,520)
	<hr/> <hr/>

The notes on pages 14 to 31 form part of these financial statements.



## WHARF FINANCE (NO. 1) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

#### 1. PRINCIPAL PLACE OF BUSINESS AND ACTIVITY

Wharf Finance (No.1) Limited (“the company”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

The principal activity of the company is the arrangement of funds.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the company are disclosed below.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. Of these, the following developments are relevant to the company's financial statements:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 16).

##### (b) Basis of preparation of the financial statements

- (i) The measurement basis used in the preparation of the financial statements is the historical cost basis.
- (ii) The immediate holding company, Wharf China Holdings (0004) Limited, has confirmed that it will provide such financial assistance as is necessary to maintain the company as a going concern. On the strength of this assurance, the financial statements have been prepared on the basis of a going concern.
- (iii) The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of preparation of the financial statements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (c) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (i) Classification and measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (i) Classification and measurement of financial assets (continued)

##### *Financial assets: Business model assessment*

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

##### *Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. nonrecourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### *Financial assets: Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (ii) Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised.

#### (iii) Classification and measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### (iv) Derecognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under HKFRS, or for gains and losses arising from a group of similar transactions such as in the company's trading.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Impairment of assets

#### (i) Impairment of financial assets

The company recognises loss allowances for expected credit loss (“ECL”) on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECL. For receivables, the company applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company’s historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

#### *Credit-impaired financial assets*

At each reporting date, the company assesses on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Impairment of assets (continued)

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

### (ii) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Impairment of assets (continued)

- Reversals of impairment losses

In respect of assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with policy set up in note 2(d).

### (f) Deferred items

Deferred items represent loan arrangement fees in relation to long-term borrowings which are amortised over the period of the respective financing.

### (g) Income tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of profit or loss and other comprehensive income except to the extent that they relate to items recognised directly in equity, in which case the relevant amounts of tax are recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.



2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

(h) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(i) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period. Exchange gains and losses are dealt with in the statement of profit or loss and other comprehensive income.

(j) Revenue recognition

Income is classified by the company as revenue when it arises from the provision of services in the ordinary course of the company's business.

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Interest income is recognised as it accrues under the effective interest method.

Loan arrangement fees are recognised upon the provision of services.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Related parties

- (a) A person, or a close member of that person's family, is related to the company if that person:
- (i) has control or joint control over the company;
  - (ii) has significant influence over the company; or
  - (iii) is a member of the key management personnel of the company or the company's parent.
- (b) An entity is related to the company if any of the following conditions applies:
- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. REVENUE

Revenue represents interest income and loan arrangement fees from fellow subsidiaries.

	<u>2020</u>	<u>2019</u>
Interest income	\$ 111,996,536	\$ 190,241,780
Loan arrangement fees	2,333,638	2,333,639
	<u>\$ 114,330,174</u>	<u>\$ 192,575,419</u>

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging :-

	<u>2020</u>	<u>2019</u>
(a) Finance costs		
Interest on loans and borrowings repayable		
- within five years	\$ 90,221,770	\$ 169,331,080
- after five years	21,774,766	20,900,967
	<u>\$ 111,996,536</u>	<u>\$ 190,232,047</u>
Amortisation of deferred items (note 8)	2,233,638	2,233,639
	<u>\$ 114,230,174</u>	<u>\$ 192,465,686</u>
(b) Auditors' remuneration		
- current year	\$ 60,000	\$ 60,000

5. DIRECTORS' EMOLUMENTS

None of the directors of the company received any emoluments in respect of their services to the company for the years ended 31st December, 2020 and 2019 pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

6. INCOME TAX

- (a) Provision for Hong Kong Profits Tax is calculated at 16.5% (2019:16.5%) of the assessable profit for the current and prior years.

Taxation charged/(credited) to the statement of profit or loss and other comprehensive income represents:

	<u>2020</u>		<u>2019</u>
Current tax			
Provision for Hong Kong Profits tax for the year	\$ 3,509	\$	16,880
Over-provision in respect of prior years	(16,880)		(20,000)
	<u>                    </u>		<u>                    </u>
	\$ (13,371)	\$	(3,120)
	<u>                    </u>		<u>                    </u>

- (b) Reconciliation between actual tax credit and profit before taxation at applicable tax rate:

	<u>2020</u>		<u>2019</u>
Profit before taxation	\$ 21,273	\$	102,316
	<u>                    </u>		<u>                    </u>
Notional tax thereon, calculated at 16.5% (2019: 16.5%)	\$ 3,510	\$	16,882
Tax effect of non-taxable income	(1)		(2)
Overprovision in prior year	<u>(16,880)</u>		<u>(20,000)</u>
Actual tax credit	\$ (13,371)	\$	(3,120)
	<u>                    </u>		<u>                    </u>

- (c) At 31st December, 2020 and 2019, the company has no material deferred tax assets and liabilities.

7. LOANS TO A FELLOW SUBSIDIARY

The loans to a fellow subsidiary are unsecured, interest bearing at 2.875% to 4.5% (2019: 2.875% to 4.9%) per annum and recoverable on demand.

The loans are classified as non-current assets as they are not expected to be recoverable within one year.

8. DEFERRED ITEMS

Deferred items represent loan arrangement fees related to long-term borrowings.

	<u>2020</u>	<u>2019</u>
Cost:		
At 1st January	\$ 32,015,381	\$ 32,015,381
Additions	<u>-</u>	<u>-</u>
At 31st December	\$ 32,015,381	\$ 32,015,381
	-----	-----
Accumulated amortisation:		
At 1st January	\$ (25,843,182)	\$ (23,609,543)
Charge for the year	<u>(2,233,638)</u>	<u>(2,233,639)</u>
At 31st December	\$ (28,076,820)	\$ (25,843,182)
	-----	-----
Net book value:		
At 31st December	<u>\$ 3,938,561</u>	<u>\$ 6,172,199</u>
	=====	=====
Analysed for reporting purposes as:		
	<u>2020</u>	<u>2019</u>
Non-current assets	\$ 2,548,672	\$ 3,938,563
Current assets	1,389,889	2,233,636
	<u>\$ 3,938,561</u>	<u>\$ 6,172,199</u>
	=====	=====

9. AMOUNTS DUE FROM / (TO) FELLOW SUBSIDIARIES

The amounts due from / (to) fellow subsidiaries are unsecured, interest free and recoverable / (repayable) on demand.

10. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company is unsecured, interest free and repayable on demand.

11. LOANS AND BORROWINGS

	<u>2020</u>	<u>2019</u>
Repayable within one year		
- 4.15% Notes due 2020	\$ -	\$ 111,630,000
- 4.9% Notes due 2020	-	550,000,000
- 4.45% Notes due 2020	-	180,000,000
- 4.5% Notes due 2020	-	200,000,000
- 3.7% Notes due 2020	-	223,260,000
- 4.4% Notes due 2020	-	100,000,000
- 4.05% Notes due 2020	-	334,890,000
- 4.5% Notes due 2021	<u>1,523,600,000</u>	<u>-</u>
Total current loans and borrowings	\$ 1,523,600,000	\$ 1,699,780,000
	-----	-----

11. LOANS AND BORROWINGS (CONTINUED)

	<u>2020</u>	<u>2019</u>
Repayable within two to five years		
- 4.5% Notes due 2021	\$ -	\$ 1,502,800,000
- 3.75% Notes due 2023	<u>237,640,000</u>	<u>223,260,000</u>
	<u>\$ 237,640,000</u>	<u>\$ 1,726,060,000</u>
Repayable after five years		
- 2.875% Notes due 2026	<u>\$ 749,510,520</u>	<u>\$ 714,626,139</u>
Total non-current loans and borrowings	<u>\$ 987,150,520</u>	<u>\$ 2,440,686,139</u>
	<u><u>\$ 2,510,750,520</u></u>	<u><u>\$ 4,140,466,139</u></u>

The loan facilities are irrevocably guaranteed by The Wharf (Holdings) Limited (“Wharf”), the parent company.

The company's borrowing are attached with finance covenants which require, at any time, the consolidated tangible net worth of Wharf, to be not less than and the ratio of consolidated borrowings to that consolidated tangible net worth to be not more than certain specified levels. During the year under review, all these covenants have been complied with by the company.

12. CAPITAL AND RESERVES

(a) Issued share capital

	<u>2020</u>		<u>2019</u>	
	<i>No. of shares</i>	<i>Amount</i>	<i>No. of shares</i>	<i>Amount</i>
<b>Ordinary shares, issued and fully paid</b>				
At 1 January and 31 December	<u>2</u>	<u>\$ 2</u>	<u>2</u>	<u>\$ 2</u>

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

(b) Capital management

The company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern. As the company is a wholly owned subsidiary of Wharf, the company's sources of additional capital and policies for distribution of excess capital may also be affected by Wharf's capital management objectives.

## 12. CAPITAL AND RESERVES (CONTINUED)

The company defines “capital” as including all components of equity.

The company’s capital structure is regularly reviewed and managed with due regard to the capital management practices of the Wharf Group to which the company belongs. Financial assistance is provided by the immediate holding company, Wharf China Holdings (0004) Limited, as necessary to maintain the company as a going concern and to enable the company to meet its liabilities as they fall due for the foreseeable future, to the extent that these do not conflict with the directors’ fiduciary duties towards the company or the requirements of the Hong Kong Companies Ordinance.

There has been no change in the company’s capital management practices as compared to the prior year and the company is not subject to any externally imposed capital requirements.

## 13. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to financial risks arises in the normal course of the company’s business. The exposure to these risks is limited by the company’s management policies and practices described below:

### (a) Credit risk

The company has no significant exposure to credit risk as its principal activity is to arrange funds for group companies. Impairment losses on cash and cash equivalents and intercompany receivables have been measured on a 12-month expected credit losses basis. The company considers that these exposures have low credit risk based on the external credit ratings of the counterparties.

The company considers the probability of default to be close to zero. Accordingly, no loss allowance has been recognised during the years ended 31st December, 2020 and 31st December, 2019.

### (b) Liquidity risk

The company’s policy is regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of funding from Wharf in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the company’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period and converted at exchange rate presenting at the end of the reporting period) and the earliest date the company can be required to pay:

13. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

	Carrying amount \$	Contractual undiscounted cash flow				
		Total \$	Within one year or on demand \$	More than one but less than two years \$	More than two but less than five years \$	More than five years \$
<i>At 31st December, 2020</i>						
Non-current loans and borrowings	(987,150,520)	(1,141,253,978)	(30,459,927)	(31,413,626)	(312,255,517)	(767,124,908)
Current loans and borrowings	(1,523,600,000)	(1,561,356,060)	(1,561,356,060)	-	-	-
Amount due to immediate holding company	(243,174,787)	(243,174,787)	(243,174,787)	-	-	-
Amount due to a fellow subsidiary	(536,243)	(536,243)	(536,243)	-	-	-
Interest payable	(42,335,688)	(42,335,688)	(42,335,688)	-	-	-
Payables and accruals	(60,000)	(60,000)	(60,000)	-	-	-
	<u>(2,796,857,238)</u>	<u>(2,988,716,756)</u>	<u>(1,877,922,705)</u>	<u>(31,413,626)</u>	<u>(312,255,517)</u>	<u>(767,124,908)</u>
<i>At 31st December, 2019</i>						
Non-current loans and borrowings	(2,440,686,139)	(2,727,065,692)	(96,543,751)	(1,571,347,779)	(303,529,797)	(755,644,365)
Current loans and borrowings	(1,699,780,000)	(1,715,125,244)	(1,715,125,244)	-	-	-
Amount due to immediate holding company	(230,040,158)	(230,040,158)	(230,040,158)	-	-	-
Amount due to a fellow subsidiary	(536,243)	(536,243)	(536,243)	-	-	-
Interest payable	(65,488,314)	(65,488,314)	(65,488,314)	-	-	-
Payables and accruals	(60,000)	(60,000)	(60,000)	-	-	-
	<u>(4,436,590,854)</u>	<u>(4,738,315,651)</u>	<u>(2,107,793,710)</u>	<u>(1,571,347,779)</u>	<u>(303,529,797)</u>	<u>(755,644,365)</u>

(c) Interest rate risk

The company has no significant exposure to interest rate risk as all of the company's interest bearing liabilities are matched with the company's interest bearing assets.

