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

***Notice to Hong Kong investors:** The Issuer and the Guarantor (as defined below) confirm that the Notes (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and the Programme (as defined below) has been and the Notes (to the extent they are 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, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF OFFERING CIRCULAR



HLP Finance Limited

(incorporated in the British Virgin Islands with limited liability)
(the “Issuer”)

Hang Lung Properties Limited

(incorporated in Hong Kong with limited liability)
(the “Guarantor”)
Stock Code: 00101

US\$4,000,000,000

Medium Term Note Programme
(the “Programme”)

arranged by

The Hongkong and Shanghai Banking Corporation Limited

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

Please refer to the offering circular dated May 8, 2023 (the “**Offering Circular**”) in relation to the Programme appended herein. As disclosed in the Offering Circular, the notes to be issued under the Programme (the “**Notes**”) are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and will be listed on the Hong Kong Stock Exchange 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 notes of the Issuer and no such inducement is intended.

Hong Kong, May 9, 2023

As at the date of this announcement, the board of directors of HLP Finance Limited comprises the following directors: Mr. Ronnie C. CHAN, Mr. Adriel CHAN, Mr. Weber W.P. LO and Mr. Kenneth K.K. CHIU

As at the date of this announcement, the board of directors of Hang Lung Properties Limited comprises the following directors:

Executive Directors: Mr. Ronnie C. CHAN, Mr. Adriel CHAN, Mr. Weber W.P. LO and Mr. Kenneth K.K. CHIU

Independent Non-Executive Directors: Mr. Nelson W.L. YUEN, Mr. Dominic C.F. HO, Mr. Philip N.L. CHEN, Dr. Andrew K.C. CHAN and Ms. Anita Y.M. FUNG

APPENDIX — OFFERING CIRCULAR DATED MAY 8, 2023

IMPORTANT NOTICE

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

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

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

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

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. 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 your customers you represent are outside the United States 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.

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

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the 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 such dealers or such affiliate on behalf of the Issuer (as defined in this 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 neither the Issuer nor The Hongkong and Shanghai Banking Corporation Limited (the “**Arranger**”) nor Australia and New Zealand Banking Group Limited, Bank of China (Hong Kong) Limited, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., Deutsche Bank AG, Hong Kong Branch, Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch (Asia Pacific) Limited, Mizuho Securities Asia Limited, MUFG Securities EMEA plc, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank, UBS AG Hong Kong Branch nor United Overseas Bank Limited, Hong Kong Branch (the “**Dealers**”) nor any person who controls the Arranger or the Dealers, nor any director, officer, employee nor agent of the Issuer or Hang Lung Properties Limited or the Arranger or the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this document, 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.

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.

OFFERING CIRCULAR



HLP Finance Limited

(incorporated in the British Virgin Islands with limited liability)

(as Issuer)

Hang Lung Properties Limited

(incorporated in Hong Kong with limited liability)

(as Guarantor)

US\$4,000,000,000

Medium Term Note Programme

Under the US\$4,000,000,000 Medium Term Note Programme described in this Offering Circular (the "**Programme**"), HLP Finance Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**") unconditionally and irrevocably guaranteed (the "**Guarantee**") by Hang Lung Properties Limited (the "**Guarantor**"). Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed US\$4,000,000,000 (or its equivalent in other currencies). The Notes may be issued on a continuing basis to one or more of the Dealers specified under "**Summary of the Programme**" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

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

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

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular 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, the Issuer, the Guarantor or the Group or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

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

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

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

UK MiFIR product governance/target market — The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to 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 set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (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 EU MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (8) of Article 4(1) of EU MiFID II. 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 includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**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 as amended ("**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. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification — Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

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

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

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

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

Arranger

HSBC

Dealers

ANZ
Bank of China (Hong Kong)
Citigroup
DBS Bank Ltd.
Goldman Sachs
Mizuho
OCBC Bank
UBS

BofA Securities
BNP PARIBAS
Crédit Agricole CIB
Deutsche Bank
HSBC
MUFG
Standard Chartered Bank
UOB

The date of this Offering Circular is May 8, 2023

Each of HLP Finance Limited (the “**Issuer**”) and Hang Lung Properties Limited (the “**Guarantor**”) having made all reasonable enquiries confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (the “**Group**”) and the Notes that is material in the context of the issue and offering of the Notes; (ii) the statements contained in it relating to the Issuer, the Guarantor and the Group are in every material particular true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group 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 (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements, and each of the Issuer and the Guarantor accepts responsibility accordingly.

Each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the “**Conditions**”) as amended and/or supplemented by a document specific to such Tranche called a pricing supplement (the “**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 and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKSE Rules**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Information Incorporated by Reference*”). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

The Issuer and the Guarantor have confirmed to the Dealers named under “*Summary of the Programme*” below that this Offering Circular contains all information which is, in the context of the Programme, the issue, offering and sale of the Notes and the Guarantee, material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes and the Guarantee) misleading in any material respect; and that all proper enquiries have been made to verify the foregoing. The Issuer and the Guarantor have undertaken to the Dealers in the Programme Agreement (as defined in “*Subscription and Sale*”) that they shall, subject to certain exceptions, update or amend this Offering Circular by the publication of a supplement thereto or a new Offering Circular in the event that a significant new factor, material mistake or inaccuracy relating to the information included in this Offering Circular arises or is noted which is capable of affecting the assessment of any Notes which may be issued under the Programme.

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

None of the Arranger, the Dealers or any of their respective affiliates has authorized the whole or any part of this Offering Circular and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. None of the Issuer, the Guarantor, the Arranger or the Dealers represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arranger or the Dealers which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Arranger and the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of bearer notes, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act or, in the case of bearer notes, the U.S. Internal Revenue Code of 1986, as amended). The Notes are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on offers, sales and transfers of Notes and on the distribution of this Offering Circular, see "*Subscription and Sale*".

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

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme (each such offering, a “**CMI Offering**”), including certain Dealers, may be “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“**OCs**”) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (“**Association**”) with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer or the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50 per cent. interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may

negatively impact the price discovery process in relation to the relevant CMI Offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

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, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**EU MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (“**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. 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 includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**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 as amended (“**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. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed US\$4,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Programme Agreement). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilization manager(s) (the “**Stabilization Manager**”) (or persons acting on behalf of any Stabilization Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization 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 stabilization action or over-allotment must be conducted by the Stabilization Manager(s) (or persons acting on behalf of the Stabilization Manager(s)) in accordance with all applicable laws and rules.

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, neither the Arranger nor any of the Dealers, or any director, officer, employee, agent or affiliate of any such person makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, neither the Arranger nor the Dealers, or any director, officer, employee, agent or affiliate of any such person accept any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arranger, a Dealer, or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with the Issuer, the Group or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

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

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

necessary. Neither the Arranger nor the Dealers or agent or affiliate of any such person undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger or the Dealers or any of them.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “PRC”, “China” and “mainland China” are to the People’s Republic of China and for geographical references only exclude Hong Kong, Macau and Taiwan, to “Hong Kong” or “Hong Kong SAR” are to the Hong Kong Special Administrative Region of the People’s Republic of China, to “HK\$” are to the lawful currency of Hong Kong, to “CNY”, “Renminbi” or “RMB” are to the lawful currency of the PRC, to “US\$” are to the lawful currency of the United States of America, to “sterling” or “£” are to the lawful currency of the United Kingdom and to “euro” or “€” are to the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time.

FORWARD LOOKING STATEMENTS

This Offering Circular includes forward-looking statements and other information that involve risks. The words “anticipate”, “believe”, “expect”, “plan”, “intend”, “targets”, “aims”, “estimate”, “project”, “will”, “would”, “may”, “could”, “continue” and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the Issuer’s and Guarantor’s financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer’s and/or Guarantor’s actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer’s and/or Guarantor’s present and future business strategies and the environment in which the Issuer and Guarantor expect to operate in the future.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*”. Forward-looking statements speak only as of the date of this Offering Circular and the Issuer and the Guarantor expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements in this Offering Circular to reflect any change in each such Issuer’s and Guarantor’s expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, neither the Issuer nor the Guarantor can assure you that projected results or events will be achieved and the Issuer and the Guarantor caution you not to place undue reliance on these statements.

INFORMATION INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the published audited annual financial statements for the years ended December 31, 2021 and 2022 and any interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Issuer and the Guarantor from time to time (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) at the specified offices of the Paying Agents set out at the end of this Offering Circular.

As at the date of this Offering Circular the Issuer has not published and does not propose to publish any financial statements. The Guarantor has prepared annual audited financial statements for the financial year ended December 31, 2022. See “*Index to Financial Statements*”. Any unaudited financial statements should not be relied upon to provide the same quality of information associated with information that has been subject to an audit nor taken as an indication of the expected financial condition and results of operations of the Guarantor for the relevant full financial year. Potential investors must exercise caution when using such data to evaluate the Guarantor’s financial condition, results of operations and results.

The financial statements of the Guarantor were prepared in conformity with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants. See “*General Information*” for a description of the financial statements currently published by the Guarantor.

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SUMMARY OF THE PROGRAMME

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

Issuer: HLP Finance Limited

Guarantor: Hang Lung Properties Limited

Risk Factors: Investing in the Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under "*Risk Factors*" below.

Arranger: The Hongkong and Shanghai Banking Corporation Limited

Dealers: Australia and New Zealand Banking Group Limited, Bank of China (Hong Kong) Limited, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., Deutsche Bank AG, Hong Kong Branch, Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch (Asia Pacific) Limited, Mizuho Securities Asia Limited, MUFG Securities EMEA plc, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank, UBS AG Hong Kong Branch, United Overseas Bank Limited, Hong Kong Branch and any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**Fiscal Agent, Paying Agent,
Transfer Agent, CMU
Lodging Agent and
Registrar:** The Hongkong and Shanghai Banking Corporation Limited

Method of Issue: The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.

Listing and Trading: Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. Separate application will be made for the listing of the Notes on the Hong Kong Stock Exchange. The listing of the Programme on the Hong Kong Stock Exchange is expected to become effective on May 9, 2023.

However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange (or listed, traded or quoted on or by any other competent authority, exchange or quotation system).

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

Clearing Systems: Clearstream, Euroclear and/or the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Fiscal Agent (or, the CMU Lodging Agent, as the case may be), and the relevant Dealer.

Programme Amount: Up to US\$4,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding and guaranteed at any one time.

Issuance in Series: Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

Form of Notes: Notes may be issued in bearer form or in registered form.

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Global Note will be deposited on or around the relevant issue date with a depository or a common depository or sub-custodian for Clearstream, Euroclear and/or as the case may be, the CMU, and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of, or in the name of a nominee for, one or more clearing systems are referred to as "Global Certificates".

- Currencies:** Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
- Status of the Notes:** The Notes will constitute direct, unconditional, unsubordinated and (subject to Condition 5) unsecured obligations of the Issuer, as described in "*Terms and Conditions of the Notes – Status and Guarantee*".
- Status of the Guarantee:** The payment obligations of the Guarantor under the Guarantee are direct, general, unconditional, unsubordinated and (subject to Condition 5) unsecured obligations of the Guarantor as described in "*Terms and Conditions of the Notes – Status and Guarantee*".
- Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
- Maturities:** Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Redemption:	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement.
Tax Redemption:	Except as described in “ <i>Optional Redemption</i> ” above, early redemption will only be permitted for tax reasons as described in Condition 10 (<i>Redemption and Purchase – Redemption for tax reasons</i>).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. All such information will be set out in the relevant pricing supplement.
Denominations:	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 5 (<i>Negative Pledge</i>).
Cross Default:	The Notes will have the benefit of a cross default as described in Condition 14 (<i>Events of Default</i>).
Withholding Tax:	All payments in respect of Notes and the Guarantee will be made free and clear of withholding taxes of the British Virgin Islands or Hong Kong, as the case may be, unless the withholding is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (subject to certain customary exceptions as described in Condition 13 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or, as the case may be, the Guarantee, had no such withholding been required.
Governing Law:	The Notes, the Guarantee and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee will be governed by, and construed in accordance with, English law.

Enforcement of Notes in

Global Form: In the case of Global Notes and Global Certificates, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 29 April 2011, a copy of which will be available for inspection at the specified office of the Fiscal Agent.

Selling Restrictions: For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering material in the United States of America, the European Economic Area, the Netherlands, the United Kingdom, Hong Kong, Japan, Singapore, the British Virgin Islands and the People's Republic of China, see "*Subscription and Sale*" below.

Initial Delivery of Notes: On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream or deposited with a sub-custodian for the CMU or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee or a sub-custodian for, such clearing systems.

Legal Entity Identifier: 254900TAEQ6UHRHWZS23

RISK FACTORS

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

Risks relating to the Issuer

The Issuer is a special purpose vehicle

The Issuer was established specifically for the purpose of raising funds pursuant to the Programme and will on-lend the net proceeds from the issue of the Notes to the Guarantor and/or the Guarantor's subsidiaries for general corporate purposes. The Issuer does not and will not have any business activities other than the issue of debt securities and on-lending of the proceeds thereof to the Guarantor and/or its subsidiaries, and its ability to make payments under the Notes will depend on its timely receipt of funds from the Guarantor and/or the Guarantor's subsidiaries and other members of the Guarantor.