(d) Foreign currency risk

The company has no significant exposure to foreign currency risk as loans and borrowings denominated in foreign currency have been assigned as loans to a fellow subsidiary.

(e) Fair value

The fair values of inter-company balances, cash at bank and in hand, payables and accruals, interest payable and taxation payable approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

As at 31st December, 2020 and 2019, loans and borrowings are carried at amounts not materially different from their fair values.



14. MATERIAL RELATED PARTY TRANSACTIONS

Apart from the transactions with the group companies and balances outstanding as at 31st December, 2020 as disclosed in notes 3, 7, 9, 10 and 11 to the financial statements, there are no other material related party transactions entered into by the company in the normal course of the company's business.

15. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Going concern

As disclosed in note 2(b)(ii), the directors have prepared the financial statements on a going concern basis as they are of the opinion that the company will be able to secure the continued financial assistance from the immediate holding company to enable the company to operate as a going concern. Discontinuation of financial assistance from the immediate holding company would affect the conclusion that the company is able to continue as a going concern, in which case the financial statements would have been prepared on a break-up basis.

16. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended 31st December, 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the company.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, <i>Interest Rate Benchmark Reform — Phase 2</i>	1st January, 2021
Amendments to HKAS 37, <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1st January, 2022
Annual improvements to HKFRSs 2018-2020 Cycle	1st January, 2022
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1st January, 2023

The company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far the company has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

17. PARENT AND ULTIMATE HOLDING COMPANY

The Directors consider the parent and ultimate holding company at 31st December, 2020 to be The Wharf (Holdings) Limited and Wheelock and Company Limited respectively, which are incorporated in Hong Kong. The Wharf (Holdings) Limited produces financial statements available for public use.



## Wharf Finance (No.1) Limited

Directors' report and financial statements  
for the year ended 31st December, 2021

## WHARF FINANCE (NO. 1) LIMITED

### DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements for the financial year ended 31st December, 2021.

#### PRINCIPAL PLACE OF BUSINESS AND ACTIVITY

Wharf Finance (No. 1) Limited (the "Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

The principal activity of the Company is the arrangement of funds.

#### RESULTS AND APPROPRIATIONS

The results of the Company for the financial year ended 31st December, 2021 and the state of the Company's affairs at that date are set out in the financial statements on pages 9 to 30.

#### DIVIDEND

The Directors do not recommend any dividend for the financial year ended 31st December, 2021.

#### BUSINESS REVIEW

Pursuant to Section 388(3)(b) of the Companies Ordinance, the Company is exempted from the requirement for inclusion in this report a business review with contents in accordance with Schedule 5 of the Companies Ordinance.

## SHARE CAPITAL

Details of the share capital of the Company are set out in note 12 to the financial statements.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreement which may result in the Company issuing shares was entered into by the Company or existed during the financial year.

## DIRECTORS

Given below are the names of all the persons who were, during the financial year and up to the date of this report, Directors of the Company:-

Stephen Tin Hoi NG  
Andrew On Kiu CHOW  
Paul Yiu Cheung TSUI

There being no provisions in the Company's articles of association for the retirement of Directors by rotation, all the existing Directors continue in office for the ensuing year.

## MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Company's business to which the ultimate holding company of the Company or any subsidiary of such ultimate holding company was a party and in which a Director of the Company or any connected entities of a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

## MANAGEMENT CONTRACTS

No contracts for management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the financial year.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company, its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception that during the year, there existed certain outstanding options to subscribe for ordinary shares of The Wharf (Holdings) Limited (“Wharf”), the Company’s parent company, granted under Wharf’s share option scheme (which expired on 8 June 2021) to certain employees/directors of companies in Wharf group, some of whom were Directors of the Company during the financial year.

Under the rules of the share option scheme (such rules being subject to the relevant laws and regulatory provisions applicable from time to time), shares of Wharf would be issued at such price as being not less than the highest of (a) the indicative price as specified in the written offer; (b) the closing price on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of grant of the options; and (c) the average closing price on the Stock Exchange for the five trading days immediately preceding the date of grant; and the relevant options would be exercisable during such periods, not being beyond the expiration of 10 years from the date of grant of relevant options, as determined by the boards of directors of Wharf.

During the financial year, a total of 2,000,000 shares and 1,700,000 shares of Wharf were allotted and issued to Mr. Stephen T. H. Ng and Mr. Andrew O. K. Chow respectively (all being Directors of the Company) on their exercise of options under Wharf’s share option scheme.

## PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director is entitled to be indemnified out of the assets of the Company against all costs, expenses, losses or liabilities, which he may sustain or incur in or about the execution and discharge of the duties of his office, to the extent as permitted by laws.

Wharf and two listed affiliated companies, namely Wharf Real Estate Investment Company Limited and Harbour Centre Development Limited, maintained directors' liability insurance which has been in force throughout the financial year and up to the date of this report to provide appropriate insurance cover for directors of their respective group companies, including *inter alia* the Directors of the Company.

## AUDITORS

The financial statements now presented have been audited by KPMG, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board  
For and on behalf of  
WHARF SECRETARIES LIMITED  
Secretaries



Grace L. C. Ho  
Secretary

Hong Kong, 26th April, 2022



**Independent auditor's report  
to the members of Wharf Finance (No.1) Limited**  
*(incorporated in Hong Kong with limited liability)*

**Opinion**

We have audited the financial statements of Wharf Finance (No.1) Limited ("the Company") set out on pages 9 to 30, which comprise the statement of financial position as at 31st December, 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st December, 2021 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matter**

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

**Expected credit loss allowance for loans to a fellow subsidiary and amounts due from fellow subsidiaries**

*Refer to notes 7 and 9 to the financial statements and the accounting policies 2(c) and 2(d)*

<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Company's principal activity is the arrangement of funds through the issue of guaranteed notes to external parties and the lending of funds raised to its fellow subsidiaries. The loans to a fellow subsidiary and amounts due from fellow subsidiaries are not secured by any assets of these entities.</p> <p>Management determines a loss allowance on the loans to a fellow subsidiary and amounts due from fellow subsidiaries using an expected credit loss model which is subject to a number of key parameters and assumptions, such as the identification of loss stages, estimates of probability of default, loss given default, exposure at default and other adjustment factors. Management judgement is involved in the selection of those parameters and the application of the assumptions.</p>	<p>Our audit procedures to assess the expected credit loss allowance for loans to a fellow subsidiary and amounts due from fellow subsidiaries included the following:</p> <ul style="list-style-type: none"> <li>• assessing the expected credit loss model used by management in determining the loss allowance, including the appropriateness of the key parameters and assumptions in the expected credit loss model, such as the identification of loss stages, probability of default, loss given default, exposure at default and any management adjustments;</li> </ul>





**Independent auditor's report  
to the members of Wharf Finance (No.1) Limited**  
*(incorporated in Hong Kong with limited liability)*

**Key audit matter (continued)**

<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>We identified the expected credit loss allowance for loans to a fellow subsidiary and amounts due from fellow subsidiaries as a key audit matter because the estimation of expected credit losses is inherently subjective and requires the exercise of significant management judgement.</p>	<ul style="list-style-type: none"><li>• evaluating management's assessment for whether the credit risk of the loans to a fellow subsidiary and amounts due from fellow subsidiaries has increased significantly since initial recognition or not and whether the loans are credit-impaired by checking loan overdue information; making enquiries of the management about the fellow subsidiaries' business operations and assessing the fellow subsidiaries' financial information;</li><li>• for key parameters derived from internal data relating to loans to a fellow subsidiary and amounts due from fellow subsidiaries, comparing the total balance (before loss allowance) recorded by the Company to the financials records of the fellow subsidiaries and inspecting the relevant loan related documents. For key parameters derived from external data assessing the accuracy of such data by comparing them with available public resources;</li><li>• recalculating the amount of the credit loss allowance based on the above parameters and assumptions; and</li><li>• assessing the disclosures in the financial statements with reference to the requirements of the prevailing accounting standards.</li></ul>



**Independent auditor's report  
to the members of Wharf Finance (No.1) Limited**  
*(incorporated in Hong Kong with limited liability)*

**Information other than the financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



**Independent auditor's report  
to the members of Wharf Finance (No.1) Limited**  
*(incorporated in Hong Kong with limited liability)*

**Auditor's responsibilities for the audit of the financial statements (continued)**


- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheung Wing Han, Ivy.

  
Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

**26 APR 2022**

**WHARF FINANCE (NO. 1) LIMITED**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2021

(Expressed in Hong Kong dollars)

	NOTE	<u>2021</u>	<u>2020</u>
REVENUE	3	\$ 67,674,387	\$ 114,330,174
OTHER INCOME		129	3
EXCHANGE (LOSS)/GAIN		(979)	753
ADMINISTRATIVE AND CORPORATE EXPENSES		(69,604)	(79,483)
FINANCE COSTS	4(a)	(67,574,387)	(114,230,174)
PROFIT BEFORE TAXATION	4	\$ 29,546	\$ 21,273
INCOME TAX	6(a)	(1,344)	13,371
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>\$ 28,202</u>	<u>\$ 34,644</u>

The notes on pages 14 to 30 form part of these financial statements.

**WHARF FINANCE (NO. 1) LIMITED**

STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER, 2021

(Expressed in Hong Kong dollars)

	NOTE	<u>2021</u>	<u>2020</u>
<b>NON-CURRENT ASSETS</b>			
Loans to a fellow subsidiary	7	\$ 920,966,686	\$ 2,510,750,520
Deferred items	8	2,002,528	2,548,672
		<u>\$ 922,969,214</u>	<u>\$ 2,513,299,192</u>
<b>CURRENT ASSETS</b>			
Amounts due from fellow subsidiaries	9	\$ 277,463,896	\$ 284,118,931
Deferred items	8	546,142	1,389,889
Taxation recoverable		-	13,370
Cash at bank		94,683	42,816
		<u>\$ 278,104,721</u>	<u>\$ 285,565,006</u>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	11	\$ -	\$ (1,523,600,000)
Amount due to immediate holding company	10	(266,609,683)	(243,174,787)
Amount due to a fellow subsidiary	9	(536,243)	(536,243)
Taxation payable		(1,344)	-
Payables and accruals		(60,000)	(60,000)
Interest payable		(10,864,817)	(42,335,688)
		<u>\$ (278,072,087)</u>	<u>\$ (1,809,706,718)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>\$ 32,634</u>	<u>\$ (1,524,141,712)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>\$ 923,001,848</u>	<u>\$ 989,157,480</u>
<b>NON-CURRENT LIABILITY</b>			
Loans and borrowings	11	\$ (920,966,686)	(987,150,520)
<b>NET ASSETS</b>		<u>\$ 2,035,162</u>	<u>\$ 2,006,960</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	\$ 2	\$ 2
Retained profits		2,035,160	2,006,958
<b>TOTAL EQUITY</b>		<u>\$ 2,035,162</u>	<u>\$ 2,006,960</u>

Approved and authorised for issue by the board of directors on

26 APR 2022



PAUL Y. C. TSUI



ANDREW O. K. CHOW

)  
) Directors

The notes on pages 14 to 30 form part of these financial statements.

**WHARF FINANCE (NO. 1) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER, 2021**

(Expressed in Hong Kong dollars)

	<i>Share capital</i>	<i>Retained profits</i>	<i>Total equity</i>
At 1st January, 2020	\$ 2	\$ 1,972,314	\$ 1,972,316
Profit and total comprehensive income for the year	-	34,644	34,644
At 31st December, 2020 and 1st January, 2021	\$ 2	\$ 2,006,958	\$ 2,006,960
Profit and total comprehensive income for the year	-	28,202	28,202
At 31st December, 2021	\$ 2	\$ 2,035,160	\$ 2,035,162

The notes on pages 14 to 30 form part of these financial statements.

**WHARF FINANCE (NO. 1) LIMITED****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2021**

(Expressed in Hong Kong dollars)

	NOTE	2021	2020
OPERATING ACTIVITIES			
Profit before taxation		\$ 29,546	\$ 21,273
Adjustments for:			
Interest and loan arrangement fee income	3	(67,674,387)	(114,330,174)
Finance costs	4(a)	67,574,387	114,230,174
Exchange loss/(gain)		979	(753)
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL		\$ (69,475)	\$ (79,480)
Decrease in amount due to immediate holding company		(8,035,975)	(10,017,997)
Decrease in amounts due from fellow subsidiaries		6,655,035	6,926,901
NET CASH USED IN OPERATION		\$ (1,450,415)	\$ (3,170,576)
Interest received		67,674,387	114,330,174
Interest paid		(66,184,496)	(111,996,536)
Tax refund		13,370	817,835
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		\$ 52,846	\$ (19,103)
INVESTING ACTIVITY			
Decrease in loans to a fellow subsidiary		\$ 1,589,783,834	\$ 1,629,715,619
NET CASH GENERATED FROM INVESTING ACTIVITY		\$ 1,589,783,834	\$ 1,629,715,619
FINANCING ACTIVITY			
Repayment of loans and borrowings		\$ (1,589,783,834)	\$ (1,629,715,619)
NET CASH USED IN FINANCING ACTIVITY		\$ (1,589,783,834)	\$ (1,629,715,619)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		\$ 52,846	\$ (19,103)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		42,816	61,166
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(979)	753
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		\$ 94,683	\$ 42,816

The notes on pages 14 to 30 form part of these financial statements.

**WHARF FINANCE (NO. 1) LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2021 (CONTINUED)**

(Expressed in Hong Kong dollars)

Reconciliation of liabilities arising from financing activities:

The table below details changes in the company's liabilities from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the company's statement of cash flows as cash flows from financing activities.

	Loans and borrowings (note 11)
At 1st January, 2020	\$ (4,140,466,139)
Changes from financing cash flows:	
Repayment of loans	1,629,715,619
	<hr/>
At 31st December, 2020 and 1st January, 2021	\$ (2,510,750,520)
Changes from financing cash flows:	
Repayment of loans	1,589,783,834
	<hr/>
At 31st December, 2021	\$ (920,966,686)
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The notes on pages 14 to 30 form part of these financial statements.



# WHARF FINANCE (NO. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

### 1. PRINCIPAL PLACE OF BUSINESS AND ACTIVITY

Wharf Finance (No.1) Limited (“the company”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

The principal activity of the company is the arrangement of funds.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the company are disclosed below.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. Of these, the following developments are relevant to the company's financial statements:

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phrase 2

None of these developments has had a material effect on the company's results and financial position for the current or prior periods have been prepared or presented in these financial statements.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 15).

#### (b) Basis of preparation of the financial statements

(i) The measurement basis used in the preparation of the financial statements is the historical cost basis.

(ii) The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of preparation of the financial statements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (c) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (i) Classification and measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (i) Classification and measurement of financial assets (continued)

##### *Financial assets: Business model assessment*

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

##### *Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. nonrecourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### *Financial assets: Subsequent measurement and gains and losses*

##### Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss.

##### Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (ii) Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised.

#### (iii) Classification and measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### (iv) Derecognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under HKFRS, or for gains and losses arising from a group of similar transactions such as in the company's trading.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Impairment of assets

#### (i) Impairment of financial assets

The company recognises loss allowances for expected credit loss (“ECL”) on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECL. For receivables, the company applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company’s historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

#### *Credit-impaired financial assets*

At each reporting date, the company assesses on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Impairment of assets (continued)

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

### (ii) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Impairment of assets (continued)

- Reversals of impairment losses

In respect of assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with policy set up in note 2(d).

### (f) Deferred items

Deferred items represent loan arrangement fees in relation to long-term borrowings which are amortised over the period of the respective financing.

### (g) Income tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of profit or loss and other comprehensive income except to the extent that they relate to items recognised directly in equity, in which case the relevant amounts of tax are recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

### (h) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

### (i) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period. Exchange gains and losses are dealt with in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the forging exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Revenue recognition

Income is classified by the company as revenue when it arises from the provision of services in the ordinary course of the company's business.

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Interest income is recognised as it accrues under the effective interest method.

Loan arrangement fees are recognised upon the provision of services.

### (k) Related parties

(a) A person, or a close member of that person's family, is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or the company's parent.

(b) An entity is related to the company if any of the following conditions applies:

- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### 3. REVENUE

Revenue represents interest income and loan arrangement fees from fellow subsidiaries.

	<u>2021</u>	<u>2020</u>
Interest income	\$ 66,184,496	\$ 111,996,536
Loan arrangement fees	1,489,891	2,333,638
	<u>\$ 67,674,387</u>	<u>\$ 114,330,174</u>

### 4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging :-

	<u>2021</u>	<u>2020</u>
(a) Finance costs		
Interest on loans and borrowings repayable		
- within five years	\$ 66,184,496	\$ 90,221,770
- after five years	-	21,774,766
	<u>\$ 66,184,496</u>	<u>\$ 111,996,536</u>
Amortisation of deferred items (note 8)	1,389,891	2,233,638
	<u>\$ 67,574,387</u>	<u>\$ 114,230,174</u>
(b) Auditors' remuneration		
- current year	\$ 60,000	\$ 60,000

### 5. DIRECTORS' EMOLUMENTS

None of the directors of the company received any emoluments in respect of their services to the company for the years ended 31st December, 2021 and 2020 pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

6. INCOME TAX

- (a) Provision for Hong Kong Profits Tax is calculated at 16.5% (2020:16.5%) of the assessable profit for the current and prior years.

Taxation charged/(credited) to the statement of profit or loss and other comprehensive income represents:

	<u>2021</u>	<u>2020</u>
Current tax		
Provision for Hong Kong Profits tax for the year \$	4,854	\$ 3,509
Over-provision in respect of prior years	(3,510)	(16,880)
	<u>1,344</u>	<u>(13,371)</u>
	\$	\$

- (b) Reconciliation between actual tax charge/(credit) and profit before taxation at applicable tax rate:

	<u>2021</u>	<u>2020</u>
Profit before taxation	\$ 29,546	\$ 21,273
Notional tax thereon, calculated at 16.5% (2020: 16.5%)	\$ 4,875	\$ 3,510
Tax effect of non-taxable income	(21)	(1)
Overprovision in prior year	<u>(3,510)</u>	<u>(16,880)</u>
Actual tax charge/(credit)	\$ 1,344	\$ (13,371)

- (c) At 31st December, 2021 and 2020, the company has no material deferred tax assets and liabilities.

7. LOANS TO A FELLOW SUBSIDIARY

The loans to a fellow subsidiary are unsecured, interest bearing at 2.875% to 3.75% (2020: 2.875% to 4.5%) per annum and recoverable on demand.

The loans are classified as non-current assets as they are not expected to be recoverable within one year.

8. DEFERRED ITEMS

Deferred items represent loan arrangement fees related to long-term borrowings.

	<u>2021</u>	<u>2020</u>
Cost:		
At 1st January	\$ 32,015,381	\$ 32,015,381
Additions	<u>-</u>	<u>-</u>
At 31st December	\$ 32,015,381	\$ 32,015,381
	-----	-----
Accumulated amortisation:		
At 1st January	\$ (28,076,820)	\$ (25,843,182)
Charge for the year	<u>(1,389,891)</u>	<u>(2,233,638)</u>
At 31st December	\$ (29,466,711)	\$ (28,076,820)
	-----	-----
Net book value:		
At 31st December	\$ 2,548,670	\$ 3,938,561
	=====	=====
Analysed for reporting purposes as:		
	<u>2021</u>	<u>2020</u>
Non-current assets	\$ 2,002,528	\$ 2,548,672
Current assets	546,142	1,389,889
	<u>\$ 2,548,670</u>	<u>\$ 3,938,561</u>
	=====	=====

9. AMOUNTS DUE FROM / (TO) FELLOW SUBSIDIARIES

The amounts due from / (to) fellow subsidiaries are unsecured, interest free and recoverable / (repayable) on demand.

10. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company is unsecured, interest free and repayable on demand.

11. LOANS AND BORROWINGS

	<u>2021</u>	<u>2020</u>
Repayable within one year		
- 4.5% Notes due 2021	\$ -	\$ 1,523,600,000
Total current loans and borrowings	\$ -	\$ 1,523,600,000
	-----	-----

11. LOANS AND BORROWINGS (CONTINUED)

	<u>2021</u>	<u>2020</u>
Repayable within two to five years		
- 3.75% Notes due 2023	\$ 244,620,000	\$ 237,640,000
- 2.875% Notes due 2026	676,346,686	-
	<u>\$ 920,966,686</u>	<u>\$ 237,640,000</u>
Repayable after five years		
- 2.875% Notes due 2026	\$ -	\$ 749,510,520
	<u>\$ 920,966,686</u>	<u>\$ 987,150,520</u>
Total non-current loans and borrowings	<u>\$ 920,966,686</u>	<u>\$ 2,510,750,520</u>

The loan facilities are irrevocably guaranteed by The Wharf (Holdings) Limited (“Wharf”), the parent company.

The company's borrowing are attached with finance covenants which require, at any time, the consolidated tangible net worth of Wharf, to be not less than and the ratio of consolidated borrowings to that consolidated tangible net worth to be not more than certain specified levels. During the year under review, all these covenants have been complied with by the company.

12. CAPITAL AND RESERVES

(a) Issued share capital

	<u>2021</u>		<u>2020</u>	
	<i>No. of</i>	<i>Amount</i>	<i>No. of</i>	<i>Amount</i>
	<i>shares</i>		<i>shares</i>	
<b>Ordinary shares, issued and fully paid</b>				
At 1 January and 31 December	<u>2</u>	<u>\$ 2</u>	<u>2</u>	<u>\$ 2</u>

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

(b) Capital management

The company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern. As the company is a wholly owned subsidiary of Wharf (Holdings) Limited (“Wharf”), the company's sources of additional capital and policies for distribution of excess capital may also be affected by Wharf's capital management objectives.

12. CAPITAL AND RESERVES (CONTINUED)

The company defines “capital” as including all components of equity.

The company’s capital structure is regularly reviewed and managed with due regard to the capital management practices of the Wharf to which the company belongs.

There has been no change in the company’s capital management practices as compared to the prior year and the company is not subject to any externally imposed capital requirements.

13. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to financial risks arises in the normal course of the company’s business. The exposure to these risks is limited by the company’s management policies and practices described below:

(a) Credit risk

The company has no significant exposure to credit risk as its principal activity is to arrange funds for group companies. Impairment losses on cash and cash equivalents and intercompany receivables have been measured on a 12-month expected credit losses basis. The company considers that these exposures have low credit risk based on the external credit ratings of the counterparties.

The company considers the probability of default to be close to zero. Accordingly, no loss allowance has been recognised during the years ended 31st December, 2021 and 31st December, 2020.