Risks relating to the Guarantor

The Guarantor has limited operations of its own

The Guarantor depends, to a significant extent, upon the receipt of dividends from its subsidiaries and jointly controlled entities to make payments with respect to its obligations, including its obligations under the Guarantee, and in order to provide funds to its subsidiaries and jointly controlled entities. The ability of subsidiaries and jointly controlled entities of the Guarantor to pay dividends to their shareholders (including the Guarantor) is subject to the performance and cash flows requirements of such subsidiaries and jointly controlled entities and to applicable law and restrictions contained in debt instruments of such subsidiaries and jointly controlled entities, if any. There can be no assurance that the Guarantor will have sufficient cash flows from dividends to satisfy its obligations, including obligations under the Guarantee or otherwise to enable the Issuer to make payments under the Notes, or that its subsidiaries and jointly controlled entities will pay dividends at all.

Holding company structure

The Guarantor primarily operates through its subsidiaries and jointly controlled entities. As a result, the Guarantor's obligations under the Guarantee will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and jointly controlled entities (other than the Issuer). All claims of creditors of these subsidiaries and jointly controlled entities, 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.

Fluctuations in the capital markets

Property development and property investment require significant amounts of capital. The Guarantor has traditionally financed land acquisition, property development and property investment, through a combination of equity, borrowings and the debt capital markets. The Basel III regulatory framework provides for a countercyclical capital buffer (“**CCyB**”) which became fully effective on January 1, 2019. Under this requirement, the maximum CCyB under Basel III is 2.5% from January 1, 2019. As the Guarantor’s current unsecured bank borrowings are on a floating rate basis, fluctuations in interest rates may increase its interest expenses for both new borrowings and existing borrowings. In the event of any adverse change in the capital markets, the Guarantor 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, there can be no assurance that the Guarantor will be able to raise financing at a reasonable cost.

Project development risks pertaining to “build and operate” investment model

The Guarantor undertakes property development and is exposed to significant risks 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. All these risks may adversely affect the timeliness of project completion and investment returns to be generated from any property development undertaken by the Guarantor. Construction costs are a major component of the Guarantor’s cost of sales relating to property developed for sale and rental properties held for long term investment. Construction costs encompass the costs of the design and the construction of a project, including payments to third-party contractors, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Inflation in the broader economy may also have an impact on the Guarantor’s construction costs and a wider impact on other costs. Construction costs may also fluctuate as a result of the volatile price movement of construction materials such as steel and cement. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), the Guarantor will be required to re-negotiate existing construction contracts or make a top-up or refund thereunder, depending on the price movement, under existing construction contracts. Additionally, should existing contractors fail to perform under their contracts, the Guarantor may be required to pay more to contractors under replacement contracts. The Guarantor’s profit margin is sensitive to changes in construction costs and will be adversely affected if the Guarantor cannot pass increased construction costs on to buyers and tenants of its properties.

Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow

Design, construction or other latent property or equipment defects in the Guarantor’s properties may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on the Guarantor’s earnings and cash flows.

Cyclical nature of consumer spending and economic development

The Guarantor derives a substantial portion of its revenue and operating profits from tenants of shopping malls, arcades 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 and have an adverse effect on the Guarantor's revenue and operating profits. Slower GDP growth in Hong Kong and mainland China and the decrease in the number of visitors from mainland China to Hong Kong in recent years has led to an increase in vacancy rates and delayed openings of malls and other commercial properties.

Any outbreak of a health epidemic or pandemic may also have an adverse effect on the Guarantor's business, consumer demand and commercial market sentiment. Since the outbreak of COVID-19 in December 2019, authorities in mainland China have taken emergency public health measures including imposing travel and other work-related restrictions. On March 11, 2020, World Health Organization confirmed COVID-19 as a pandemic as the COVID-19 spread globally, including significantly throughout the United States, Asia, Europe and certain parts of the Middle East. In Hong Kong, Europe and other parts of the world, there has been a resurgence of newly confirmed COVID-19 cases after a period of few or no confirmed cases. In December 2022, Hong Kong streamlined the inbound travel control measures by lifting all nucleic acid testing requirements. In early January 2023, cross-border travel between mainland China and Hong Kong started to become normalised subject to certain testing requirements. While Hong Kong and governments around the world have gradually opened up the borders, there is no assurance that the pandemic will be under control in the near future, in particular due to the emergence of new variants of COVID-19, such as the Delta variant and the Omicron variant, and the unsynchronized progression in the vaccination drive around the world. The COVID-19 pandemic has created and may continue to create negative economic impact and increase volatility in the global markets, which could materially and adversely affect the Guarantor's business, financial condition and results of operations. During the year ended December 31, 2022, the Guarantor's total leasing portfolio in Hong Kong was still reeling from the prolonged adverse impact of the COVID-19 pandemic with an overall 3% decrease in property leasing revenue to HK\$3,279 million and 6% drop in operating profit to HK\$2,612 million. More than three years since the outbreak, there is great uncertainty as to the future progression of the disease and whether countries around the world (including China) could be hit by subsequent waves of COVID-19 infections. Relaxation of restrictions on economic and social life may lead to new cases which may result in the re-imposition of restrictions and the Guarantor cannot anticipate with any certainty the length, scope or severity of such restriction and the impact on the Guarantor's business, financial condition and results of operation.

In addition, competition from new market entrants and fluctuations in the level of disposable household wealth may adversely affect the relative bargaining position of the Guarantor with its tenants in terms of lease rates, tenure and frequency of rental revisions, and thus adversely affect the Guarantor's revenue and financial performance. In addition, the Guarantor carries out renovation and upgrades to its properties to enhance the value and improve the quality of its property portfolio from time to time, which results in short-term fluctuations in the revenue generated by those properties.

The continuing success of the Guarantor depends on key management personnel

The success of the Guarantor depends on key management personnel and on the continued service of its executive officers and other skilled managerial and technical personnel. Competition in the property development and property investment industry for qualified

personnel is intense. The Guarantor's business could suffer if the services of a number of key personnel were lost and if the Guarantor could not recruit suitable replacements in a timely manner. Furthermore, as the business of the Guarantor continues to grow, the Guarantor will need to recruit and train additional qualified personnel. If the Guarantor fails to attract and retain qualified personnel, its business and prospects may be adversely affected.

Property revaluation

The Guarantor reassesses the fair value of its investment properties as at the end of each reporting period. Although fair value gains or losses do not change the Guarantor's cash position as long as the relevant investment properties are held by the Guarantor, any major or extended decline in property values may result in an accounting loss for the Guarantor and hence increase the Guarantor's gearing, which may constrain its ability to access additional financing in the future. See Notes 2(b) and 9(b) to the financial statements of the Guarantor as of and for the year ended December 31, 2022 for further information.

Cash conversion risks of property assets

As the Guarantor's core business is property development and property investment, its ability to liquidate assets 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 Guarantor is not able to satisfy its payment and repayment obligations from cash and bank balances, committed undrawn banking facilities or from the capital markets.

Risks relating to the Guarantor's business in Hong Kong

Political and legal developments in and outside Hong Kong may negatively affect the Guarantor's business

The Guarantor's operations are subject to various laws and regulations of Hong Kong and other jurisdictions in which such operations are located. Developing properties, refurbishment and other redevelopment projects require government permits, some of which may take longer to obtain than others. From time to time, the authorities may impose new regulations on landlords such as mandatory retrofitting of upgraded safety and fire systems in all buildings. The Guarantor's properties are subject to routine inspections by the authorities with regard to various safety and environmental issues. There can be no assurance that the Guarantor will be able to comply with such regulations or pass such inspections. From time to time, changes in law and regulations or the implementation thereof may require the Guarantor to obtain additional approvals and licenses from the relevant authorities for the conduct of its operations. In such event, the Guarantor may incur additional expenses to comply with such requirements. This may, in turn, affect the Guarantor's financial performance as its business costs will increase. There can be no assurance that such approvals or licenses will be granted to the Guarantor promptly or at all. If the Guarantor experiences delays in obtaining, or is unable to obtain, such required approvals or licenses, it may have a material adverse impact on the business, financial condition or results of operations of the Guarantor.

In addition, the general state of the Hong Kong political environment has a significant impact on the Guarantor's business and financial condition. Hong Kong is a Special Administrative Region of the People's Republic of China, with its own government and legislature. The Joint Declaration between the PRC and British governments and the Basic Law provide that Hong Kong will have a high degree of legislative, judicial and economic autonomy for a period of 50 years until June 30, 2047. If there were any change in the political or legal environment in Hong Kong, the Guarantor's business and financial condition could be adversely affected.

Hong Kong property market risks

The property market in Hong Kong is relatively mature and competitive. Prices for land sites are high and there are limited redevelopment opportunities and prime locations suitable for development. The competition among property developers in Hong Kong may increase even further if real estate investment trusts are permitted to undertake property development. In recent years, a number of measures have been introduced to regulate the real estate market in Hong Kong.

On February 22, 2013, the Hong Kong Monetary Authority announced a series of macro-prudential measures with immediate effect to: (i) increase the mortgage rate upward adjustment for stress testing property mortgage loan applicants' debt servicing ability from at least two per cent. to at least three per cent., (ii) lower the applicable loan-to-value ratio ("**LTV Ratio**") limits for non-residential property mortgage loans by 10 percentage points, and (iii) limit the maximum LTV Ratio and debt-servicing ratio for standalone car park space mortgage loans to the levels applicable to non-residential property mortgage loans, and the maximum loan tenor to 15 years.

The Residential Properties (First-hand Sales) Ordinance became law on April 29, 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 the 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**") was deemed to have come into operation on October 27, 2012 and became law on February 27, 2014. Under the Amendment Ordinance, any residential property acquired on or after October 27, 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**") and residential properties acquired by any person (including a company incorporated) except a Hong Kong permanent resident, a Buyer's Stamp Duty ("**BSD**") is to be charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty and the SSD, if applicable.

The Stamp Duty (Amendment) (No. 2) Ordinance 2014 ("**Amendment Ordinance No. 2**") was deemed to have come into operation on February 23, 2013 and became law on July 24, 2014. Amendment Ordinance No.2 provides that the ad valorem stamp duty ("**AVD**") payable on certain instruments dealing with immovable properties executed on or after February 23, 2013 (the "**Effective Date**") shall be computed at higher 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 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 AVD, except that 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.

On February 27, 2015, the Hong Kong Monetary Authority announced a further 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 Ratio 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 ratio applicable to properties for self-use with a value of HK\$6 million or below and subject to the LTV cap of 70% was lowered to 60% where the applicant's income is mainly derived in Hong Kong; (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 November 4, 2016, the Hong Kong Government announced that the Stamp Duty Ordinance would be amended to increase AVD rates for all residential property transactions to a flat rate of 15.0% with effect on November 5, 2016 in an attempt to cool off the residential property market.

On April 11, 2017, the Hong Kong Government announced that it would introduce legislative amendments to tighten up the existing exemption arrangements for Hong Kong permanent resident buyers, to the effect that, unless specifically exempted or otherwise provided in the law, acquisition of more than one residential property under a single instrument executed on or after April 12, 2017 will be subject to the proposed new AVD flat rate of 15.0%, even if the purchaser/transferee is a Hong Kong permanent resident who is acting on his/her own behalf and does not own any other residential property in Hong Kong at the time of acquisition.

On May 19, 2017, the Hong Kong Monetary Authority announced another round of prudential measures for property mortgage loans with immediate effect, namely (i) raising the risk-weight floor from 15% by 10 percentage points to 25% for new residential mortgage loans granted after May 19, 2017 by banks using internal ratings-based approach to calculate capital charges for credit risk; (ii) lowering the applicable LTV cap by 10 percentage points for property mortgage loans extended to borrowers with one or more pre-existing mortgages, in addition to observing the existing requirement of lowering the applicable DSR limit by 10 percentage points; and (iii) lowering 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, in addition to observing the existing requirement of lowering the applicable LTV cap by 10 percentage points.

There can be no assurance that the Hong Kong Government will not adopt additional and more stringent measures in the future, which could also adversely affect the Guarantor's residential property development business in Hong Kong.

The above measures may slow down the industry's rate of growth or cause the real estate market to shrink. As approximately one-half of the Guarantor's rental income and operating profits are still generated from Hong Kong, there can be no assurance that the growth in the Guarantor's business in Hong Kong may continue.

Economic developments in and outside Hong Kong may negatively affect the Guarantor's business

A substantial share of the Guarantor's assets are located in Hong Kong and a significant portion of the Guarantor's revenue is derived from Hong Kong. As a result, the general state of the Hong Kong economy has a significant impact on the Guarantor's operating results and financial condition. Any disruption to Hong Kong's economy, such as an increase in the unemployment rate, a reduction in consumer spending, an upsurge in interest rates, persistent volatility in commodity prices, health epidemics or outbreaks of communicable diseases (including COVID-19), slower economic growth in mainland China or fewer travelers to Hong Kong for shopping or business, may have an adverse impact on the Guarantor's financial condition, asset value, results of operations and prospects.