(b) Liquidity risk

The company’s policy is regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of funding from Wharf in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the company’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period and converted at exchange rate presenting at the end of the reporting period) and the earliest date the company can be required to pay:

13. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

	Carrying amount \$	Total \$	Contractual undiscounted cash flow			
			Within one year or on demand \$	More than one but less than two years \$	More than two but less than five years \$	More than five years \$
<i>At 31st December, 2021</i>						
Non-current loans and borrowings	(920,966,686)	(1,030,970,437)	(28,618,217)	(268,804,891)	(733,547,329)	-
Amount due to immediate holding company	(266,609,683)	(266,609,683)	(266,609,683)	-	-	-
Amount due to a fellow subsidiary	(536,243)	(536,243)	(536,243)	-	-	-
Interest payable	(10,864,817)	(10,864,817)	(10,864,817)	-	-	-
Payables and accruals	(60,000)	(60,000)	(60,000)	-	-	-
	<u>(1,199,037,429)</u>	<u>(1,309,041,180)</u>	<u>(306,688,960)</u>	<u>(268,804,891)</u>	<u>(733,547,329)</u>	<u>-</u>
<i>At 31st December, 2020</i>						
Non-current loans and borrowings	(987,150,520)	(1,141,253,978)	(30,459,927)	(31,413,626)	(312,255,517)	(767,124,908)
Current loans and borrowings	(1,523,600,000)	(1,561,356,060)	(1,561,356,060)	-	-	-
Amount due to immediate holding company	(243,174,787)	(243,174,787)	(243,174,787)	-	-	-
Amount due to a fellow subsidiary	(536,243)	(536,243)	(536,243)	-	-	-
Interest payable	(42,335,688)	(42,335,688)	(42,335,688)	-	-	-
Payables and accruals	(60,000)	(60,000)	(60,000)	-	-	-
	<u>(2,796,857,238)</u>	<u>(2,988,716,756)</u>	<u>(1,877,922,705)</u>	<u>(31,413,626)</u>	<u>(312,255,517)</u>	<u>(767,124,908)</u>

(c) Interest rate risk

The company has no significant exposure to interest rate risk as all of the company's interest bearing liabilities are matched with the company's interest bearing assets.

(d) Foreign currency risk

The company has no significant exposure to foreign currency risk as loans and borrowings denominated in foreign currency have been assigned as loans to a fellow subsidiary.

(e) Fair value

The fair values of inter-company balances, cash at bank and in hand, payables and accruals, interest payable and taxation payable approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

As at 31st December, 2021 and 2020, loans and borrowings are carried at amounts not materially different from their fair values.



#### 14. MATERIAL RELATED PARTY TRANSACTIONS

Apart from the transactions with the group companies and balances outstanding as at 31st December, 2021 as disclosed in notes 3, 7, 9, 10 and 11 to the financial statements, there are no other material related party transactions entered into by the company in the normal course of the company's business.

#### 15. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER, 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended 31st December, 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the company.

	<i>Effective for accounting periods beginning on or after</i>
<i>Amendments to HKAS 16, Property, Plant and Equipment: proceeds before intended Use</i>	1st January, 2022
<i>Amendments to HKAS 37, Onerous Contracts - Cost of Fulfilling a Contract</i>	1st January, 2022
<i>Annual improvements to HKFRSs 2018-2020 Cycle</i>	1st January, 2022
<i>Amendments to HKAS 1, Classification of liabilities as current or non-current</i>	1st January, 2023
<i>Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies</i>	1st January, 2023
<i>Amendments to HKAS 8, Definition of accounting estimates</i>	1st January, 2023
<i>Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction</i>	1st January, 2023

The company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far the company has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

#### 16. PARENT AND ULTIMATE HOLDING COMPANY

The Directors consider the parent and ultimate holding company at 31st December, 2021 to be The Wharf (Holdings) Limited and Wheelock and Company Limited respectively, which are incorporated in Hong Kong. The Wharf (Holdings) Limited produces financial statements available for public use.



## Wharf Finance Limited

31st December, 2020

## WHARF FINANCE LIMITED

### DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements for the financial year ended 31st December, 2020.

#### PRINCIPAL PLACE OF BUSINESS AND ACTIVITY

The Company is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

The principal activity of the Company is the arrangement of funds.

#### RESULTS AND APPROPRIATIONS

The results of the Company for the financial year ended 31st December, 2020 and the state of the Company's affairs at that date are set out in the financial statements on pages 9 to 22.

#### DIVIDEND

The Directors do not recommend any dividend for the financial year ended 31st December, 2020.

#### BUSINESS REVIEW

Pursuant to Section 388(3)(b) of the Companies Ordinance, the Company is exempted from the requirement for inclusion in this report a business review with contents in accordance with Schedule 5 of the Companies Ordinance.

## SHARE CAPITAL

Details of the share capital of the Company are set out in note 12 to the financial statements.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreement which may result in the Company issuing shares was entered into by the Company or existed during the financial year.

## DIRECTORS

Given below are the names of all the persons who were, during the financial year and up to the date of this report, Directors of the Company:-

Stephen Tin Hoi NG  
Peter Zen Kwok PAO  
Paul Yiu Cheung TSUI

There being no provisions in the Company's articles of association for the retirement of Directors, all the existing Directors continue in office for the ensuing year.

## MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Company's business to which the ultimate holding company of the Company or any subsidiary of such ultimate holding company was a party and in which a Director of the Company or any connected entities of a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

## MANAGEMENT CONTRACTS

No contracts for management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the financial year.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company or its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception that during the year, there existed certain outstanding options to subscribe for ordinary shares of The Wharf (Holdings) Limited (“Wharf”), the Company’s parent company, and of Wheelock and Company Limited (“Wheelock”), the Company’s ultimate holding company, granted under Wharf’s share option scheme and Wheelock’s share option scheme respectively to certain employees/directors of companies in Wharf group and in Wheelock group respectively, some of whom were Directors of the Company during the financial year.

Under the respective rules of the two share option schemes (such rules being subject to the relevant laws and regulatory provisions applicable from time to time), shares of Wharf and/or Wheelock would be issued at such respective prices as being not less than the highest of (a) the indicative price as specified in the written offer; (b) the closing price on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of grant of the options; and (c) the average closing price on the Stock Exchange for the five trading days immediately preceding the date of grant; and the relevant options would be exercisable during such periods, not being beyond the expiration of 10 years from the date of grant of relevant options, as determined by the boards of directors of Wharf and/or Wheelock respectively.

During the financial year, a total of 1,000,000 shares and 300,000 shares of Wharf were allotted and issued to Mr. Stephen T. H. Ng and Mr. Paul Y. C. Tsui respectively (both being Directors of the Company) on their exercise of options under Wharf’s share option scheme.

According to the scheme document jointly published by Wheelock and the offeror, namely, Admiral Power Holdings Limited, on 21 May 2020, the share options of Wheelock lapsed automatically on the effective date of

the scheme, i.e. 23 July 2020, and would no longer be exercisable as from such date. The relevant details are set out in the scheme document.

#### PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director is entitled to be indemnified out of the assets of the Company against all costs, expenses, losses or liabilities, which he may sustain or incur in or about the execution and discharge of the duties of his office, to the extent as permitted by laws.

During the financial year and up to the date of this Report, a permitted indemnity provision (whether made by the Company or otherwise) is in force for the benefits of the Directors of the Company.

#### AUDITORS

The financial statements now presented have been audited by KPMG, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board  
For and on behalf of  
WHARF SECRETARIES LIMITED  
Secretaries



Grace L. C. Ho  
Secretary

Hong Kong, 28th April, 2021



**Independent auditor’s report**  
**to the members of Wharf Finance Limited**  
*(incorporated in Hong Kong with limited liability)*

**Opinion**

We have audited the financial statements of Wharf Finance Limited (“the Company”) set out on pages 9 to 22, which comprise the statement of financial position as at 31st December, 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st December, 2020 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (“the Code”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matter**

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<b>Expected credit loss allowance for loans to fellow subsidiaries and a related company</b>	
<i>Refer to note 7 to the financial statements and the accounting policies 2(c) and 2(d)</i>	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Company’s principal activity is the arrangement of funds through the drawdown of bank loans and the issue of guaranteed notes to external parties and the lending of funds raised to its fellow subsidiaries and a related company. The loans to fellow subsidiaries and a related company are not secured by any assets of these entities.</p> <p>Management determines a loss allowance on the loans to fellow subsidiaries and a related company using an expected credit loss model which is subject to a number of key parameters and assumptions, such as the identification of loss stages, estimates of probability of default, loss given default, exposure at default and other adjustment factors. Management judgement is involved in the selection of those parameters and the application of the assumptions.</p>	<p>Our audit procedures to assess the expected credit loss allowance for loans to fellow subsidiaries and a related company included the following:</p> <ul style="list-style-type: none"> <li>assessing the expected credit loss model used by management in determining the loss allowance, including the appropriateness of the key parameters and assumptions in the expected credit loss model, such as the identification of loss stages, probability of default, loss given default, exposure at default and any management adjustments;</li> </ul>



**Independent auditor's report  
to the members of Wharf Finance Limited**  
*(incorporated in Hong Kong with limited liability)*

**Key audit matter (continued)**

<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>We identified the expected credit loss allowance for loans to fellow subsidiaries and a related company as a key audit matter because the estimation of expected credit losses is inherently subjective and requires the exercise of significant management judgement.</p>	<ul style="list-style-type: none"><li>• evaluating management's assessment for whether the credit risk of the loans to fellow subsidiaries and a related company has increased significantly since initial recognition or not and whether the loan is credit-impaired by checking loan overdue information; making enquiries of the management about the fellow subsidiaries and related company's business operations and assessing the fellow subsidiaries and related company's financial information;</li><li>• for key parameters derived from internal data relating to loans to fellow subsidiaries and a related company, comparing the total balance (before loss allowance) recorded by the Company to the financials records of the fellow subsidiaries and related company and inspecting the relevant loan related documents. For key parameters derived from external data assessing the accuracy of such data by comparing them with available public resources;</li><li>• recalculating the amount of the credit loss allowance based on the above parameters and assumptions; and</li><li>• assessing the disclosures in the financial statements with reference to the requirements of the prevailing accounting standards.</li></ul>





**Independent auditor's report  
to the members of Wharf Finance Limited**  
*(incorporated in Hong Kong with limited liability)*

**Information other than the financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



**Independent auditor's report**  
**to the members of Wharf Finance Limited**  
*(incorporated in Hong Kong with limited liability)*

**Auditor's responsibilities for the audit of the financial statements (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheung Wing Han, Ivy.

Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
28<sup>th</sup> April, 2021

WHARF FINANCE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2020

(Expressed in Hong Kong dollars)

	<u>NOTE</u>	<u>2020</u>	<u>2019</u>
Revenue	3	\$ 677,581,497	\$ 749,501,391
Exchange gain / (loss)		41	(1,185,794)
Administrative and corporate expenses		(1,010,095)	(917,997)
Finance costs	4	<u>(645,012,580)</u>	<u>(724,927,471)</u>
Profit before taxation	4	\$ 31,558,863	\$ 22,470,129
Income tax	6(a)	<u>-</u>	<u>-</u>
Profit and total comprehensive income for the year		<u>\$ 31,558,863</u>	<u>\$ 22,470,129</u>

The notes on pages 14 to 22 form part of these financial statements.

WHARF FINANCE LIMITED  
STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER 2020

(Expressed in Hong Kong dollars)

	NOTE	2020	2019
<b>NON-CURRENT ASSETS</b>			
Loans to fellow subsidiaries	7	\$ 21,789,483,780	\$ 26,359,643,639
Loan to a related company	7	2,909,594,240	-
Interest receivables		106,233,963	-
Deferred items	8	5,382,922	-
		<u>\$ 24,810,694,905</u>	<u>\$ 26,359,643,639</u>
<b>CURRENT ASSETS</b>			
Amount due from an intermediate holding company	9	\$ -	\$ 59,467,526
Other receivables and prepayments		-	251,159
Interest receivables		3,583,265	3,124,595
Deferred items	8	1,606,514	-
Cash at bank		34,173	193,253
		<u>\$ 5,223,952</u>	<u>\$ 63,036,533</u>
<b>CURRENT LIABILITIES</b>			
Amount due to an intermediate holding company	9	\$ 38,573,978	\$ -
Bank loans and other borrowings	10	5,235,000,000	156,000,000
Loans from an intermediate holding company	11	-	2,232,600,000
Interest payable		48,449,951	65,003,487
Accrued expenses		1,116,168	891,169
		<u>\$ 5,323,140,097</u>	<u>\$ 2,454,494,656</u>
<b>NET CURRENT LIABILITIES</b>		<u>\$ (5,317,916,145)</u>	<u>\$ (2,391,458,123)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>\$ 19,492,778,760</u>	<u>\$ 23,968,185,516</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank loans and other borrowings	10	\$ 16,953,327,500	\$ 19,830,577,500
Loans from a fellow subsidiary	11	2,510,750,520	4,140,466,139
		<u>19,464,078,020</u>	<u>23,971,043,639</u>
<b>NET ASSETS / (LIABILITIES)</b>		<u>\$ 28,700,740</u>	<u>\$ (2,858,123)</u>
<b>CAPITAL AND RESERVE</b>			
Share capital	12	\$ 2	\$ 2
Retained profits / (accumulated losses)		<u>28,700,738</u>	<u>(2,858,125)</u>
<b>TOTAL EQUITY / (EQUITY DEFICIENCY)</b>		<u>\$ 28,700,740</u>	<u>\$ (2,858,123)</u>

Approved and authorised for issue by the board of directors on 28th April, 2021



  
 )  
 )  
 ) Directors

Stephen T. H. Ng      Paul Y. C. Tsui

The notes on pages 14 to 22 form part of these financial statements.