Economic developments outside Hong Kong could adversely affect the property sector in Hong Kong. The global financial markets have experienced, and may continue to experience, significant volatility including liquidity disruptions in the credit markets and fluctuations in the commodity, stock and foreign exchange markets. The global economic outlook for the near future continues to remain uncertain, particularly in light of the continuing geopolitical and social instability in the former republics of the Soviet Union and military conflicts between Russia and Ukraine. Volatility in the global markets in recent years has contributed to a slowdown in the global economy, which led to significant declines in employment, household income, consumer demand and the announcement of stimulus measures by a number of governments including quantitative easing and negative interest rates. Such economic developments may have a significant adverse impact on, among other things, the prospects for GDP growth and international trade, the demand for real estate, the availability and cost of credit and consumer sentiment. Recently, slower GDP growth in Hong Kong and mainland China and decreasing numbers of visitors from mainland China has affected retail sales in Hong Kong. These factors may lead to a decrease in consumer demand and may have a negative impact on the Hong Kong economy, and in turn, business, results of operations, financial condition and prospects of the Guarantor.

Any disruption to Hong Kong's economy may lead to the Guarantor, along with other Hong Kong property companies, experiencing market pressures such as those from tenants or prospective tenants to provide rent reductions or reduced market prices for sale properties. Rental values may also be affected by factors such as local, regional and global economic downturns, political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation. There can be no assurance that rents and property values will not decline, credit provided by banks will be further tightened or interest rates will not rise in the future. This could have an adverse effect on the Guarantor's business, operating results and financial condition. Volatility in Hong Kong's property market may also affect the timing for both the acquisition (or modification of land use terms) of sites and the sale of completed development properties. This volatility, combined with the lead time required for completion of projects as well as the sale of existing properties, means that the Guarantor's results from its property development and sale activities may be susceptible to significant fluctuations from year to year.

Potential liability for environmental problems could result in costs to the Guarantor

In addition, the Guarantor 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 Guarantor's property development projects, may cause the Guarantor to incur compliance and other costs and could prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

Market volatility of Hong Kong property market

Historically, the Hong Kong property market has been cyclical and Hong Kong property values and rental levels have been affected by the supply and demand of comparable properties, prevailing interest rates, the rate of economic growth in Hong Kong and political and economic developments in mainland China. In recent years, the Hong Kong Government has introduced a series of measures to curb speculation and restrain rising prices in the Hong Kong property market. Any downturn in the Hong Kong property market would have an adverse impact on the

business prospects of property developers. These extraneous factors, which are beyond control of the Guarantor, could adversely affect the business, results of operations and financial performance of the Guarantor.

Hong Kong is a mature property market

The property market in Hong Kong is a relatively mature and competitive and competition has increased even further since real estate investment trusts are now permitted to undertake property development. Prices for land sites are high and there are limited redevelopment opportunities and prime locations suitable for development. Significant growth in the Guarantor's business in Hong Kong may not continue. While approximately one-half of the Guarantor's rental income and operating profits are still generated from Hong Kong, slower growth may hinder the Guarantor's overall performance.

Risks relating to the Guarantor's business in mainland China

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

The Guarantor may not be able to obtain additional prime urban sites in major population centers for property development that meet its development criteria. The Guarantor's development criteria necessitate a longer period of time for negotiation with the local municipal government. The local municipal government may also have policy constraints, township planning, environment protection and other development considerations.

The supply of substantially all of the land in mainland China is controlled and regulated by the government of the PRC (the "**PRC Government**"). The land supply policies adopted by the PRC Government directly impact the Guarantor's ability to acquire land use rights for development and the costs of such acquisitions.

In recent years, 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 between property developers 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 consequences of any such risks eventuating may adversely affect the Guarantor's business, results of operations and financial position. In addition, the real estate market in mainland China is rapidly changing. If the Guarantor cannot respond to changes in market conditions more swiftly or effectively than the Guarantor's competitors do, the ability of the Guarantor to generate revenue, financial condition and results of operations of the Guarantor will be adversely affected.

China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain

The Guarantor is one of the leading developers of world-class commercial complexes across mainland China. Therefore, the performance of China's economy affects, to a significant degree, the Guarantor's business, financial condition, results of operations and prospects. The economy of the PRC experienced rapid growth in the past 30 years. However, notwithstanding the increase in the growth rate of the PRC's GDP in 2021, there has in general been a slowdown in the growth of the PRC's GDP in recent years and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2020, 2021 and 2022 was 2.3%, 8.1% and 3.0%, respectively.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States. In addition, China's economic growth may slow down due to weakened exports as well as recent developments surrounding the trade tensions between China and the United States. Starting in April 2018, the United States imposed tariffs on steel and aluminum imports from China. On July 6, 2018, the United States imposed 25% tariffs on US\$34 billion worth of Chinese goods as part of the trade policy of the United States government. China responded with similarly sized tariffs on United States' products. On September 18, 2018, the United States imposed 10% tariffs on approximately US\$200 billion worth of Chinese goods and planned to increase the tariffs further. In return, China responded with tariffs on US\$60 billion worth of U.S. goods. On December 1, 2018, the United States and China agreed to temporarily pause the trade war and resumed negotiation. In August 2019, the United States proposed to impose 10% tariffs on an additional US\$300 billion worth of Chinese goods and China announced additional retaliatory tariffs on approximately \$75 billion worth of U.S. goods. On November 1, 2019, World Trade Organization issued a decision which allowed China to impose annual sanctions on approximately \$3.6 billion worth of U.S. goods as the United States failed to remove anti-dumping duties. On January 15, 2020, the governments of China and the United States signed an Economic and Trade Agreement (the "**Phase I Agreement**"). Under the Phase I Agreement, the United States agreed to remove certain tariffs imposed on Chinese products and China promised to purchase additional goods and services from the United States. The parties expect to have further negotiations. However, it remains uncertain whether the Phase I Agreement will be abided by both governments and reduce trade tensions. If either party violates the Phase I Agreement, it is likely that the other party will take enforcement actions and trade tensions will escalate. On March 23, 2022, the United States determined to reinstate 352 expired product exclusions from China Section 301 tariffs. China and the United States will likely need to make further concessions in order to end the trade war. The resolution of the trade war remains uncertain, and lasting impacts of the trade war may have on the PRC economy and the PRC real estate industry also remain uncertain. Should the trade war between the United States and China materially impact the PRC economy, the purchasing power of the Guarantor's customers in the PRC may be negatively affected. The United States has also recently made statements and taken certain actions beyond tariffs that may lead to changes to the U.S. and international policies, which has led to greater uncertainties in the geopolitical situation in other parts of the world affecting mainland China and Hong Kong.

There is no assurance that the PRC economy will continue to grow at historical growth rates, if at all. Continued slowdown in the economic growth in the PRC may cause a slowdown of the property market, which in turn may have a material and adverse effect on the Guarantor's business, results of operations and financial condition.

The PRC Government's policies may affect the Guarantor's business

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 Guarantor's business, financial condition and results of operations.

Fluctuation in the value of Renminbi or the rate of inflation in mainland China in general may have a material adverse effect on the Guarantor's business

The value of Renminbi against other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of Renminbi into foreign currencies, has been based on rates set by the People's Bank of China ("PBoC"). In the past few years, Renminbi has undergone significant reform and the PRC Government may adopt further reforms of its exchange rate system, including making Renminbi freely convertible in the future. On March 15, 2014, the PBoC doubled the trading band of the Renminbi from 1 per cent. to 2 per cent., thereby allowing the RMB to rise or fall 2 per cent. from a daily midpoint rate the PBoC sets each morning. In August 2015, the PBoC changed the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change resulted in a depreciation in the value of the Renminbi at approximately 1.9 per cent. relative to the U.S. dollar on August 11, 2015 and further subsequent depreciation against major currencies. Accordingly, this change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. On December 11, 2015, the China Foreign Exchange Trade System (the "CFETS"), a sub-institutional organization of PBoC, published the CFETS Renminbi exchange rate index for the first time which weighs Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. From 2019 to 2021, the Renminbi experienced fluctuations against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system, including making Renminbi freely convertible in the future. A significant appreciation or depreciation of the Renminbi may materially and adversely affect the Guarantor's cash flow, earnings and financial position. For example, an appreciation of Renminbi against the U.S. dollar would make any new Renminbi-denominated investments or expenditures more costly to the Guarantor, to the extent that the Guarantor needs to convert, for example, HK dollars into Renminbi for such purposes.

The PRC economy has experienced periods of rapid expansion followed by periods of reduced rates of economic growth and fluctuating rates of inflation. This has led to the adoption by the PRC Government, from time to time, of various correction measures designed to influence the availability of credit or regulate growth or inflation across the broader mainland China economy or in certain sectors only. Such actions in the future could materially and adversely affect the Guarantor's business, financial condition and results of operations.

Performance risks of independent contractors

As the Guarantor is expanding its business into additional cities in mainland China, there may be a shortage of contractors that meet its quality requirements in such cities. The contractors are invited to tender bids and decisions are made with reference to their reputation for quality, track record, price and references. Once a contract is awarded, the Guarantor supervises the construction progress. However, 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 labor, adverse weather conditions, natural disasters, labor 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 Guarantor's development projects or resulting in additional costs for the Guarantor. There can be no assurance that the Guarantor's projects will be completed in a timely manner, be of satisfactory quality or remain within the original budget.

Highly regulated market in mainland China

The Guarantor'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 policies to encourage or restrict property development which may have a direct impact on the Guarantor's business. The Guarantor 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 Guarantor can give no assurance that it will not encounter material delays or other impediments in fulfilling the conditions precedent to obtain these approvals.

Delays in land clearance may hinder the pace of new project developments

The Guarantor 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 property developments in accordance with the relevant PRC laws and regulations. The complicated administrative process and possibility of unfavorable settlement regarding the amount of compensation may increase the cost of the development and materially adversely affect the Guarantor's cash flow, business operations and financial condition.

The real estate market in mainland China has been volatile as it is affected by numerous factors

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 urbanization in mainland China, governmental and tax policies towards the property market, for example, (i) with effect from May 1, 2016, certain real estate transactions in mainland China will be subject to the new value added tax, which replaces business tax pursuant to the Circular Caishui [2016] 36 (財稅[2016] 36號文) jointly issued by The Ministry of Finance and State Administration of Taxation on March 23, 2016, and (ii) with effect from May 1, 2018, certain taxable activities will be

subject to lower VAT rates while annual sales threshold for small-scale VAT payers for all taxpayers in different sectors will be unified, pursuant to the announcement made by the State Council on March 28, 2018 and Circular Caishui [2018] 32 and 33 (財稅[2018] 32, 33號文) respectively, both jointly issued by The Ministry of Finance and State Administration of Taxation on April 4, 2018, as well as political and economic developments in mainland China. The Guarantor has implemented appropriate measures in order to comply with this policy, however, there can be no assurance that the Guarantor's business and financial condition will not be adversely affected by circumstances such as those outlined above in the future.

The Guarantor's subsidiaries in mainland China are subject to regulatory restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Guarantor and its other subsidiaries

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 PRC's foreign exchange controls. These restrictions could reduce the payment amounts or delay the timing of the payment that the Guarantor receives from its subsidiaries in mainland China, which would restrict the Guarantor's ability to meet the Guarantor's payment obligations in respect of the Notes.

The Guarantor's business is subject to PRC Government actions and its land use rights are subject to forfeiture risks

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 monetary penalty on the developer or require the developer to forfeit the land granted to the developer. Although the Guarantor has never been subject to any such penalties, 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.

Risks relating to 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 behavior of any relevant indices and financial markets; and

- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

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.

The Conditions also provide that the Agents may, without the consent of Noteholders or Couponholders agree, to (i) any modification of any of the provisions of the Agency Agreement (as defined under "*Terms and Conditions of the Notes*") that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Agency Agreement), and any waiver or authorization of any breach or proposed breach, of any of the provisions of the Agency Agreement that is, in the opinion of the Issuer and the Agents, not materially prejudicial to the interests of the Noteholders.

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

The Conditions of the Notes are governed by English law in effect as at the date of issue of the relevant Notes. 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 and holders of a beneficial interest in a Global Note 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. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, or lodged with CMU (each of Euroclear, Clearstream and the CMU, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, 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. While the Notes are represented by one or more Global Notes, 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, the Issuer, failing which, the Guarantor, will discharge its payment obligations under the Notes by making payments to or, to the order of, the common depository for Euroclear and Clearstream, or, as the case may be, via the CMU Lodging Agent, for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

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

Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum 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 and the relevant Clearing System(s) so permit, the Notes will be tradable in nominal amounts, (i) equal to, or integral multiples of, the minimum denomination, and (ii) the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

Definitive Notes will only be issued if 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. 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 canceled and holders will have no rights against the Issuer and the Guarantor (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 Issuer may have a lower market value than Notes that cannot be redeemed

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

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

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

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

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

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

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

The Issuer may issue Notes where the issue price is payable in more than one installment. 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. 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.

Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future

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

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

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

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

The Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable or a Benchmark Event or a Benchmark

Transition Event (each as defined in the Conditions), as applicable, otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

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

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

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

The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes

The use of risk-free rates — including those such as the Secured Overnight Financing Rate (“**SOFR**”), as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference risk-free rates issued under this Programme. The Issuer may in the future also issue Notes referencing SOFR or the SOFR Compounded Index that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing indices that are more widely used.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SOFR or any related indices.

Risk-free rates may differ from LIBOR and other inter-bank offered rates in a number of material respects and have a limited history

Risk-free rates may differ from The London Interbank Offered Rate (“**LIBOR**”) and other inter-bank offered rates in a number of material respects. These include (without limitation) being backwards-looking, in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates reliably to estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking rates become due and payable as a result of an Event of Default under Condition 14 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

The administrator of SOFR or any related indices may make changes that could change the value of SOFR or any related index, or discontinue SOFR or any related index

The Federal Reserve or the Bank of New York (or their successors) as administrators of SOFR (and the SOFR Compounded Index) may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR or any related index (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

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

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

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

If, in the case of a particular tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index-Linked Interest 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.

If the Notes are perpetual securities, investors have no right to require redemption

Certain Notes may be perpetual and have no maturity date. The Issuer is under no obligation to redeem at any time or on any particular maturity date and such Notes can only be disposed of by sale. However, holders who wish to sell their Notes may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for such Notes.

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

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

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or a 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.

Meeting certain of the Guarantor’s debt obligations requires access to foreign currency which could be limited or not available to the Guarantor at all

The Guarantor has incurred significant indebtedness to finance its property development and property investment activities. The Guarantor’s core business consists of property development and leasing in Hong Kong and mainland China and primarily earns revenue in Hong Kong dollars and Renminbi. Its ability to satisfy any current outstanding or future indebtedness denominated in foreign currency other than Hong Kong dollars or Renminbi is dependent on obtaining and remitting sufficient foreign currency. Tighter foreign exchange controls or

changes with respect to the foreign exchange market that limit or prevent entirely the Guarantor from obtaining foreign currency could have a material adverse impact on the Guarantor's ability to meet its obligations under indebtedness denominated in currencies other than Hong Kong dollars or Renminbi.

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.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Investors should consult their own legal advisers to determine whether and to what extent (i) the Notes are legal investments, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions that apply to purchases or pledges of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Risks relating to Notes denominated in Renminbi

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") are set out below.

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

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

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

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

Although the PBoC has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC Government will liberalize control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilization will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite Renminbi internationalization pilot programme and efforts in recent years to internationalize the currency, there can be no

assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

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

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

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC, although PBoC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

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

Investment in the Renminbi Notes is subject to exchange rate risks

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

may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Investment in the Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalized its regulation of interest rates in recent years. Further liberalization may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

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

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

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

Gains on the transfer of the Renminbi 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 realized on the transfer of Renminbi 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 the PRC. The *PRC Enterprise Income Tax Law* levies EIT at the rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident enterprise from the transfer of Renminbi Notes but its implementation rules have reduced the EIT rate to 10 per cent. The *PRC Individual Income Tax Law* levies IIT at a rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident individual Holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realized from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and thus become subject to 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 the PRC 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 enterprise or individual resident Holders which are non-PRC residents are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

Remittance of proceeds in Renminbi into or out of the PRC

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

There is no assurance that the PRC Government will continue to gradually liberalize the control over cross-border Renminbi remittances in the future, that the PRC Government will not impose any interim or long-term restrictions on capital inflow or outflow which may restrict cross-border Renminbi remittances, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

USE OF PROCEEDS

The Issuer will use the net proceeds from the issue of the Notes to on-lend to the Guarantor and/or the Guarantor's subsidiaries for general corporate purposes.

FORM OF THE NOTES

Bearer Notes

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

Registered Notes

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

Individual Certificates

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

Clearance and Settlement

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

The Clearing Systems

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

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organizations 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 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 participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Euroclear or Clearstream 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 participant, either directly or indirectly.

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

CMU

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

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

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

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

TERMS AND CONDITIONS OF THE NOTES

The following, save for the words in italicised text, is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form held on behalf of Euroclear Bank S.A./N.V. (“Euroclear”), Clearstream Banking S.A. (“Clearstream”) or the Hong Kong Monetary Authority, as operator of the Central Moneymarkets Unit Service (the “CMU”) will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described in such Note in global form and under “Summary of Provisions Relating to the Notes while in Global Form”.

1. Introduction

- (a) *Programme:* HLP Finance Limited (the “**Issuer**”) has established a Medium Term Note Programme (the “**Programme**”) for the issuance of up to U.S.\$4,000,000,000 in aggregate principal amount of notes (the “**Notes**”) guaranteed by Hang Lung Properties Limited (the “**Guarantor**”).
- (b) *Pricing Supplement:* Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of a pricing supplement (the “**Pricing Supplement**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of an amended and restated fiscal and paying agency agreement dated 6 May 2022, as amended and/or supplemented from time to time, (the “**Agency Agreement**”) between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as CMU lodging agent (the “**CMU Lodging Agent**”, which expression includes any successor CMU lodging agent appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as the paying agents named therein (together with the Fiscal Agent and the CMU Lodging Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and The Hongkong and Shanghai Banking Corporation Limited as transfer agent named therein (together with the Registrar, the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the “**Agents**” are to the Paying Agents and the Transfer Agents and any reference to an “**Agent**” is to any one of them. For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU (as defined below), be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly.

- (d) *Deed of Guarantee:* The Notes are the subject of an amended and restated deed of guarantee dated 6 May 2019 (the “**Deed of Guarantee**”) entered into by the Guarantor.
- (e) *Deed of Covenant:* The Notes may be issued in bearer form (“**Bearer Notes**”), or in registered form (“**Registered Notes**”). Registered Notes are constituted by a deed of covenant dated 29 April 2011 (the “**Deed of Covenant**”) entered into by the Issuer.
- (f) *The Notes:* All subsequent references in these Conditions to “**Notes**” are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for viewing by Noteholders of the relevant series at the specified office of each of the Paying Agents and the Transfer Agents.
- (g) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2. Interpretation

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

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

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

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

“**Auditors**” means KPMG, or any other independent auditor appointed by the Guarantor or any of its Subsidiaries from time to time;

“**Business Day**” means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally, in the Principal Financial Centre of the relevant currency (and which if the currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) and in each (if any) Additional Business Centre;
- (c) only for the purposes of Fixed Rate Notes denominated in Renminbi, any day (other than a Sunday or a Saturday) on which (i) if the Notes are lodged with the CMU, the CMU is operating and (ii) commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Hong Kong are not authorised or obligated by law or executive order to be closed; and

- (d) in respect of Notes for which the Reference Rate is specified as SOFR in the relevant Pricing Supplement, any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed.

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

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

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

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

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

“**CMU**” means the Hong Kong Monetary Authority, as operator of the Central Moneymarkets Unit Service;

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

- (a) if “**Actual/Actual (ICMA)**” is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
 - (iii) if “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non- leap year divided by 365);
 - (iv) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
 - (v) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
 - (vi) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

“**First Interest Payment Date**” means the date specified in the relevant Pricing Supplement;

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

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

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

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

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

“**Indebtedness**” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;

- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability (other than goods or services obtained on normal commercial terms in the ordinary course of trading) in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement other than goods or services obtained on normal commercial terms in the ordinary course of trading) having the commercial effect of a borrowing;

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

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

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

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

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

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date (or, if the Notes are redeemed on any earlier date, the relevant redemption date);

“ISDA Definitions” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.) unless otherwise specified in the relevant Pricing Supplement;

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

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

“Material Subsidiary” means a company which is Subsidiary of the Guarantor;

- (a) whose profit before taxation and exceptional items (“**pre-tax profit**”) (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited income statement, is at least 10 per cent. of the consolidated pre-tax profit of the Guarantor based on the latest published audited consolidated income statement of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of associated companies and after adjustments for non-controlling interests; or
- (b) whose net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited statement of financial position, are at least 10 per cent. of the consolidated net assets of the Guarantor based on the latest published audited consolidated statement of financial position of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the investment of the Guarantor and its consolidated Subsidiaries in each Subsidiary whose financial statements are not consolidated with the financial statements of the Guarantor and of associated companies and after adjustment for non-controlling interests,

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

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest audited consolidated financial statements of the Guarantor relate, the reference to the then latest audited consolidated financial statements of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until audited consolidated financial statements of the Guarantor and its Subsidiaries for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest audited consolidated financial statements of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited financial statements (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such financial statements;
- (ii) if at any relevant time in relation to any Subsidiary which itself has Subsidiaries no consolidated financial statements are prepared and audited, the pre-tax profit and net assets of any such Subsidiary shall be determined on the basis of consolidated financial statements prepared for this purpose by the Guarantor and reviewed by the Auditors;
- (iii) if at any relevant time in relation to any Subsidiary, no financial statements are audited, the pre-tax profit and net assets (consolidated, if appropriate) shall be determined on the basis of financial statements (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor and reviewed by the Auditors; and
- (iv) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor.

Any Subsidiary of the Guarantor to which is transferred the whole or substantially the whole of the assets of a company which immediately prior to such transfer is a Material Subsidiary shall thereupon become a Material Subsidiary, **provided that** the Material Subsidiary which so transfers its

assets shall forthwith upon such transfer cease to be a Material Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Material Subsidiary at the date on which the first published audited financial statements (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Material Subsidiary on the basis of such financial statements by virtue of the provisions of paragraphs (a) or (b) above. The Guarantor shall promptly upon the request of the Fiscal Agent deliver to the Fiscal Agent a certificate signed by one director setting out the Material Subsidiaries;

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

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

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

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

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

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

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

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

“Payment Business Day” means:

- (a) if the currency of payment is not euro, any day which is:
 - (1) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (2) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is euro, any day which is:
 - (1) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (2) in the case of payment by transfer to an account, (a) a TARGET Settlement Day and (b) a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre;

“Permitted Security” means (a) any Security Interest over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Material Subsidiary as security for all or part of the purchase price of such assets and any substitute security interest 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 (**provided that** the principal amount secured by such security may not be increased without the approval by an Extraordinary Resolution of the Noteholders); and (b) any Security Interest over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Material Subsidiary subject to such Security Interest and any substitute security interest 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;

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

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

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

“Put Option Notice” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder in accordance with Condition 10(e) (*Redemption at the option of Noteholders*);

“Put Option Receipt” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

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

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

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

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

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

“Regular Period” means:

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

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

“Relevant Debt Securities” means any present or future Indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock, certificates or other securities which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market, having an original maturity of more than one year from its date of issue;

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

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

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

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

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

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

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

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

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

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

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“T2” means the real time gross settlement system operated by the Eurosystem or any successor system;

“Talon” means a talon for further Coupons;

“TARGET Settlement Day” means any day on which T2 is open for the settlement of payments in euro;

“Treaty” means the Treaty establishing the European Communities, as amended;

“Voting Stock” means, with respect to any Person, the issued share capital of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person; and

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

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes or Registered Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;

- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “**outstanding**” shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is “**not applicable**” then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement or the Deed of Guarantee shall be construed as a reference to the Agency Agreement or the Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination, Title and Transfer

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

- (f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured ordinary mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered:
- (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes;
 - (ii) during the period of 15 days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 10(b) (*Redemption for tax reasons*) or Condition 10(c) (*Redemption at the option of the Issuer*);
 - (iii) after any such Note has been called for redemption pursuant to Condition 10(b) (*Redemption for tax reasons*) or Condition 10(c) (*Redemption at the option of the Issuer*);
 - (iv) after a Put Option Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 10(e) (*Redemption at the option of Noteholders*); and
 - (v) during the period of seven days ending on (and including) any Record Date (as defined in Condition 12(f) (*Record Date*)).
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations

may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed or made available (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

- (k) *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 Note Certificate, a new Note Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding of Registered Notes not redeemed. New Note Certificate(s) shall only be issued against surrender of the existing Note Certificate(s) to the Registrar or any Paying Agent.

4. Status and Guarantee

- (a) *Status of the Notes:* The Notes and any relative Coupons constitute direct, general, unconditional, unsubordinated and (subject to Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Notes:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes a direct, general, unconditional, unsubordinated and (subject to Condition 5 (*Negative Pledge*)) unsecured obligation of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement), the Issuer and the Guarantor will not, and the Guarantor will procure that no Material Subsidiary will, create or permit to subsist any Security Interest other than Permitted Security upon the whole or any part of its undertaking, assets or revenues present or future to secure the repayment or payment of principal, premium or interest of or on any Relevant Debt Securities, or any guarantee of or indemnity given in respect of the repayment or payment of principal, premium or interest of or on any Relevant Debt Securities unless, at the same time or prior thereto, the Issuer's obligations under the Notes and the Coupons or, as the case may be, the Guarantor's obligations under the Guarantee of the Notes (a) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

6. Fixed Rate Note Provisions

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest on their outstanding nominal amount (or, in the case of a partly paid note, on the nominal amount paid up) from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments – Bearer Notes*) and Condition 12 (*Payments – Registered Notes*). Each Note will cease to bear interest

from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the amount of interest payable in respect of any Note comprises two or more Interest Periods, the amount of interest payable per Calculation Amount in respect of such period shall be the sum of the Interest Amounts payable in respect of each of those Interest 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.