WHARF FINANCE LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2020

(Expressed in Hong Kong dollars)

	<u>Share capital</u>	<u>(Accumulated losses) / retained profits</u>	<u>(Equity deficiency) / total equity</u>
At 1st January, 2019	\$ 2	\$ (25,328,254)	\$ (25,328,252)
Profit and total comprehensive income	-	22,470,129	22,470,129
At 31st December, 2019 and 1st January, 2020	\$ 2	\$ (2,858,125)	\$ (2,858,123)
Profit and total comprehensive income	-	31,558,863	31,558,863
At 31st December, 2020	\$ <u>2</u>	\$ <u>28,700,738</u>	\$ <u>28,700,740</u>

The notes on pages 14 to 22 form part of these financial statements.

WHARF FINANCE LIMITED  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

(Expressed in Hong Kong dollars)

	NOTE	2020	2019
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		\$ 31,558,863	\$ 22,470,129
Adjustments for :			
Interest income	3	(677,581,497)	(749,501,391)
Interest expenses	4	622,459,995	724,492,923
<b>OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL</b>		<b>\$ (23,562,639)</b>	<b>\$ (2,538,339)</b>
Decrease / (increase) in amount due from intermediate holding company		98,041,504	(59,467,526)
Decrease in amount due to intermediate holding company		-	(33,245,856)
(Increase) / decrease in deferred items		(6,989,436)	18,790,966
Decrease / (increase) in other receivables and prepayments		251,159	(251,159)
Increase in accrued expenses		224,999	361,169
<b>NET CASH GENERATED FROM / (USED IN) OPERATIONS</b>		<b>\$ 67,965,587</b>	<b>\$ (76,350,745)</b>
Interest received		570,888,864	746,695,074
Interest paid		(639,013,531)	(776,282,464)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>\$ (159,080)</b>	<b>\$ (105,938,135)</b>
<b>INVESTING ACTIVITIES</b>			
Decrease / (increase) in loans to fellow subsidiaries		\$ 4,570,159,859	\$ (7,716,101,442)
Increase in loan to a related company		(2,909,594,240)	-
Repayment of loans from i-Cable		-	100,000,000
<b>NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>\$ 1,660,565,619</b>	<b>\$ (7,616,101,442)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from bank loans and other borrowings		\$ 3,357,750,000	\$ 10,680,872,500
Repayment of loans from a fellow subsidiary		(1,629,715,619)	(467,171,058)
(Repayment of) / proceeds from an intermediate holding company		(2,232,600,000)	2,232,600,000
Repayment of bank loans and other borrowings		(1,156,000,000)	(4,730,200,000)
<b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>		<b>\$ (1,660,565,619)</b>	<b>\$ 7,716,101,442</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>\$ (159,080)</b>	<b>\$ (5,938,135)</b>
<b>CASH AND CASH EQUIVALENTS AT 1ST JANUARY</b>		<b>193,253</b>	<b>6,131,388</b>
<b>CASH AND CASH EQUIVALENTS AT 31ST DECEMBER</b>		<b>\$ 34,173</b>	<b>\$ 193,253</b>

The notes on pages 14 to 22 form part of these financial statements.

WHARF FINANCE LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER 2020

(Expressed in Hong Kong dollars)

NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

The table below details changes in the company's liabilities from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the company's statement of cash flows as cash flows from financing activities.

	Loan from an intermediate holding company	Bank loans and other borrowings (Note 10)	Loans from a fellow subsidiary (Note 11)	Total
At 1st January 2019	\$ -	\$ 14,035,905,000	\$ 4,607,637,197	\$ 18,643,542,197
Changes from financing cash flows:				
Repayment of loans from a fellow subsidiary	\$ -	\$ -	\$ (467,171,058)	\$ (467,171,058)
Proceeds from new bank loans and other borrowings	-	10,680,872,500	-	10,680,872,500
Repayment of bank loans and other borrowings	-	(4,730,200,000)	-	(4,730,200,000)
Proceeds from loan from an intermediate holding company	2,232,600,000	-	-	2,232,600,000
Total changes from financing cash flows	<u>\$ 2,232,600,000</u>	<u>\$ 5,950,672,500</u>	<u>\$ (467,171,058)</u>	<u>\$ 7,716,101,442</u>
At 31st December 2019 and 1st January 2020	\$ 2,232,600,000	\$ 19,986,577,500	\$ 4,140,466,139	\$ 26,359,643,639
Changes from financing cash flows:				
Repayment of loans from a fellow subsidiary	\$ -	\$ -	\$ (1,629,715,619)	\$ (1,629,715,619)
Proceeds from new bank loans and other borrowings	-	3,357,750,000	-	3,357,750,000
Repayment of bank loans and other borrowings	-	(1,156,000,000)	-	(1,156,000,000)
Repayment of loan from an intermediate holding company	(2,232,600,000)	-	-	(2,232,600,000)
Total changes from financing cash flows	<u>\$ (2,232,600,000)</u>	<u>\$ 2,201,750,000</u>	<u>\$ (1,629,715,619)</u>	<u>\$ (1,660,565,619)</u>
At 31st December 2020	\$ -	\$ 22,188,327,500	\$ 2,510,750,520	\$ 24,699,078,020

The notes on pages 14 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

## 1. PRINCIPAL PLACE OF BUSINESS AND ACTIVITY

Wharf Finance Limited ("the company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

The principle activity of the Company is the arrangement of funds.

## 2. SIGNIFICANT ACCOUNTING POLICIES

## (a) Statement of compliance

(i) These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the company are disclosed below.

(ii) The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. Of these, the following developments are relevant to the company's financial statements:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 16).

## (b) Basis of preparation of the financial statements

- (i) The measurement basis used in the preparation of the financial statements is the historical cost basis.
- (ii) The immediate holding company, Central Unity Limited, has confirmed that it will provide such financial assistance as is necessary to maintain the company as a going concern. On the strength of this assurance, the financial statements have been prepared on the basis of a going concern.
- (iii) The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of the policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## (c) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

## (i) Classification and measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets: Business model assessment*

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (i) Classification and measurement of financial assets (continued)

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets: Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### (ii) Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised.

#### (iii) Classification and measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (iv) Derecognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under HKFRS, or for gains and losses arising from a company of similar transactions such as in the company's trading.

### (d) Impairment of assets

#### Impairment of financial assets

The company recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of financial instruments since initial recognition, in which the ECLs are measured at an amount equal to lifetime ECLs. For receivables, the company applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date or a shorter period if the expected life of the instrument is less than 12 months.

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

#### *Credit-impaired financial assets*

At each reporting date, the company assesses on a forward looking basis whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the statement of profit or loss and other comprehensive income.

### (f) Recognition of revenue

Interest income is classified by the company as revenue when it arises from the provision of services in the ordinary course of the company's business.

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Interest income is recognised as it accrues under the effective interest method.

### (g) Deferred items

Deferred items represent loan commitment and agency fees in relation to long-term borrowings which are amortised over the period of the respective financing.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with policy set up in note 2(d).

### (i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they incurred.

### (j) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (k) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of profit or loss and other comprehensive income except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the company has the legally enforceable right to set off current tax assets against current tax liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Related parties

- (a) A person, or a close member of that person's family, is related to the company if that person:
- has control or joint control over the company;
  - has significant influence over the company; or
  - is a member of the key management personnel of the company or the company's parent.
- (b) An entity is related to the company if any of the following conditions applies:
- The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
  - The entity is controlled or jointly controlled by a person identified in (a).
  - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. REVENUE

Revenue represents interest income receivable from fellow subsidiaries and a related company.

4. PROFIT BEFORE TAXATION

	2020	2019
Profit before taxation is arrived at after charging :		
(a) Finance Costs		
Interest expenses on bank loans and other borrowings	\$ 622,459,995	\$ 724,492,923
Other borrowing costs	22,552,585	434,548
	<u>\$ 645,012,580</u>	<u>\$ 724,927,471</u>
(b) Auditors' remuneration		
- Current year	\$ 200,000	\$ 180,000
- Under-provision in previous year	20,000	-
	<u>\$ 220,000</u>	<u>\$ 180,000</u>

5. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2020	2019
Fees	\$ Nil	\$ Nil
Other emoluments	<u>Nil</u>	<u>Nil</u>

6. INCOME TAX

- (a) No provision for Hong Kong Profits Tax has been made in the financial statements as the company has accumulated tax losses brought forward from previous years which exceed the assessable profits for the years ended 31 December 2019 and 2020.

- (b) Reconciliation between actual tax charge and profit before taxation at applicable tax rate :

	2020	2019
Profit before taxation	\$ <u>31,558,863</u>	\$ <u>22,470,129</u>
Notional tax on profit before taxation, calculated at 16.5% (2019: 16.5%)	\$ 5,207,212	\$ 3,707,571
Tax effect of previously unrecognised tax losses utilised	(5,207,212)	(3,707,571)
Actual tax charge	<u>\$ -</u>	<u>\$ -</u>

6. INCOME TAX (CONTINUED)

(c) Deferred tax assets not recognised:

The company has not recognised deferred tax assets of \$2,399,501 (2019 : \$7,606,713) in respect of accumulated tax losses as the availability of future taxable profits against which the assets can be utilised is not considered to be probable at 31st December 2020. The tax losses do not expire under current tax legislation.

7. LOANS TO FELLOW SUBSIDIARIES / A RELATED COMPANY

The loans to fellow subsidiaries and a related company are unsecured, interest bearing and not expected to be settled within one year.

8. DEFERRED ITEMS

Deferred items represent loan arrangement fees and commitment fees in relation to long-term borrowings.

	2020	2019
Cost:		
At 1st January	\$ 230,168,373	\$ 230,168,373
Additions	7,500,000	-
Written off	(230,168,373)	-
At 31st December	\$ 7,500,000	\$ 230,168,373
Accumulated amortisation:		
At 1st January	\$ 230,168,373	\$ 211,377,407
Charge for the year	510,564	18,790,966
Written off	(230,168,373)	-
At 31st December	\$ 510,564	\$ 230,168,373
Net book value:		
At 31st December	\$ 6,989,436	\$ -
Analysed for reporting purposes as:		
	2020	2019
Non-current assets	\$ 5,382,922	\$ -
Current assets	1,606,514	-
	\$ 6,989,436	\$ -

9. AMOUNT DUE FROM/(TO) AN INTERMEDIATE HOLDING COMPANY

The amount due from/(to) an intermediate holding company is unsecured, interest-free and recoverable / (repayable) on demand.