7. Floating Rate Note and Index-Linked Interest Note Provisions

- (a) *Application:* This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest on their outstanding nominal amount (or, in the case of a partly paid note, on the nominal amount paid up) from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments – Bearer Notes*) and Condition 12 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be (other than in respect of Notes for which SOFR is specified as the Reference Rate in the relevant Pricing Supplement) determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, **provided that** if five or more Reference Rates are available on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, the highest (or, if there is more than one such highest Reference Rate, only one of such Reference Rates) and the lowest (or, if there is more than one such lowest Reference Rate, only one of such Reference Rates) shall be disregarded by the Calculation Agent for the purposes of determining the arithmetic mean of such Reference Rates;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than three such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to major banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
 - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.
- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate

swap transaction if the Calculation Agent were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on (a) the Euro-zone inter-bank offered rate (EURIBOR) or (b) the Hong Kong inter-bank offered rate (HIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.
- (e) *Interest – Floating Rate Notes referencing SOFR (Screen Rate Determination):*
- (i) This Condition 7(e) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, and the “Reference Rate” is specified in the relevant Pricing Supplement as being “SOFR”.
 - (ii) Where “SOFR” is specified as the Reference Rate in the Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Pricing Supplement) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.
 - (iii) For the purposes of this Condition 7(e):

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

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

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

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

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

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

“d” is the number of calendar days in:

- (i) where “Lag” is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or
- (ii) where “Observation Shift” is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period.

“d_o” is the number of U.S. Government Securities Business Days in:

- (i) where “Lag” is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or
- (ii) where “Observation Shift” is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period.

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

- (i) where “Lag” is specified as the Observation Method in the relevant Pricing Supplement, the relevant Interest Period; or
- (ii) where “Observation Shift” is specified as the Observation Method in the relevant Pricing Supplement, the relevant Observation Period,

to and including the last US Government Securities Business Day in such period;

“**Interest Determination Date**” means, in respect of any Interest Period, the date falling “p” U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes are due and payable);

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

“**Observation Period**” in respect of an Interest Period means the period from, and including, the date falling “p” U.S. Government Securities Business Days preceding the first day in such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling “p” U.S. Government Securities Business Days preceding the

Interest Payment Date for such Interest Period (or the date falling “p” U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“p” for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the “Lag Period” or the “Observation Shift Period” (as applicable) in the relevant Pricing Supplement or if no such period is specified, five U.S. Government Securities Business Days;

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

- (i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator’s Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the “SOFR Determination Time”); or
- (ii) Subject to Condition 7(e)(iv) below, if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator’s Website;

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

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

“SOFRi” means the SOFR for:

- (i) where “Lag” is specified as the Observation Method in the applicable Pricing Supplement, the U.S. Government Securities Business Day falling “p” U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day “i”; or
- (ii) where “Observation Shift” is specified as the Observation Method in the relevant Pricing Supplement, the relevant U.S. Government Securities Business Day “i”; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (v) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under Condition 7(e)(iv) above will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 20 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.
- (vi) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:
 - (A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 7(e); and
 - (B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.
- (vii) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 7(e), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

(f) *Interest — SOFR Compounded Index (Screen Rate Determination)*

- (i) This Condition 7(f) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, and “Index Determination” is specified in the relevant Pricing Supplement as being applicable.
- (ii) Where “Index Determination” is specified in the relevant Pricing Supplement as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\frac{\text{SOFR Compounded Index End}}{\text{SOFR Compounded Index Start}} - 1 \times \frac{360}{d}$$

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

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

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

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

“**Relevant Decimal Place**” shall, unless otherwise specified in the Pricing Supplement, be the seventh decimal place, rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.00000005 being rounded upwards);

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

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

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

Provided that a Benchmark Event has not occurred in respect of the SOFR Compounded Index, if, with respect to any Interest Period, the relevant rate is not published for the SOFR Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the applicable Pricing Supplement and as if Compounded SOFR (as defined in Condition 7(e) (*Interest — Floating Rate Notes referencing SOFR (Screen Rate Determination)*)) had been specified instead in the Pricing Supplement, and in each case “Observation Shift” had been specified as the Observation Method in the relevant Pricing Supplement, and where the Observation Period for the purposes

of that definition in Condition 7(e) shall be deemed to be the same as the Relevant Number specified in the Pricing Supplement. For the avoidance of doubt, if a Benchmark Event has occurred in respect of the SOFR Compounded Index, the provisions of Condition 7(m) (*Benchmark Replacement (Independent Adviser)*) shall apply.

- (g) *Index-Linked Interest*: If the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Pricing Supplement.
- (h) *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (i) *Calculation of Interest Amount*: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (j) *Calculation of other amounts*: If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.
- (k) *Publication*: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agents and (subject to the Calculation Agent having been notified of the contact particulars for such purpose) each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (l) *Notifications etc*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability (save for the liability arising

from gross negligence, or wilful misconduct) to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(m) *Benchmark Replacement (Independent Adviser)*

Other than in the case of a U.S. dollar-denominated Floating Rate Note for which the Reference Rate is specified in the relevant Pricing Supplement as being "SOFR", if a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 7(m)(i)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 7(m)(ii)) and any Benchmark Amendments (in accordance with Condition 7(m)(iii)).

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, Agents or the Noteholders for any determination made by it pursuant to this Condition 7(m)) and the Fiscal Agent will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof:

- (i) If the Independent Adviser determines in its discretion that:
 - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(m)(i)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(m) in the event of a further Benchmark Event affecting the Successor Rate; or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(m)(i)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(m) in the event of a further Benchmark Event affecting the Alternative Rate.
- (ii) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).
- (iii) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(m) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "Benchmark Amendments") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 7(m)(iv), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in

such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as the Fiscal Agent may be required in order to give effect to this Condition 7(m)).

- (iv) 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 7(m) prior to the relevant Interest Determination Date, the Reference Rate applicable to the relevant Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 7(m)(iv) shall apply to the relevant Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 7(m)).
- (v) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(m) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 20 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.
- (vi) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:
 - (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 7(m); and
 - (B) certifying that (1) the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread and (2) the intent of the drafting of such changes is solely to implement the relevant Benchmark Amendments.

The Fiscal Agent and the Agents shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof.

- (vii) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders, **provided that** the Agents shall not be bound by or be obliged to give effect to any Benchmark Replacement, Benchmark Replacement Adjustment, Benchmark Replacement Conforming Changes or Benchmark Amendments, if in the reasonable opinion of such Agent (acting in good faith and following consultation, to the extent practicable, with the Issuer and the Guarantor), the same would not be operable or would expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or the Agency Agreement and/or any documents to which it is a party in any way.

(viii) As used in this Condition 7(m):

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

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

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

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

“Benchmark Event” means:

- (A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the “Specified Future Date”); or
- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the “Specified Future Date”), be permanently or indefinitely discontinued; or

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

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

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense;

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

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

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

8. Zero Coupon Note Provisions

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.

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

9. Dual Currency Note Provisions

- (a) *Application:* This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

10. Redemption and Purchase

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments – Bearer Notes*) and Condition 12 (*Payments – Registered Notes*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
- (i) at any time (if neither the Fixed Rate Note Provisions for Notes denominated in Renminbi, Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable); or
 - (ii) on any Interest Payment Date (if the Fixed Rate Note Provisions for Notes denominated in Renminbi, Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable), on giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:
 - (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

- (B) (1) the Guarantor has or would become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it, **provided, however, that** no such notice of redemption shall be given earlier than:
- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
 - (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by one director of the Issuer stating that the Issuer is entitled to effect such redemption and the conditions precedent to the right of the Issuer so to redeem have occurred.

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

So long as the Notes are in global form and the certificate representing or evidencing such Notes is held on behalf of Euroclear, Clearstream, the CMU and/or an Alternative Clearing System, the selection of Notes for redemption under Condition 10(d) (Partial redemption) shall be effected in accordance with the rules of the relevant clearing system.

- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn without the prior consent of the Issuer; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.
- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- (g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Pricing Supplement, the Early Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 10(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) *Purchase:* The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.

- (i) *Cancellation:* All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold and upon such cancellation, the obligations of the Issuer and Guarantor under such Notes shall be discharged.

11. Payments – Bearer Notes

This Condition 11 is only applicable to Bearer Notes.

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

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made by CMU to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU and payment made in accordance thereof shall discharge the obligations of the Issuer, or, as the case may be, the Guarantor, in respect of that payment.

- (c) *Payments in the United States:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents with Specified Offices outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law without involving, in the opinion of the Issuer, any adverse tax consequences to the Issuer.
- (d) *Payments subject to fiscal laws:* As provided in Condition 13 (*Taxation*), all payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer or the Guarantor or their respective 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, Receiptholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons:* If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be

that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **provided, however, that** where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

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

- (f) *Unmatured Coupons void:* If the relevant Pricing Supplement specifies that this Condition 11(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days:* If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the Interest Payment Date in respect of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims

have already become void pursuant to Condition 15 (*Prescription*). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12. Payments – Registered Notes

This Condition 12 is only applicable to Registered Notes.

- (a) *Principal*: Payments of principal in respect of Registered Notes shall be made, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest in respect of Registered Notes shall be made, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made by CMU to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU and payment made in accordance thereof shall discharge the obligations of the Issuer, or, as the case may be, the Guarantor, in respect of that payment.

- (c) *Payments subject to fiscal laws*: As provided in Condition 13 (*Taxation*), all payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer or the Guarantor or their respective 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, Receiptholders or Couponholders in respect of such payments.
- (d) *Payments on business days*: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.
- (e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall ensure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is enfaced on the relevant Note Certificate.
- (f) *Record date*: Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

13. Taxation

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or Hong Kong or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
- (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
 - (ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.
- (b) *Taxing jurisdiction:* If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands or Hong Kong respectively, references in these Conditions to the British Virgin Islands or Hong Kong shall be construed as references to the British Virgin Islands or (as the case may be) Hong Kong and/or such other jurisdiction.

14. Events of Default

If any of the following events occurs and is continuing:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal and interest in respect of the Notes on the due date for payment thereof and such failure continues for a period of 7 days (in the case of principal) and 14 days (in the case of interest) of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Guarantee of the Notes and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or
- (c) Cross-default of Issuer, Guarantor or Material Subsidiary:
 - (i) any Indebtedness of the Issuer, the Guarantor or any of the Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

- (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Material Subsidiary or **(provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
- (iii) the Issuer, the Guarantor or any of the Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in a sub-paragraph (iii) above individually or in the aggregate exceeds US\$30,000,000 (or its equivalent in any other currency or currencies) and such event has occurred for not less than 7 days; or

- (d) *Unsatisfied judgment:* one or more judgment(s) or order(s) is rendered against the Issuer, the Guarantor or any of the Material Subsidiaries in respect of, the whole or any substantial part of its undertaking, assets or revenue and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Material Subsidiaries and shall not be discharged or stayed or in good faith contested by actions within 45 days thereafter: or
- (f) *Insolvency etc:* (i) the Issuer, the Guarantor or any of the Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, the Guarantor or any of the Material Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Material Subsidiaries is appointed (or application for any such appointment is made), (iii) the Issuer, the Guarantor or any of the Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it; or
- (g) *Winding up etc:* a final order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any of the Material Subsidiaries or the Issuer, the Guarantor or any of the Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary, whereby all or substantially all of undertaking and assets of the Material Subsidiary subsisting immediately prior to such reconstruction, amalgamation, reorganisation, merger or consolidation are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of the Material Subsidiaries; or
- (h) *Failure to take action etc:* any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Deed of Guarantee admissible in evidence in the courts of the British Virgin Islands and Hong Kong is not taken, fulfilled or done

and, if capable of remedy, remains unremedied for 30 days after written notice thereof has been delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or

- (i) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Guarantee; or
- (j) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (k) *Analogous event*: any event occurs which under the laws of the British Virgin Islands or Hong Kong has an analogous effect to any of the events referred to the foregoing.

Then any Noteholder may, by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality unless if such event of default is capable of remedy, shall have been remedied prior to the delivery of such written notice. Notice of any such declaration shall promptly be given to the Noteholders.

15. Prescription

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

16. Replacement of Notes and Coupons

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

17. Agents

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

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

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

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

18. Meetings of Noteholders; Modification and Waiver

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

In addition, a resolution in writing signed by or on behalf of 90 per cent. of the Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. 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.

- (b) *Modification:* The Notes, these Conditions, the Deed of Guarantee and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or comply with mandatory provision of law, or make any modifications which is of formal, minor or technical nature. In addition, the parties to the Agency Agreement may agree to modify, waive or authorise any breach or proposed breach of or any failure to comply with any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, or the Couponholders, to any such modification, waiver or authorisation unless it is of a formal, minor or technical nature, it is made to

correct a manifest error or to comply with mandatory provision of law, or it is, in the opinion of the Issuer and the Agents (as defined in the Agency Agreement), not materially prejudicial to the interests of the Noteholders.

19. Further Issues

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

20. Notices

- (a) *Bearer Notes:* 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 a leading English language daily newspaper published and having general circulation in Asia. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) *Registered Notes:* Notices to the Holders of Registered Notes shall be sent to them by mail or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

21. Currency Indemnity

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

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

22. Rounding

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

23. Governing Law and Jurisdiction

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum:* The Issuer and the Guarantor agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 23 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent:* Each of the Issuer and the Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer or the Guarantor, the Issuer or, as the case may be, the Guarantor shall, on the written demand of any Noteholder addressed and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 30 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF PRICING SUPPLEMENT

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

Pricing Supplement dated [●]

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

[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 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. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

EU MiFID II product governance/target market — *[appropriate target market legend to be included]*

Legend for issuances involving one or more EU MiFID Firm manufacturers

[EU MiFID II product governance/Professional investors and ECPs only target market — Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**EU MiFID II**”) [EU MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

Legend for issuances involving one or more UK MiFIR firm manufacturers

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

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (the “**SFA**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

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

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

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

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

HLP Finance Limited
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by
Hang Lung Properties Limited
under the US\$4,000,000,000 Medium Term Note Programme

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

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

- | | | |
|-----|-----------------------|------------------------------|
| (1) | (i) Issuer: | HLP Finance Limited |
| | (ii) Guarantor: | Hang Lung Properties 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: | [●] <i>[(The Renminbi is not freely convertible. Holders of beneficial interests in the Notes may be required to provide certification and other information in order to allow such holders to receive payments in Renminbi.)]</i> |
| (4) | Aggregate Nominal Amount: | [●] |
| | [(i)] [Series]: | [●] |
| | [(ii) Tranche: | [●] |
| (5) | Net Proceeds: | [●] |

- (6) Issue Price: [●]% of the Aggregate Nominal Amount [plus accrued interest from [insert date] *(in the case of fungible issues only, if applicable)*]
- (7) (i) Specified Denominations: [●]^{1 2 3}
- (ii) Calculation Amount: [●]
- (8) (i) Issue Date: [●]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
- (9) Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]⁴*
- (10) Interest Basis: [[●]% Fixed Rate]
- [[Specify reference rate] +/- [●]% Floating Rate]
- [Zero Coupon]
- [Index Linked Interest]
- [Other (Specify)]
- (further particulars specified below)
- (11) Redemption/Payment Basis: [Redemption at par]
- [Index Linked Redemption]
- [Dual Currency]
- [Partly Paid]
- [Instalment]
- [Other (Specify)]

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

² If the specified denomination is expressed to be EUR100,000 or its equivalent and multiples of a lower principal amount (for example EUR1,000), insert the additional wording as follows: EUR100,000 and integral multiples of [EUR1,000] in excess thereof up to and including EUR199,000. No Notes in definitive form will be issued with a denomination above EUR199,000. In relation to any issue of Notes which are a “Global Note exchangeable for Definitive Notes” in circumstances other than “in the limited circumstances specified in the Global Notes”, such Notes may only be issued in denominations equal to, or greater than, EUR100,000 (or equivalent) and multiples thereof.

³ Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HKD500,000 (or equivalent in other currencies).

⁴ Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- (16) **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●]% per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"] not adjusted*]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount⁵
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/365 (Fixed)⁶/other]
- (vi) [Determination Dates: [●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/Condition 6]

⁵ For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01, RMB0.005 for the case of Renminbi denominated Fixed Rate Notes to the nearest HK\$0.01, HK\$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards.

⁶ Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes.

(17) **Floating Rate Note Provisions**

[Applicable/Not Applicable]

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

- (i) Interest Period(s): [●]
- (ii) Specified Period: [●]

(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")

- (iii) Specified Interest Payment Dates: [●]

(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")

- (iv) [First Interest Payment Date]: [●]

- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other *(give details)*] [Adjusted/ Unadjusted]

- (vi) Additional Business Centre(s): [Not Applicable/*give details*]

- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/*other (give details)*]

- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): *[[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]*

(ix) Screen Rate Determination:

- Reference Rate: *[For example, EURIBOR or SOFR]*
- Observation Method: *[Lag/Observation Shift]*
- Lag Period: *[5/[●] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]*
- Observation Shift Period: *[5/[●] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]*

(NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)
- Index Determination: *[Applicable/Not Applicable]*
- SOFR Compounded Index: *[Applicable/Not Applicable]*
- Relevant Decimal Place: *[●] [7] (unless otherwise specified, be the seventh decimal place in the case of the SOFR Compounded Index)*
- Relevant Number of Index Days: *[●] [5] (unless otherwise specified, the Relevant Number shall be 5)*
- Interest Determination Date(s): *[●]*
- Relevant Screen Page: *[For example, Reuters EURIBOR 01]*
- Relevant Time: *[For example, 11.00 a.m. Brussels time]*
- Relevant Financial Centre: *[For example, Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]*

(x) ISDA Determination:

- Floating Rate Option: *[●]*
- Designated Maturity: *[●]*
- Reset Date: *[●]*
- ISDA Definitions: *2006 (if different to those set out in the Conditions, please specify)*

(xi) Margin(s): *[+/-][●]% per annum*

(xii) Minimum Rate of Interest: *[●]% per annum*

- (xiii) Maximum Rate of Interest: [●] % per annum
- (xiv) Day Count Fraction: [●]
- (xv) 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: [●]
- (18) **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) [Amortisation/Accrual] Yield: [●] % per annum
- (ii) Reference Price: [●]
- (iii) Any other formula/basis of determining amount payable: *[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [10(g)]]*
- (19) **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: *[give or annex details]*
- (ii) Calculation Agent responsible for calculating the interest due: [●]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]
- (vi) Interest Determination Date(s): [●]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Interest or calculation period(s): [●]

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

- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction [●]

PROVISIONS RELATING TO REDEMPTION

(21) **Call Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs 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: [●]

(22) **Put Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs 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: [●]

(23) **Redemption Amount of each Note** [●] per Calculation Amount

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

- (i) Index/Formula/variable: *[give or annex details]*

- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
 - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
 - (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [●]
 - (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
 - (vi) [Payment Date]: [●]
 - (vii) Minimum Final Redemption Amount: [●] per Calculation Amount
 - (viii) Maximum Final Redemption Amount: [●] per Calculation Amount
- (24) **Early Redemption Amount** [Applicable/Not Applicable]

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

(If both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- (25) **Form of Notes:** **[Bearer Notes]**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]⁷
- [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]⁷
- [Registered Notes]**
- Global Registered Note exchangeable for Individual Note Certificates on [●] days' notice/at any time/in the limited circumstances described in the Global Registered Note
- (26) Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details.]
- Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 15(vi) and 16(x) relate]*
- (27) Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]

⁷ If the Specified Denominations of the Notes in paragraph (vii) includes language substantially to the following effect: "[EUR50,000]/[EUR100,000] and integral multiples of [EUR1,000] in excess thereof up to and including [EUR99,000]/[EUR199,000]", the Temporary Global Note or Permanent Global Note shall not be exchangeable on [●] days' notice or at any time.

- (28) Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
- (29) Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
- (30) Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●] apply]
- (31) Consolidation provisions: The provisions in Condition [●] (*Further Issues*) [annexed to this Pricing Supplement] apply]
- (32) Other terms or special conditions: [Not Applicable/*give details*]
- (33) Stamp duty payable [Yes/no]

DISTRIBUTION

- (34) (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- (35) If non-syndicated, name and address of Dealer: [Not Applicable/*give names and address*]
- (36) U.S. Selling Restrictions: Reg. S Category [1/2];

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

(In the case of Registered Notes) — Not Applicable
- (37) Additional selling restrictions: [Not Applicable/*give details*]

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

OPERATIONAL INFORMATION

- (40) ISIN Code: [●]
- (41) Common Code: [●]
- (42) Legal Entity Identifier: 254900TAEQ6UHRHWZS23
- (43) Any clearing system(s) other than Euroclear, Clearstream and the CMU and the relevant identification number(s): [Not Applicable/give names(s) and number(s)]
- (44) CMU Instrument Number: [●]
- (45) Delivery: Delivery [against/free of] payment
- (46) Additional Paying Agent(s) (if any): [●]

HONG KONG SFC CODE OF CONDUCT

- (47) Rebates [A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMLs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]/[Not Applicable]
- (48) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: [*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide*]/[Not Applicable]
- (49) Marketing and Investor Targeting Strategy [*if different from the Offering Circular*]

GENERAL

- (50) [Use of Proceeds: [*include if different from the use of proceeds set out in the Offering Circular*]]
- (51) The aggregate principal amount of Notes issued has been translated into US dollars at the rate of [●], producing a sum of (for Notes not denominated in [US dollars]): [Not Applicable/US\$]

(52) [Ratings: (if any)]

The Notes to be issued have been rated:

[S&P: [●]]

[Moody's: [●]]

[Other: [●]]

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

(53) In case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong: [●]

(54) In case of Bearer Notes, specify the location of the office of the Registrar if other than Hong Kong: [●]

[LISTING APPLICATION]

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the US\$4,000,000,000 Medium Term Note Programme of HLP Finance Limited.]

[STABILISING]

In connection with the issue of the Notes, the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the 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 Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[MATERIAL ADVERSE CHANGE STATEMENT]

[Except as disclosed in this document, there] 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 financial statements or interim financial statements (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 financial statements.]*

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue [and admission to trading on the Hong Kong Stock Exchange] of the Notes described herein pursuant to the US\$4,000,000,000 Medium Term Note Programme of HLP Finance Limited.

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor’s particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes. Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

RESPONSIBILITY

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

Signed on behalf of HLP Finance Limited:

By: _____
Duly authorised

Signed on behalf of Hang Lung Properties Limited:

By: _____
Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

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

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

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream 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 or other clearing systems.

Relationship of Accountholders with Clearing Systems

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

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) as notified by the CMU to the CMU Lodging Agent in any relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging Agent 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 “*Subscription and Sale – Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

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

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

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under the following paragraph, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or, if specified in the relevant Pricing Supplement, at any time or having given a specified number of days’ notice to holders.

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

Permanent Global Certificates

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

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made:

- (i) in whole but not in part 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) in whole or in part with the consent of the Issuer,

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

Partial Exchange of Permanent Global Notes

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

Delivery of Notes

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

Exchange Date

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

Amendment to Conditions

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

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for enforcement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enfaced on each Global Note, which enfacement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 13(a)(iii) and Condition 17(b) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “**business day**” set out in Condition 11(g) (*Payments on business days*).

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

In respect of a Global Note or Global Certificate held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note are credited (as set out in any relevant notification supplied to the CMU Lodging Agent by the CMU) 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.

Prescription

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 15).

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. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.

Cancellation

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

Purchase

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

Issuer's Option

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

Noteholders' Options

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

Notices

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

Partly Paid Notes

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

DESCRIPTION OF THE ISSUER

The Issuer was incorporated on March 8, 2011 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. The Issuer is constituted by its Memorandum of Association and Articles of Association and has the capacity and the rights, power and privileges of a natural person which include the capacity, right and power to enter into financial transactions.

The Issuer is a special purpose financing vehicle and a wholly-owned subsidiary of the Guarantor. Its sole purpose and activity is the issuing of debt securities, the proceeds of which are on-lent to the Guarantor and/or the Guarantor's subsidiaries for the purpose of financing the Guarantor's and/or the Guarantor's subsidiaries' general corporate funding requirements. Other than the making of arrangements with respect to the issue of Notes, the on-lending of the proceeds thereof to the Guarantor and/or the Guarantor's subsidiaries and the establishment and update of this Programme, the Issuer has not undertaken any business activities since the date of its incorporation. The Issuer does not sell any products or provide any services.

The registered office of the Issuer is at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

The Issuer is authorized to issue 50,000 shares with a par value of US\$1.00 each. Its issued share capital is US\$1.00, consisting of one share, which is fully paid up.

As at the date of this Offering Circular, the Issuer does not have any bank overdraft, short term and long term loans, outstanding debt securities or any hire purchase commitments, guarantees or contingent liabilities, save for an aggregate principal amount of HK\$13,247 million (or the equivalent thereof in other currencies) of Notes which are outstanding under this Programme.

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

Board and Management

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

Mr. Ronnie C. Chan
Mr. Adriel Wenbwo Chan
Mr. Weber Wai Pak Lo
Mr. Kenneth Ka Kui Chiu

None of the directors holds any share in the Issuer, nor any option to purchase or subscribe for, or other beneficial interests in, shares in the Issuer.