10. BANK LOANS AND OTHER BORROWINGS

	2020	2019
<u>Current liabilities</u>		
- Bank loans repayable within 1 year	\$ 4,500,000,000	\$ -
- US dollar floating rate notes due 2020	-	156,000,000
- 4.3% Hong Kong dollar fixed rate notes due 2021	345,000,000	-
- 3.61% US dollar fixed rate notes due 2021	390,000,000	-
	\$ 5,235,000,000	\$ 156,000,000
<u>Non-current liabilities</u>		
- Bank loans repayable after 1 year but within 5 years	\$ 12,570,327,500	\$ 14,712,577,500
- 4.3% Hong Kong dollar fixed rate notes due 2021	-	345,000,000
- 3.61% US dollar fixed rate notes due 2021	-	390,000,000
- 4.35% Hong Kong dollar fixed rate notes due 2022	484,000,000	484,000,000
- 3.8% Hong Kong dollar fixed rate notes due 2022	312,000,000	312,000,000
- 3.75% Hong Kong dollar fixed rate notes due 2022	382,000,000	382,000,000
- 4.1% US dollar fixed rate notes 2022	468,000,000	468,000,000
- 3.6% Hong Kong dollar fixed rate notes due 2023	100,000,000	100,000,000
- 3.5% Hong Kong dollar fixed rate notes due 2023	100,000,000	100,000,000
- 4.426% Hong Kong dollar fixed rate notes due 2024	500,000,000	500,000,000
- 4.25% Hong Kong dollar fixed rate notes due 2024	195,000,000	195,000,000
- 4.1% Hong Kong dollar fixed rate notes due 2024	177,000,000	177,000,000
- 3.9% Hong Kong dollar fixed rate notes due 2024	200,000,000	200,000,000
- 3.75% Hong Kong dollar fixed rate notes due 2024	185,000,000	185,000,000
- 2.93% Hong Kong dollar fixed rate notes due 2025	800,000,000	800,000,000
- 4.7% Hong Kong dollar fixed rate notes due 2027	230,000,000	230,000,000
- 5.3% Hong Kong dollar fixed rate notes due 2040	250,000,000	250,000,000
	\$ 16,953,327,500	\$ 19,830,577,500
	\$ 22,188,327,500	\$ 19,986,577,500

## 10. BANK LOANS AND OTHER BORROWINGS (CONTINUED)

- (a) The annual effective interest rates of floating and fixed rate borrowings ranged from 0.27% to 4.87% (2019: 0.24% to 4.87%) and 2.93% to 5.3% (2019: 2.93% to 5.3%), respectively.

The loan facilities are irrevocably guaranteed by The Wharf (Holdings) Limited, ("Wharf"), the parent company.

- (b) Except for those listed below, which are denominated in a currency other than the functional currency of the company, all loans and interest payable are denominated in Hong Kong dollars.

At 31st December,

	Interest rate	2020		2019	
		Bank loans and other borrowing	Loan interest Payable	Loan	Loan interest Payable
MEDIUM TERM NOTE	Fixed / Floating				
	4.10%	USD 60,000,000	USD 724,333	USD 60,000,000	USD 703,833
	3.61%	USD 50,000,000	USD 214,406	USD 50,000,000	USD 209,420
	3mth LIBOR + 1.40%	USD -	USD -	USD 20,000,000	USD 1,858
LOAN	1mth LIBOR+0.40%	JPY 7,500,000,000	JPY 134,375	JPY 7,500,000,000	JPY 128,263
	3.350%	RMB 700,000,000	RMB 1,823,889	NIL	NIL

- (c) The company's borrowings are attached with financial covenants which require, at any time, the consolidated tangible net worth of Wharf, is not less than and the ratio of consolidated borrowings to that consolidated tangible net worth is not more than certain specified levels. During the year under review, all these covenants have been complied with by the company.

- (d) In 2019, loan arrangement fees of \$111,687,082 were borne by group companies in consideration for the company providing inter-company loan facilities to them.

## 11. LOANS FROM A FELLOW SUBSIDIARY / AN INTERMEDIATE HOLDING COMPANY

The loans from a fellow subsidiary are unsecured, interest bearing at 2.875% to 4.5% (2019: 2.875% to 4.9%) and not expected to be settled within one year.

At 31 December 2019, the loan from an intermediate holding company was unsecured, interest bearing at 4.48% and expected to be settled within one year.

## 12. SHARE CAPITAL

(a) Ordinary shares, issued and fully paid	2020		2019	
	No. of shares	HK\$	No. of shares	HK\$
At 1 January and 31 December	2	2	2	2

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

- (b) Capital management

The company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern. As the company is a wholly owned subsidiary of Wharf, the company's sources of additional capital and policies for distribution of excess capital may also be affected by Wharf's capital management objectives.

The company defines "capital" as including all components of equity.

The company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Wharf Group to which the company belongs. Financial assistance is provided by an immediate holding company, Central Unity Limited, as necessary to maintain the company as a going concern and to enable the company to meet its liabilities as they fall due for the foreseeable future, to the extent that these do not conflict with the directors' fiduciary duties towards the company or the requirements of the Hong Kong Companies Ordinance.

There have been no changes in the company's capital management practices as compared to the prior year and the company is not subject to any externally imposed capital requirements.

## 13. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, interest rate, liquidity and foreign currency risks arises in the normal course of the company's business. The exposure to these risks is limited by the company's financial management policies and practices described below:

- (a) Credit risk

The company has no significant exposure to credit risk as its principal activity is to arrange funds for group companies. The allowance for expected credit losses is insignificant.

13. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Interest rate risk

The company has no significant exposure to interest rate risk as substantially all of the company's interest bearing borrowings are matched with the company's interest bearing assets.

(c) Liquidity risk

The company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of funding from Wharf in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of the company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period and converted at exchange rate prevailing at the end of reporting period) and the earliest date the company can be required to pay:

	Contractual undiscounted cash flows					
	Carrying amount	Total	Within 1 year or on demand	After 1 year but less than 2 years	After 2 years but less than 5 years	After 5 years
<b>At 31st December, 2020</b>						
Bank loans and other borrowings	\$ (22,188,327,500)	\$ (23,339,445,140)	\$ (5,592,031,701)	\$ (1,902,664,860)	\$ (15,160,290,008)	\$ (684,458,571)
Loans from a fellow subsidiary	(2,510,750,520)	(2,693,578,828)	(1,589,781,999)	(30,553,260)	(306,496,106)	(766,747,463)
Accrued expense and interest payable	(49,566,119)	(49,566,119)	(49,566,119)	-	-	-
Amount due to an intermediate holding company	(38,573,978)	(38,573,978)	(38,573,978)	-	-	-
	<u>\$ (24,787,218,117)</u>	<u>\$ (26,121,164,065)</u>	<u>\$ (7,269,953,797)</u>	<u>\$ (1,933,218,120)</u>	<u>\$ (15,466,786,114)</u>	<u>\$ (1,451,206,034)</u>
<b>At 31st December, 2019</b>						
Bank loans and other borrowings	\$ (19,986,577,500)	\$ (23,004,113,899)	\$ (949,006,866)	\$ (4,499,763,827)	\$ (16,024,009,370)	\$ (1,531,333,836)
Loans from a fellow subsidiary	(4,140,466,139)	(4,429,690,655)	(1,811,561,494)	(1,568,870,569)	(297,254,143)	(752,004,449)
Loan from an intermediate holding company	(2,232,600,000)	(2,304,943,580)	(2,304,943,580)	-	-	-
Accrued expense and interest payable	(65,894,656)	(65,894,656)	(65,894,656)	-	-	-
	<u>\$ (26,425,538,295)</u>	<u>\$ (29,804,642,790)</u>	<u>\$ (5,131,406,596)</u>	<u>\$ (6,068,634,396)</u>	<u>\$ (16,321,263,513)</u>	<u>\$ (2,283,338,285)</u>

(d) Foreign currency risk

The company has no significant exposure to foreign currency risk as loans and borrowing denominated in foreign currency have been assigned as loans to fellow subsidiaries and a related company.

(e) Fair values

The fair values of inter-company balances, cash at bank, interest payables and accrued expenses approximate their carrying amounts due to their short-term maturities. As at 31 December 2020 and 2019, the bank loans and other borrowings are carried at amounts not materially different from their fair values.

14. MATERIAL RELATED PARTY TRANSACTIONS

In addition to transactions with the group companies and balances outstanding as at 31st December, 2020 as disclosed in notes 7, 9, 10 and 11 to the financial statements, the following material related party transaction has been entered into by the company in the normal course of the company's business.

	2020	2019
Interest income received from fellow subsidiaries	\$ 571,347,534	\$ 746,743,464
Interest income received from related company	106,233,963	-
	<u>\$ 677,581,497</u>	<u>\$ 746,743,464</u>

15. SIGNIFICANT ACCOUNTS ESTIMATES AND JUDGEMENTS

As disclosed in note 2(b)(ii), the directors have prepared the financial statements on a going concern basis as they are of the opinion that the company will be able to secure the continued financial assistance from the immediate holding company to enable the company to operate as a going concern. Discontinuation of financial assistance from the immediate holding company would affect the conclusion that the company is able to continue as a going concern, in which case the financial statements would have been prepared on a break-up basis.

16. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended 31st December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the company.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2	1st January 2021
Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract	1st January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1st January 2022
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current	1st January 2023

The company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far the company has concluded that the adoption of them is unlikely to have a significant impact on the company's financial statements.

17. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent and ultimate holding company at 31st December, 2020 to be The Wharf (Holdings) Limited and Wheelock and Company Limited, respectively, both of which are incorporated in Hong Kong. The Wharf (Holdings) Limited produces financial statements available for public use.





## Wharf Finance Limited

31st December, 2021

## WHARF FINANCE LIMITED

### DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements for the financial year ended 31st December, 2021.

#### PRINCIPAL PLACE OF BUSINESS AND ACTIVITY

Wharf Finance Limited (the “Company”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

The principal activity of the Company is the arrangement of funds.

#### RESULTS AND APPROPRIATIONS

The results of the Company for the financial year ended 31st December, 2021 and the state of the Company’s affairs at that date are set out in the financial statements on pages 8 to 21.

#### DIVIDEND

The Directors do not recommend any dividend for the financial year ended 31st December, 2021.

#### BUSINESS REVIEW

Pursuant to Section 388(3)(b) of the Companies Ordinance, the Company is exempted from the requirement for inclusion in this report a business review with contents in accordance with Schedule 5 of the Companies Ordinance.

## SHARE CAPITAL

Details of the share capital of the Company are set out in note 12 to the financial statements.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreement which may result in the Company issuing shares was entered into by the Company or existed during the financial year.

## DIRECTORS

Given below are the names of all the persons who were, during the financial year and up to the date of this report, Directors of the Company:-

Stephen Tin Hoi NG  
Peter Zen Kwok PAO  
Paul Yiu Cheung TSUI

There being no provisions in the Company's articles of association for the retirement of Directors, all the existing Directors continue in office for the ensuing year.

## MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Company's business to which the ultimate holding company of the Company or any subsidiary of such ultimate holding company was a party and in which a Director of the Company or any connected entities of a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

## MANAGEMENT CONTRACTS

No contract for management and administration of the whole or any substantial part of any business of the Company was entered into or existed during the financial year.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company, its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception that during the year, there existed certain outstanding options to subscribe for ordinary shares of The Wharf (Holdings) Limited (“Wharf”), the Company’s parent company, granted under Wharf’s share option scheme (which expired on 8 June 2021) to certain employees/directors of companies in Wharf group, some of whom were Directors of the Company during the financial year.

Under the rules of the share option scheme (such rules being subject to the relevant laws and regulatory provisions applicable from time to time), shares of Wharf would be issued at such price as being not less than the highest of (a) the indicative price as specified in the written offer; (b) the closing price on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of grant of the options; and (c) the average closing price on the Stock Exchange for the five trading days immediately preceding the date of grant; and the relevant options would be exercisable during such periods, not being beyond the expiration of 10 years from the date of grant of relevant options, as determined by the boards of directors of Wharf.

During the financial year, a total of 2,000,000 shares of Wharf were allotted and issued to Mr. Stephen T. H. Ng (being a Director of the Company) on his exercise of options under Wharf’s share option scheme.

## PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director is entitled to be indemnified out of the assets of the Company against all costs, expenses, losses or liabilities, which he may sustain or incur in or about the execution and discharge of the duties of his office, to the extent as permitted by laws.

Wharf and two listed affiliated companies, namely Wharf Real Estate Investment Company Limited and Harbour Centre Development Limited, maintained directors' liability insurance which has been in force throughout the financial year and up to the date of this report to provide appropriate insurance cover for directors of their respective group companies, including *inter alia* the Directors of the Company.