The business address of each member of the Issuer's board of directors is 28th Floor, 4 Des Voeux Road Central, Hong Kong.

SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR

The summary financial information set forth below has been derived from the audited consolidated financial statements of the Guarantor for the years ended and as at December 31, 2021 and December 31, 2022.

Summary Financial Information Data	Year ended December 31,	
	2022	2021
	HK\$ million	
Results data		
Property leasing		
— Mainland China	6,752	6,939
— Hong Kong	3,279	3,382
Property sales		
— Hong Kong	316	—
Total revenue	10,347	10,321
Profit from operations before changes in fair value of properties	6,620	6,834
Net profit attributable to shareholders	3,836	3,868
	Year ended December 31,	
	2022	2021
	HK\$ million (except ratios)	
Per share data		
Basic earnings per share	HK\$0.85	HK\$0.86
Dividend per share		
— Interim	HK\$0.18	HK\$0.18
— Final	HK\$0.60	HK\$0.60
	As at December 31,	
	2022	2021
	HK\$ million (except ratios)	
Financial position data		
Total assets	212,688	224,235
Shareholders' equity	133,381	141,719
Total equity	143,146	152,384
Net debt to equity ratio ⁽¹⁾	28.1%	24.4%
Debt to equity ratio	31.8%	30.0%
	As at December 31,	
	2022	2021
Per share data		
Net assets attributable to shareholders per share	HK\$29.6	HK\$31.5

Note:

- (1) Net debt represents bank loans and other borrowings less cash and deposits with banks. Equity comprises shareholders' equity and non-controlling interests. As at December 31, 2022, the Group had cash and deposits with banks of HK\$5,229 million to meet the stipulated equity injection requirements of various projects in mainland China and their construction payment schedules in addition to other working capital requirements. After deducting total borrowings of HK\$45,524 million, the Group had net debt of HK\$40,295 million as at December 31, 2022. The Group had net debt amounting to HK\$37,180 million as at December 31, 2021.

CAPITALIZATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets out the consolidated capitalization and indebtedness of the Guarantor as at December 31, 2022 on an actual basis which has been derived from the audited consolidated financial statements of the Guarantor as at the same date. The table should be read in conjunction with the audited consolidated financial statements of the Guarantor as at December 31, 2022 and the notes thereto included in this Offering Circular.

	As at December 31, 2022
	HK\$ million
Short-term bank loans and other borrowings (including current portion of long-term bank loans)	4,533
Long-term bank loans and other borrowings (net of current portion)	40,991
	45,524
Shareholders' equity:	
Share capital	39,950
Reserves	93,431
Shareholders' equity	133,381
Total capitalization	178,905

Notes:

- (1) All of the short-term and long-term bank loans and other borrowings were unsecured as at December 31, 2022.
- (2) Total capitalization is calculated as short-term bank loans and other borrowings and long-term bank loans and other borrowings plus shareholders' equity.
- (3) The Guarantor recommended on January 31, 2023 and the shareholders approved on April 28, 2023 a final dividend for the year ended December 31, 2022 of HK\$2,699 million, which was not recognized as a liability as at December 31, 2022.
- (4) Subsequent to December 31, 2022 and up to February 28, 2023, there was a net decrease of approximately HK\$1,418 million in total short-term and long-term bank loans and other borrowings of the Guarantor.

There has been no material change in the capitalization, indebtedness or contingent liabilities and guarantees of the Guarantor since December 31, 2022 save as disclosed herein.

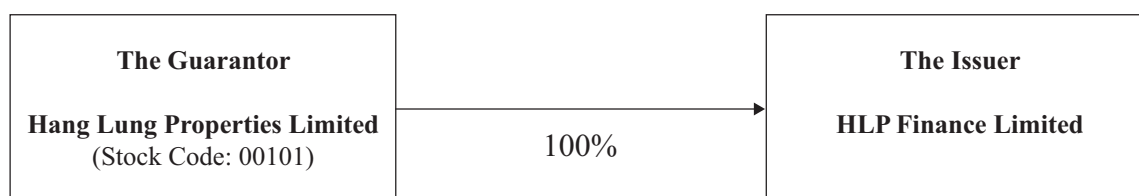
DESCRIPTION OF THE GUARANTOR

Introduction

The Guarantor (stock code: 00101) is a well-established, top-tier property developer with customer-centricity at the heart of the operations. The Guarantor has a diversified portfolio comprising numerous properties in Hong Kong and nine cities on the Mainland, including Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming, Wuhan, and Hangzhou, with each of its Mainland projects bearing the “66” brand.

It is a constituent stock of Hong Kong’s Hang Seng Index, the Hang Seng Corporate Sustainability Index, the Dow Jones Sustainability Asia Pacific Index and FTSE4Good Index. As at December 31, 2022, the Guarantor was approximately 60.13% owned by, and was a subsidiary of, Hang Lung Group Limited (“**HLG**”) (stock code: 00010).

The following sets forth the simplified corporate structure of the Group as at December 31, 2022:



History and Development

HLG was incorporated on September 13, 1960 and founded by Mr. Chan Tseng-Hsi. In 1980, HLG acquired control of the Guarantor, previously called The Amoy Canning Corporation (Hong Kong) Limited from Sime Darby Group. In 1987, the Guarantor changed its name to Amoy Properties Limited and acquired most of HLG’s investment properties and became the property investment arm of HLG. From 1989 onwards, the Guarantor expanded its investment properties portfolio to include a series of projects such as the sites now known as Fashion Walk in Causeway Bay, Peak Galleria on The Peak, Grand Plaza in Mongkok, and The Summit on Stubbs Road.

On January 1, 1991, Mr. Ronnie C. Chan took over as Chair of the Guarantor and he foresaw opportunities presented by mainland China’s economic growth. The Guarantor embarked upon its new direction by venturing into the commercial real estate market in mainland China. Targeting “the best locations in major populated centers”, the Guarantor took its first steps into mainland China in Shanghai in 1992 by participating in the development of a commercial complex in the Xuhui district of Shanghai, which is now known as Grand Gateway 66. In 1993, the Guarantor acquired the right to develop a site as a commercial/office complex at Jing’an district in Shanghai, which is now known as Plaza 66. In addition, the Guarantor took the opportunity to replenish its land bank by acquiring development sites and investment properties in the Hong Kong property market, thereby rebuilding its portfolio in Hong Kong to better position itself for future expansion. The Guarantor was also successful in securing the Airport Railway Kowloon Station Package Four Development project (now named as The HarbourSide) in 1999. Pursuant to plans to reorganize its overall business structure, the Guarantor changed its name to Hang Lung Properties Limited on December 27, 2001.

Land acquisitions and construction by the Guarantor in mainland China over 20 years have paved the way for its portfolio of ten completed world-class commercial complexes comprising Plaza 66 and Grand Gateway 66 in Shanghai, Palace 66 in Shenyang, Parc 66 in Jinan, Forum 66 (mall, office tower and hotel) in Shenyang, Center 66 (mall and office towers) in Wuxi, Riverside 66 in Tianjin, Olympia 66 in Dalian, Spring City 66 (mall and office tower) in Kunming and Heartland 66 (mall and office tower) in Wuhan. The other “66” branded projects under development are the Phase 2 of Center 66 in Wuxi, the remaining phases of Forum 66 in Shenyang, the remaining development of Spring City 66 in Kunming, the remaining development of Heartland 66 in Wuhan and Westlake 66 in Hangzhou. Accordingly, the Guarantor has gradually transformed itself from a business operation which was focused on property development in Hong Kong then in Shanghai into, one of the leading property developers of world-class commercial complexes across mainland China. As the Guarantor’s business continues to grow, it plans to develop into a highly admired and leading national real estate company.

The Guarantor plans, designs, constructs and operates its developments in mainland China with the Leadership in Energy and Environmental Design (LEED) certification issued by the U.S. Green Building Council as the objective for all of such developments. With the vision and leadership of the Board of Directors, financial strength, high standards of corporate governance as well as its professional management, the Guarantor’s core business, namely, property development and leasing in Hong Kong and mainland China, is well placed to continue its success.

The Guarantor announced its 25 x 25 Sustainability Targets in 2021. They elaborate on its 2030 goals and targets announced in December 2020 and provide quantifiable measures to achieve across the business over the next four years.

In 2022, the Guarantor became the first real estate company in Hong Kong and mainland China to receive approval from the Science Based Target initiative (SBTi) for its near- and long-term company-wide emissions reduction targets in line with the SBTi Net-Zero Standard. The Guarantor is also Hong Kong’s first real estate developer – and one of the first in Asia – to commit to ULI Greenprint’s net zero carbon operations goal, launched by the Urban Land Institute Greenprint Center for Building Performance. These initiatives demonstrate the Guarantor’s commitment to reducing carbon footprint in line with climate science and to reaching net-zero value chain greenhouse gas emissions by 2050.

The Guarantor launched a pioneering initiative to collaborate with Moët Hennessy Louis Vuitton on sustainability in seven cities in mainland China between 2023 and 2025. The partnership covers more than 27,000 m² of landlord space from the Guarantor, and 90+ retail spaces from more than 26 LVMH brands. The Guarantor launched the inaugural edition of “Hang Lung Future Women Leaders Program” in Hong Kong and Shanghai to engage elite women from diverse fields to inspire young female talent.

Strategy

The Guarantor intends to continue pursuing a well defined corporate direction of steady and sustainable growth and has developed the following strategies to achieve its growth objectives:

- ***Long-term vision to build and manage world-class commercial complexes in mainland China and to develop into a national enterprise***

The Guarantor's key business strategy in mainland China revolves around building quality projects in premium locations. The Guarantor aims to enter the "right markets with the right projects at the right time". As one of the early pioneers amongst Hong Kong's property developers to expand into mainland China, the Guarantor established a presence in mainland China in the early 1990s when it began building a portfolio of world-class commercial complexes and city landmarks for long-term investment. On-the-ground experience and a solid development track record have laid the foundations for the Guarantor's success.

The Guarantor intends to build on the "66" brand it has established in Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming and Wuhan and replicate the business model in other prime urban locations of major cities in mainland China. By executing the Guarantor's growth strategy and remaining focused on long-term development, the Guarantor has become one of the leading developers of world-class commercial complexes across mainland China.

- ***Selective and well-controlled land acquisitions and project cost control***

The Guarantor's strategy is to adopt a disciplined approach to land acquisition. It considers that the acquisition of land at prices that are low, relative to the expected returns of the finished properties, is a critical factor in managing financial risk and achieving superior profitability. The Guarantor's aim is to maintain the track record that has been established over the past two decades in mainland China and to look for the best and most central commercial sites in fast-growing cities in mainland China, while resisting the temptation to buy at "top-of-the-market" prices.

- ***Sell residential units when market conditions are right***

The Guarantor is to offer high quality residences to the market via a disciplined sales approach and to optimize value.

- ***Keep the property portfolio competitive***

The Guarantor believes that renovations to maintain and upgrade its investment properties enhance the tenant mix and result in rental growth. The Guarantor continues to keep its investment properties competitive with renovations and asset enhancement programs for long-term sustainable growth of its leasing operations.

Competitive Strengths

The Guarantor believes it has the following competitive strengths:

- ***Wide market recognition of the “66” brand to be the pulse of the city on the Mainland***

Leveraging on its established brand name, extensive experience and reputation for quality developments in Hong Kong, Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming and Wuhan, the Guarantor has been able to take advantage of development opportunities in other fast-growing cities in mainland China which were not made available to later entrants in mainland China property market, as they would not have had as much time as the Guarantor to build a brand and relationships with local governments and other stakeholders. Furthermore, the Guarantor believes that its site acquisition strategy and its focus on the development of quality properties enable it to maintain its reputation as a developer and landlord of quality properties. Plaza 66, Grand Gateway 66, Parc 66, Palace 66, Forum 66, Center 66, Riverside 66, Olympia 66, Spring City 66 and Heartland 66 have established the Guarantor’s “66” brand as the pulse of the city on the Mainland and connect young movers and shakers to the most cutting-edge brands from China and across the world.

- ***With more projects in mainland China scheduled to complete in the next few years, the Group is quickly expanding into a nationwide company with a diversified investment property portfolio***

Land acquisitions and construction by the Guarantor in mainland China over many years have paved the way for its portfolio of ten completed world-class commercial complexes comprising Plaza 66 and Grand Gateway 66 in Shanghai, Palace 66 in Shenyang, Parc 66 in Jinan, Forum 66 (mall, office tower and hotel) in Shenyang, Center 66 (mall and office towers) in Wuxi, Riverside 66 in Tianjin, Olympia 66 in Dalian, Spring City 66 (mall and office tower) in Kunming and Heartland 66 (mall and office tower) in Wuhan. The other “66” branded projects under development are Center 66 (Phase 2) in Wuxi, Forum 66 (the remaining phases) in Shenyang, Spring City 66 (the remaining development) in Kunming, Heartland 66 (the remaining development) in Wuhan and Westlake 66 in Hangzhou. Accordingly, the Guarantor has gradually transformed itself from a business operation which was focused on property development in Hong Kong then in Shanghai, into a multi-city operation to become one of the leading property developers of world-class commercial complexes across mainland China.