## AUDITORS

The financial statements now presented have been audited by KPMG, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board  
For and on behalf of  
WHARF SECRETARIES LIMITED  
Secretaries



Grace L. C. Ho  
Secretary

Hong Kong, 26th April, 2022



**Independent auditor's report  
to the members of Wharf Finance Limited**  
*(incorporated in Hong Kong with limited liability)*

**Opinion**

We have audited the financial statements of Wharf Finance Limited ("the Company") set out on pages 8 to 21, which comprise the statement of financial position as at 31st December, 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st December, 2021 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information other than the financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**Independent auditor's report  
to the members of Wharf Finance Limited**  
*(incorporated in Hong Kong with limited liability)*

**Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



**Independent auditor's report  
to the members of Wharf Finance Limited**  
*(incorporated in Hong Kong with limited liability)*

**Auditor's responsibilities for the audit of the financial statements (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

**26 APR 2022**



WHARF FINANCE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2021

(Expressed in Hong Kong dollars)

	<u>NOTE</u>	<u>2021</u>	<u>2020</u>
Revenue	3	\$ 593,153,109	\$ 677,581,497
Exchange gain		3,478,688	41
Administrative and corporate expenses		(765,851)	(1,010,095)
Finance costs	4	<u>(557,481,576)</u>	<u>(645,012,580)</u>
Profit before taxation	4	\$ 38,384,370	\$ 31,558,863
Income tax	6(a)	<u>(3,933,921)</u>	<u>-</u>
Profit and total comprehensive income for the year		<u>\$ 34,450,449</u>	<u>\$ 31,558,863</u>

The notes on pages 13 to 21 form part of these financial statements.

WHARF FINANCE LIMITED  
STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER 2021

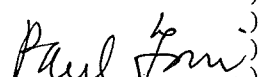
(Expressed in Hong Kong dollars)

	NOTE	2021	2020
<b>NON-CURRENT ASSETS</b>			
Loans to fellow subsidiaries	7	\$ 11,770,635,239	\$ 21,789,483,780
Loan to a related company	7	2,941,688,948	2,909,594,240
Interest receivables		138,545,258	106,233,963
Deferred items	8	44,114,833	5,382,922
		\$ 14,894,984,278	\$ 24,810,694,905
<b>CURRENT ASSETS</b>			
Interest receivables		\$ 664,595	\$ 3,583,265
Deferred items	8	31,157,635	1,606,514
Cash at bank		55,860	34,173
		\$ 31,878,090	\$ 5,223,952
<b>CURRENT LIABILITIES</b>			
Bank loans and other borrowings	10	\$ 2,646,000,000	\$ 5,235,000,000
Amount due to an intermediate holding company	9	112,773,521	38,573,978
Interest payable		35,972,822	48,449,951
Accrued expenses		812,512	1,116,168
Taxation payable		1,828,137	-
		\$ 2,797,386,992	\$ 5,323,140,097
<b>NET CURRENT LIABILITIES</b>		<b>\$ (2,765,508,902)</b>	<b>\$ (5,317,916,145)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>\$ 12,129,475,376</b>	<b>\$ 19,492,778,760</b>
<b>NON-CURRENT LIABILITIES</b>			
Bank loans and other borrowings	10	\$ 11,145,357,500	\$ 16,953,327,500
Loans from a fellow subsidiary	11	920,966,687	2,510,750,520
		12,066,324,187	19,464,078,020
<b>NET ASSETS</b>		<b>\$ 63,151,189</b>	<b>\$ 28,700,740</b>
<b>CAPITAL AND RESERVE</b>			
Share capital	12	\$ 2	\$ 2
Retained profits		63,151,187	28,700,738
<b>TOTAL EQUITY</b>		<b>\$ 63,151,189</b>	<b>\$ 28,700,740</b>

Approved and authorised for issue by the board of directors on 26th April, 2022



STEPHEN T. H. NG



PAUL Y. C. TSUI

)  
)  
) Directors

The notes on pages 13 to 21 form part of these financial statements.

WHARF FINANCE LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2021

(Expressed in Hong Kong dollars)

	<u>Share capital</u>	<u>(Accumulated losses) / retained profits</u>	<u>(Equity deficiency) / total equity</u>
At 1st January, 2020	\$ 2	\$ (2,858,125)	\$ (2,858,123)
Profit and total comprehensive income	-	31,558,863	31,558,863
At 31st December, 2020 and 1st January, 2021	\$ 2	\$ 28,700,738	\$ 28,700,740
Profit and total comprehensive income	-	34,450,449	34,450,449
At 31st December, 2021	<u>\$ 2</u>	<u>\$ 63,151,187</u>	<u>\$ 63,151,189</u>

The notes on pages 13 to 21 form part of these financial statements.

WHARF FINANCE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2021

(Expressed in Hong Kong dollars)

	NOTE	2021	2020
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		\$ 38,384,370	\$ 31,558,863
Adjustments for :			
Interest income	3	(593,153,109)	(677,581,497)
Interest expenses	4	524,140,097	622,459,995
<b>OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL</b>		\$ (30,628,642)	\$ (23,562,639)
Increase in amount due to an intermediate holding company		74,199,543	98,041,504
Increase in deferred items		(68,283,032)	(6,989,436)
Decrease in other receivables and prepayments		-	251,159
(Decrease) / increase in accrued expenses		(303,656)	224,999
<b>NET CASH (USED IN) / GENERATED FROM OPERATIONS</b>		\$ (25,015,787)	\$ 67,965,587
Interest received		563,760,484	570,888,864
Interest paid		(536,617,226)	(639,013,531)
Hong Kong Profits Tax paid		(2,105,784)	-
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>		\$ 21,687	\$ (159,080)
<b>INVESTING ACTIVITIES</b>			
Decrease in loans to fellow subsidiaries		\$ 10,018,848,541	\$ 4,570,159,859
Increase in loan to a related company		(32,094,708)	(2,909,594,240)
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		\$ 9,986,753,833	\$ 1,660,565,619
<b>FINANCING ACTIVITIES</b>			
Proceeds from new bank loans and other borrowings		\$ 2,400,000,000	\$ 3,357,750,000
Repayment of loans from a fellow subsidiary		(1,589,783,833)	(1,629,715,619)
Repayment of loan to an intermediate holding company		-	(2,232,600,000)
Repayment of bank loans and other borrowings		(10,796,970,000)	(1,156,000,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		\$ (9,986,753,833)	\$ (1,660,565,619)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		\$ 21,687	\$ (159,080)
<b>CASH AND CASH EQUIVALENTS AT 1ST JANUARY</b>		34,173	193,253
<b>CASH AND CASH EQUIVALENTS AT 31ST DECEMBER</b>		\$ 55,860	\$ 34,173

The notes on pages 13 to 21 form part of these financial statements.

WHARF FINANCE LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER 2021  
 (Expressed in Hong Kong dollars)

NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

The table below details changes in the company's liabilities from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the company's statement of cash flows as cash flows from financing activities.

	Loan from an intermediate holding company	Bank loans and other borrowings (Note 10)	Loans from a fellow subsidiary (Note 11)	Total
At 1st January 2020	\$ 2,232,600,000	\$ 19,986,577,500	\$ 4,140,466,139	\$ 26,359,643,639
Changes from financing cash flows:				
Repayment of loans from a fellow subsidiary	\$ -	\$ -	\$ (1,629,715,619)	\$ (1,629,715,619)
Proceeds from new bank loans and other borrowings	-	3,357,750,000	-	3,357,750,000
Repayment of bank loans and other borrowings	-	(1,156,000,000)	-	(1,156,000,000)
Repayment of loan from an intermediate holding company	(2,232,600,000)	-	-	(2,232,600,000)
Total changes from financing cash flows	<u>\$ (2,232,600,000)</u>	<u>\$ 2,201,750,000</u>	<u>\$ (1,629,715,619)</u>	<u>\$ (1,660,565,619)</u>
At 31st December 2020 and 1st January 2021	\$ -	\$ 22,188,327,500	\$ 2,510,750,520	\$ 24,699,078,020
Changes from financing cash flows:				
Repayment of loans from a fellow subsidiary	\$ -	\$ -	\$ (1,589,783,833)	\$ (1,589,783,833)
Proceeds from new bank loans and other borrowings	-	2,400,000,000	-	2,400,000,000
Repayment of bank loans and other borrowings	-	(10,796,970,000)	-	(10,796,970,000)
Total changes from financing cash flows	<u>\$ -</u>	<u>\$ (8,396,970,000)</u>	<u>\$ (1,589,783,833)</u>	<u>\$ (9,986,753,833)</u>
At 31st December 2021	\$ -	\$ 13,791,357,500	\$ 920,966,687	\$ 14,712,324,187

The notes on pages 13 to 21 form part of these financial statements.

WHARF FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. PRINCIPAL PLACE OF BUSINESS AND ACTIVITY

Wharf Finance Limited ("the company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

The principle activity of the Company is the arrangement of funds.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

(i) These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the company are disclosed below.

(ii) The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. Of these, the following developments are relevant to the company's financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform - Phase 2

None of these development has had a material effect on the company's results and financial position for the current or prior periods have been prepared or presented in these financial statements.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 16).

(b) Basis of preparation of the financial statements

(i) The measurement basis used in the preparation of the financial statements is the historical cost basis.

(ii) The immediate holding company, Central Unity Limited, has confirmed that it will provide such financial assistance as is necessary to maintain the company as a going concern. On the strength of this assurance, the financial statements have been prepared on the basis of a going concern.

(iii) The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of the policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Classification and measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets: Business model assessment*

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (i) Classification and measurement of financial assets (continued)

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### *Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### *Financial assets: Subsequent measurement and gains and losses*

Financial assets at FVTPL                      These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost              These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### (ii) Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised.

#### (iii) Classification and measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (iv) Derecognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under HKFRS, or for gains and losses arising from a company of similar transactions such as in the company's trading.

### (d) Impairment of assets

#### Impairment of financial assets

The company recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of financial instruments since initial recognition, in which the ECLs are measured at an amount equal to lifetime ECLs. For receivables, the company applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date or a shorter period if the expected life of the instrument is less than 12 months.

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

#### *Credit-impaired financial assets*

At each reporting date, the company assesses on a forward looking basis whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the statement of profit or loss and other comprehensive income.

### (f) Recognition of revenue

Interest income is classified by the company as revenue when it arises from the provision of services in the ordinary course of the company's business.

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Interest income is recognised as it accrues under the effective interest method.

### (g) Deferred items

Deferred items represent loan commitment and agency fees in relation to long-term borrowings which are amortised over the period of the respective financing.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with policy set up in note 2(d).

### (i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they incurred.

### (j) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

### (k) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of profit or loss and other comprehensive income except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the company has the legally enforceable right to set off current tax assets against current tax liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Related parties

(a) A person, or a close member of that person's family, is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or the company's parent.

(b) An entity is related to the company if any of the following conditions applies:

- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. REVENUE

Revenue represents interest income receivable from fellow subsidiaries and a related company.

	2021	2020
Interest income received from fellow subsidiaries	\$ 560,841,814	\$ 571,347,534
Interest income received from a related company	32,311,295	106,233,963
	<u>\$ 593,153,109</u>	<u>\$ 677,581,497</u>

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging :

	2021	2020
(a) Finance Costs		
Interest expenses on bank loans and other borrowings	\$ 524,140,097	\$ 622,459,995
Other borrowing costs	33,341,479	22,552,585
	<u>\$ 557,481,576</u>	<u>\$ 645,012,580</u>
(b) Auditors' remuneration		
- Current year	\$ 200,000	\$ 200,000
- Under-provision in previous year	-	20,000
	<u>\$ 200,000</u>	<u>\$ 220,000</u>

5. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2021	2020
Fees	\$ Nil	\$ Nil
Other emoluments	<u>Nil</u>	<u>Nil</u>

6. INCOME TAX

(a) Provision for Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the assessable profit of the company's estimated assessable profits for the year.

Taxation charged to the statement of profit or loss and other comprehensive income represents :

	2021	2020
Current tax :		
Provision for Hong Kong Profits Tax for the year	\$ 3,933,921	\$ -

No provision for Hong Kong Profits Tax has been made in the financial statements as the company has accumulated tax losses brought forward from previous years which exceed the assessable profits for the year ended 31 December 2020.

(b) Reconciliation between actual tax charge and profit before taxation at applicable tax rate :

	2021	2020
Profit before taxation	\$ 38,384,370	\$ 31,558,863
Notional tax on profit before taxation, calculated at 16.5% (2020: 16.5%)	\$ 6,333,421	\$ 5,207,212
Tax effect of previously unrecognised tax losses utilised	(2,399,500)	(5,207,212)
Actual tax charge	<u>\$ 3,933,921</u>	<u>\$ -</u>

6. INCOME TAX (CONTINUED)

(c) Deferred tax assets not recognised:

The company had not recognised deferred tax assets of \$2,399,500 in respect of accumulated tax losses as the availability of future taxable profits against which the assets can be utilised is not considered to be probable at 31st December 2020. The tax losses do not expire under current tax legislation.

7. LOANS TO FELLOW SUBSIDIARIES / A RELATED COMPANY

The loans to fellow subsidiaries and a related company are unsecured, interest bearing and not expected to be settled within one year.

8. DEFERRED ITEMS

Deferred items represent loan arrangement fees and commitment fees in relation to long-term borrowings.

	2021	2020
<b>Cost:</b>		
At 1st January	\$ 7,500,000	\$ 230,168,373
Additions	82,217,784	7,500,000
Written off	-	(230,168,373)
At 31st December	\$ 89,717,784	\$ 7,500,000
<b>Accumulated amortisation:</b>		
At 1st January	\$ 510,564	\$ 230,168,373
Charge for the year	13,934,752	510,564
Written off	-	(230,168,373)
At 31st December	\$ 14,445,316	\$ 510,564
<b>Net book value:</b>		
At 31st December	\$ 75,272,468	\$ 6,989,436
<b>Analysed for reporting purposes as:</b>		
	2021	2020
Non-current assets	\$ 44,114,833	\$ 5,382,922
Current assets	31,157,635	1,606,514
	\$ 75,272,468	\$ 6,989,436

9. AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

The amount due to an intermediate holding company is unsecured, interest-free and repayable on demand.

10. BANK LOANS AND OTHER BORROWINGS

	2021	2020
<b>Current liabilities</b>		
- Bank loans repayable within 1 year	\$ 1,000,000,000	\$ 4,500,000,000
- 4.3% Hong Kong dollar fixed rate notes due 2021	-	345,000,000
- 3.61% US dollar fixed rate notes due 2021	-	390,000,000
- 4.35% Hong Kong dollar fixed rate notes due 2022	484,000,000	-
- 3.8% Hong Kong dollar fixed rate notes due 2022	312,000,000	-
- 3.75% Hong Kong dollar fixed rate notes due 2022	382,000,000	-
- 4.1% US dollar fixed rate notes 2022	468,000,000	-
	\$ 2,646,000,000	\$ 5,235,000,000
<b>Non-current liabilities</b>		
- Bank loans repayable after 1 year but within 5 years	\$ 8,408,357,500	\$ 12,570,327,500
- 4.35% Hong Kong dollar fixed rate notes due 2022	-	484,000,000
- 3.8% Hong Kong dollar fixed rate notes due 2022	-	312,000,000
- 3.75% Hong Kong dollar fixed rate notes due 2022	-	382,000,000
- 4.1% US dollar fixed rate notes 2022	-	468,000,000
- 3.6% Hong Kong dollar fixed rate notes due 2023	100,000,000	100,000,000
- 3.5% Hong Kong dollar fixed rate notes due 2023	100,000,000	100,000,000
- 4.426% Hong Kong dollar fixed rate notes due 2024	500,000,000	500,000,000
- 4.25% Hong Kong dollar fixed rate notes due 2024	195,000,000	195,000,000
- 4.1% Hong Kong dollar fixed rate notes due 2024	177,000,000	177,000,000
- 3.9% Hong Kong dollar fixed rate notes due 2024	200,000,000	200,000,000
- 3.75% Hong Kong dollar fixed rate notes due 2024	185,000,000	185,000,000
- 2.93% Hong Kong dollar fixed rate notes due 2025	800,000,000	800,000,000
- 4.7% Hong Kong dollar fixed rate notes due 2027	230,000,000	230,000,000
- 5.3% Hong Kong dollar fixed rate notes due 2040	250,000,000	250,000,000
	\$ 11,145,357,500	\$ 16,953,327,500
	\$ 13,791,357,500	\$ 22,188,327,500

#### 10. BANK LOANS AND OTHER BORROWINGS (CONTINUED)

- (a) The annual effective interest rates of floating and fixed rate borrowings ranged from 0.59% to 1.14% (2020: 0.27% to 4.87%) and 2.93% to 5.3% (2020 : 2.93% to 5.3%), respectively.

The loan facilities are irrevocably guaranteed by The Wharf (Holdings) Limited, ("Wharf"), the parent company.

- (b) Except for those listed below, which are denominated in a currency other than the functional currency of the company, all loans and interest payable are denominated in Hong Kong dollars.

At 31st December,

	Interest rate	2021		2020	
		Bank loans and other borrowing	Loan interest Payable	Bank loans and other borrowing	Loan interest Payable
MEDIUM TERM NOTE	Fixed / Floating	USD 60,000,000	USD 731,167	USD 60,000,000	USD 724,333
	4.10%	USD -	USD -	USD 50,000,000	USD 214,406
	3.61%				
LOAN	TONA rate+Cr. Adj.	JPY 7,500,000,000	JPY 213,125	JPY 7,500,000,000	JPY 134,375
	spread+0.40%			RMB 700,000,000	RMB 1,823,889
	1mth LIBOR+0.40%	RMB -	RMB -		
	3.350%				

- (c) The company's borrowings are attached with financial covenants which require, at any time, the consolidated tangible net worth of Wharf, is not less than and the ratio of consolidated borrowings to that consolidated tangible net worth is not more than certain specified levels. During the year under review, all these covenants have been complied with by the company.

#### 11. LOANS FROM A FELLOW SUBSIDIARY

The loans from a fellow subsidiary are unsecured, interest bearing at 2.875% to 3.75% (2020: 2.875% to 4.5%) and not expected to be settled within one year.

#### 12. SHARE CAPITAL

- (a) Ordinary shares, issued and fully paid  
At 1 January and 31 December

	2021		2020	
	No. of shares	HK\$	No. of shares	HK\$
	2	2	2	2

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

- (b) Capital management

The company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern. As the company is a wholly owned subsidiary of Wharf, the company's sources of additional capital and policies for distribution of excess capital may also be affected by Wharf's capital management objectives.

The company defines "capital" as including all components of equity.

The company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Wharf Group to which the company belongs. Financial assistance is provided by an immediate holding company, Central Unity Limited, as necessary to maintain the company as a going concern and to enable the company to meet its liabilities as they fall due for the foreseeable future, to the extent that these do not conflict with the directors' fiduciary duties towards the company or the requirements of the Hong Kong Companies Ordinance.

There have been no changes in the company's capital management practices as compared to the prior year and the company is not subject to any externally imposed capital requirements.

#### 13. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, interest rate, liquidity and foreign currency risks arises in the normal course of the company's business. The exposure to these risks is limited by the company's financial management policies and practices described below:

- (a) Credit risk

The company has no significant exposure to credit risk as its principal activity is to arrange funds for group companies. Impairment losses on cash and cash equivalents and intercompany receivables have been measured on a 12-month expected credit loss basis. The company consider that these exposures have low credit risk based on the external credit ratings of the counterparties.

The company considers the probability of default to be close to zero. Accordingly, no loss allowance has been recognised during the years end 31st December, 2021 and 2020.

### 13. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (b) Interest rate risk

The company has no significant exposure to interest rate risk as substantially all of the company's interest bearing borrowings are matched with the company's interest bearing assets.

#### (c) Liquidity risk

The company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of funding from Wharf in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of the company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period and converted at exchange rate prevailing at the end of reporting period) and the earliest date the company can be required to pay:

	Carrying amount	Total	Contractual undiscounted cash flows			
			Within 1 year or on demand	After 1 year but less than 2 years	After 2 years but less than 5 years	After 5 years
<b>At 31st December, 2021</b>						
Bank loans and other borrowings	\$ (13,791,357,500)	\$ (14,539,006,597)	\$ (2,865,024,951)	\$ (1,877,114,832)	\$ (9,136,468,243)	\$ (660,398,571)
Loans from a fellow subsidiary	(920,966,687)	(1,024,660,362)	(28,618,226)	(267,859,937)	(728,182,199)	-
Accrued expenses and interest payable	(36,785,334)	(36,785,334)	(36,785,334)	-	-	-
Amount due to an intermediate holding company	(112,773,521)	(112,773,521)	(112,773,521)	-	-	-
	<u>\$ (14,861,883,042)</u>	<u>\$ (15,713,225,814)</u>	<u>\$ (3,043,202,032)</u>	<u>\$ (2,144,974,769)</u>	<u>\$ (9,864,650,442)</u>	<u>\$ (660,398,571)</u>
<b>At 31st December, 2020</b>						
Bank loans and other borrowings	\$ (22,188,327,500)	\$ (23,339,445,140)	\$ (5,592,031,701)	\$ (1,902,664,860)	\$ (15,160,290,008)	\$ (684,458,571)
Loans from a fellow subsidiary	(2,510,750,520)	(2,693,578,828)	(1,589,781,999)	(30,553,260)	(306,496,106)	(766,747,463)
Accrued expenses and interest payable	(49,566,119)	(49,566,119)	(49,566,119)	-	-	-
Amount due to an intermediate holding company	(38,573,978)	(38,573,978)	(38,573,978)	-	-	-
	<u>\$ (24,787,218,117)</u>	<u>\$ (26,121,164,065)</u>	<u>\$ (7,269,953,797)</u>	<u>\$ (1,933,218,120)</u>	<u>\$ (15,466,786,114)</u>	<u>\$ (1,451,206,034)</u>

#### (d) Foreign currency risk

The company has no significant exposure to foreign currency risk as loans and borrowing denominated in foreign currency have been assigned as loans to fellow subsidiaries and a related company.

#### (e) Fair values

The fair values of inter-company balances, cash at bank, interest payables and accrued expenses approximate their carrying amounts due to their short-term maturities. As at 31 December 2021 and 2020, bank loans and other borrowings are carried at amounts not materially different from their fair values.

### 14. MATERIAL RELATED PARTY TRANSACTIONS

In addition to transactions with the group companies and balances outstanding as at 31st December, 2021 as disclosed in notes 3, 7, 9, 10 and 11 to the financial statements, there are no material related party transaction entered into by the company in the normal course of the company's business.

### 15. SIGNIFICANT ACCOUNTS ESTIMATES AND JUDGEMENTS

As disclosed in note 2(b)(ii), the directors have prepared the financial statements on a going concern basis as they are of the opinion that the company will be able to secure the continued financial assistance from the immediate holding company to enable the company to operate as a going concern. Discontinuation of financial assistance from the immediate holding company would affect the conclusion that the company is able to continue as a going concern, in which case the financial statements would have been prepared on a break-up basis.

16. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST DECEMBER 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended 31st December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the company.

	Effective for accounting periods beginning on or after
Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract	1st January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1st January 2022
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current	1st January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies	1st January 2023
Amendments to HKAS 8, Definition of accounting estimates	1st January 2023
Amendments to HKAS 12, Deferred tax related to assets and liabilities arising from a single transaction	1st January 2023

The company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far the company has concluded that the adoption of them is unlikely to have a significant impact on the company's financial statements.

17. PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent and ultimate holding company at 31st December, 2021 to be The Wharf (Holdings) Limited and Wheelock and Company Limited, respectively, both of which are incorporated in Hong Kong. The Wharf (Holdings) Limited produces financial statements available for public use.

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**To the Issuers and the Guarantor**

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**To the Dealers**

*in respect of English and Hong Kong law*

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