- ***Strong financial position and foothold in Hong Kong and mainland China provides a solid foundation for expansion***

The Guarantor aims to maintain a strong financial position to finance development projects on hand, with sufficient reserves to take on further projects whether they are in mainland China or in Hong Kong when market conditions are suitable. The Group continues to position itself with a prudent level of liquidity and banking facilities to meet future commitments. As at December 31, 2022, the Group had cash and deposits with banks of HK\$5,229 million primarily to meet the stipulated equity injection requirements of various projects in mainland China and their construction payment schedules in addition to other working capital requirements. After netting off total bank loans and other borrowings, of HK\$45,524 million, the Group had net debt of HK\$40,295 million as at

December 31, 2022. The Guarantor had HK\$21,374 million undrawn committed banking facilities as at December 31, 2022 plus various high-end completed residential properties in Hong Kong that can be sold when market conditions are suitable.

- ***Recognition for focus on environmental issues***

In line with the Guarantor's long-term business model, "building to own and building to last", environmental and efficiency considerations are embedded throughout the life-cycle of the Guarantor's buildings, from design and construction, to operation and maintenance. This translates into the adoption of internationally recognized environmental certification for all new buildings. All of the Group's projects in mainland China have received Gold Level pre-certification/certification of the Leadership in Energy and Environmental Design (LEED) standard issued by the U.S. Green Building Council. Parc 66 in Jinan, Forum 66 (mall and office tower) and Palace 66, both in Shenyang, Center 66 (mall and office towers) in Wuxi, Riverside 66 in Tianjin, Olympia 66 in Dalian, Plaza 66 (office towers), Spring City 66 (mall and office tower) in Kunming and Heartland 66 (mall and office tower) in Wuhan obtained "Certification under LEED for Core and Shell Development – Gold Level" in November 2011, September 2012, January 2017, June 2010, December 2014, March 2015, January 2015, September 2016, September 2018, September 2019, November 2020 and June and July 2021, respectively. Palace 66 was the first ever mall in mainland China to achieve such gold level. The Office Tower One of Grand Gateway 66 in Shanghai, Phase 2 of Center 66 in Wuxi and Mall and Tower Three to Six of Westlake 66 in Hangzhou have been awarded "Pre-certification under LEED for Core and Shell Development – Gold Level". Tower One and Two of Westlake 66 received its first "Pre-certification under LEED for Core and Shell Development – Platinum Level" in November 2020. Plaza 66 and Grand Gateway 66 in Shanghai received a Platinum certification by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) under the LEED V4.0 Existing Building: Operations and Maintenance (LEED V4.0 EB: O+M) rating system. As an early win in support of the Guarantor's net-zero commitment, Spring City 66 in Kunming is the Guarantor's first property and the first commercial complex in Yunnan Province, to achieve net zero carbon emissions in terms of annual electricity consumption. Following Spring City 66, Parc 66 in Jinan is the Guarantor's second property to procure 100% renewable energy, and the first commercial development in Jinan and Shandong Province to achieve net-zero carbon emissions from electricity. Riverside 66 has been awarded the Gold Award in "Best Innovative Green Building" in the MIPIM Asia Awards 2015 and won an Excellence in Carbon Challenge Award at Greenbuild China 2019.

In Hong Kong, 23–39 Blue Pool Road was awarded the "Gold Level certification under the LEED for Homes", issued by the U.S. Green Building Council. As a reflection of the sustainability of the Hong Kong projects, the Guarantor also continues to aspire to BEAM plus (Building Environmental Assessment Method) certification. This scheme aims to enhance the life performance of structures through upgraded performance, careful assessment of the building, award of certification and recognizable labeling. Two of the Guarantor's projects have been certified under the scheme. The Standard Chartered Bank Building achieved the Platinum Rating under the BEAM Plus V1.2 for Existing Buildings. It is the first existing commercial building in Hong Kong to achieve this recognition. The Aperture was pre-certified with BEAM Plus Gold rating. Peak Galleria achieved Gold Rating under the BEAM Plus V1.1 for Existing Buildings. The Baskerville House and Grand Plaza achieved Excellent Rating under the BEAM Plus V2.0 for Existing Buildings (selective scheme). The Standard Chartered Bank Building has also been awarded Asia Pacific Intelligent Green Building Alliance (APIGBA) Excellent Intelligent Green Building Awards

2016 in the category of “Renovation (Hong Kong Chapter)” and APIGBA Excellent Intelligent Green Building Awards 2016 in the category of “Renovation”. 228 Electric Road was awarded the “Pre-certification under LEED for Core and Shell Development – Platinum Level” and is the first project across the Guarantor entire portfolio to obtain WELL Gold pre-certification.

As part of the Guarantor’s environmental, social and governance (“ESG”) initiatives, it had made good progress in sustainable finance over the years. In 2022, the Guarantor issued green bonds worth HK\$1.2 billion, obtained HK\$3.7 billion in green loan facilities, and secured HK\$8.5 billion in sustainability-linked loan facilities. They are collectively referred to as sustainable finance, which accounts for 46% of the Guarantor’s total debts and available facilities. The Guarantor has plans to increase that proportion further.

- ***Constant review of tenant mix and upgrade of facilities***

In Hong Kong and in mainland China, the Guarantor constantly reviews and, where necessary, upgrades its tenant mix while regularly refurbishing its existing developments so as to maximize the returns from its portfolio of investment properties. The Guarantor fine-tunes tenant mixes and arranges promotional activities to attract shoppers. The Guarantor will continue to diversify trade sectors and broaden the Guarantor’s tenant mix. These strategic moves aim to increase rental yields.

- ***Seasoned management with strong track record***

The Guarantor believes its success and future prospects depend on the quality of its people. The Guarantor’s management team has extensive experience in property development and leasing. The Guarantor has also recruited senior and mid-level executives with expertise in various fields, which has attracted significant new management talent and contributed to the Guarantor’s success. The Guarantor believes that the extensive experience built up by its senior management and key executives in property investment, development, leasing and management enables it to compete effectively.

Recent Financial Performance

The following table sets forth the Guarantor's results of operation during the year indicated below:

Selected Financial Data

	2022			2021		
	Property Leasing	Property Sales	Total	Property Leasing	Property Sales	Total
	HK\$ million					
Revenue						
– Mainland China	6,752	–	6,752	6,939	–	6,939
– Hong Kong	<u>3,279</u>	<u>316</u>	<u>3,595</u>	<u>3,382</u>	<u>–</u>	<u>3,382</u>
	<u>10,031</u>	<u>316</u>	<u>10,347</u>	<u>10,321</u>	<u>–</u>	<u>10,321</u>
Profit/(loss) from operations before changes in fair value of properties						
– Mainland China	4,147	(51)	4,096	4,349	(38)	4,311
– Hong Kong	<u>2,386</u>	<u>138</u>	<u>2,524</u>	<u>2,559</u>	<u>(36)</u>	<u>2,523</u>
	6,533	87	6,620	6,908	(74)	6,834
(Decrease)/increase in fair value of properties	(345)	–	(345)	460	–	460
– Mainland China	(117)	–	(117)	1,750	–	1,750
– Hong Kong	(228)	–	(228)	(1,290)	–	(1,290)
Net interest expense	(449)	–	(449)	(414)	–	(414)
– Interest income	63	–	63	73	–	73
– Finance costs	(512)	–	(512)	(487)	–	(487)
Share of profits of joint ventures	<u>24</u>	<u>–</u>	<u>24</u>	<u>8</u>	<u>–</u>	<u>8</u>
Profit/(loss) before taxation	5,763	87	5,850	6,962	(74)	6,888
Taxation	<u>(1,430)</u>	<u>(23)</u>	<u>(1,453)</u>	<u>(2,092)</u>	<u>9</u>	<u>(2,083)</u>
Profit/(loss) for the year	<u>4,333</u>	<u>64</u>	<u>4,397</u>	<u>4,870</u>	<u>(65)</u>	<u>4,805</u>
Net profit/(loss) attributable to shareholders	<u>3,772</u>	<u>64</u>	<u>3,836</u>	<u>3,933</u>	<u>(65)</u>	<u>3,868</u>

During the year ended December 31, 2022, the Guarantor's total revenue increased to HK\$10,347 million. Property leasing revenue generated by Hong Kong and mainland China properties decreased by 3% year-on-year. In relation to property leasing business, approximately 67% of revenue was attributable to mainland China operations and 33% was attributable to Hong Kong.

In 2022, property sales revenue of HK\$316 million was recognized for the sale of one house on Blue Pool Road upon its completion.

An additional four residential units at The Aperture were sold during the year. Along with the residential units sold in 2021, the revenue is expected to be recognized in 2023 upon sale completion.

Hong Kong Property Portfolio

The Guarantor has a diversified property portfolio of retail, offices, residential and serviced apartments.

The Guarantor classifies its property activities into two types:

- (a) property investment (properties owned or held for generating rental income and/or capital appreciation); and
- (b) property development (properties developed for subsequent sale to realize development profit or to hold for investment purposes).

(A) Property Investment in Hong Kong

The table below sets out a breakdown of the leasing revenue of the Guarantor's investment properties, by sector, in Hong Kong as at the dates indicated and for the year then ended:

	<u>Leasing Revenue</u>	
	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	HK\$ million	
Retail	1,931	1,983
Offices	1,096	1,157
Residential and Serviced Apartments	<u>252</u>	<u>242</u>
Total	<u>3,279</u>	<u>3,382</u>

The Guarantor's investment properties are located both on Hong Kong Island and Kowloon, such as Peak Galleria, Standard Chartered Bank Building, Fashion Walk and Grand Plaza. The Hong Kong property leasing portfolio contributed 33% of the Group's total property leasing revenue in 2022. During the year ended December 31, 2022, the Guarantor's total leasing portfolio in Hong Kong was still reeling from the prolonged adverse effects of the COVID-19 pandemic with an overall 3% decrease in property leasing revenue to HK\$3,279 million and a 6% drop in operating profit to HK\$2,612 million. Businesses located in properties in Causeway Bay, Central, Mongkok and The Peak remained under pressure due to their exposure to tourism, while the community malls like Kornhill Plaza and Amoy Plaza were comparatively resilient because they are primarily residential. Through strategic planning, promotional campaigns and cost controls, the Guarantor's malls and office developments achieved occupancy rates of 98% and 90% as at December 31, 2022, respectively. The Guarantor's property leasing revenue from retail decreased by 3% to HK\$1,931 million for the year ended December 31, 2022. Total property leasing revenue from offices decreased by 5% to HK\$1,096 million for the year ended December 31, 2022.

The Guarantor's residential and serviced apartments leasing portfolio in Hong Kong consists of a mix of both luxury residential properties and serviced apartments. The two signature properties in this portfolio are The Summit and Burnside Villa. Total property leasing revenue from residential and serviced apartments for the year ended December 31, 2022 increased by 4% to HK\$252 million. The Guarantor is continuing to allow more flexible leasing terms while embracing a more diversified tenant mix to target corporate accounts, local households, expatriates and overseas visitors, and intends to continue to diversify the Guarantor's client base to deliver steady returns.

Gross Floor Area

The table below sets out a breakdown of the gross floor area of the Guarantor's major investment properties in Hong Kong as at December 31, 2022:

	<u>Gross Floor Area (sq.m.)</u>			<u>Number of Car Parking Spaces</u>
	<u>Retail</u>	<u>Offices</u>	<u>Residential and Serviced Apartments</u>	
Standard Chartered Bank Building	4,814	23,730	—	16
Hang Lung Centre	8,777	22,131	—	126
Fashion Walk	31,072	—	8,395	—
Kornhill Plaza	53,080	10,577	—	1,069
Amoy Plaza	49,006	—	—	620
Grand Plaza	20,905	31,251	—	40
Gala Place	7,454	30,205	—	478
15–28/F Shui On Centre	—	16,313	—	42
Peak Galleria	12,446	—	—	493
Grand Centre	3,688	7,198	—	—
Hanford Commercial Centre	1,444	4,891	—	—
1 Duddell Street	2,340	6,616	—	—
Printing House	1,709	5,980	—	—
AquaMarine	22,350	—	—	352
The Long Beach	20,174	—	—	87
Baskerville House	1,473	3,379	—	—
Hang Tung Building carparks (Canton Road)	—	—	—	1,000
The Summit	—	—	15,225	54
Burnside Villa	—	—	9,212	89
Kornhill Apartments	—	—	35,275	—

Occupancy Rates

The table below sets forth the occupancy rate for the Guarantor's investment properties in Hong Kong for the periods indicated.

	<u>Occupancy Rate (%)</u>	
	<u>As at December 31,</u>	
	<u>2022</u>	<u>2021</u>
Retail	98	97
Offices	90	87
Residential and Serviced Apartments	73	72

To ensure that high quality is maintained, the Guarantor regularly evaluates and upgrades its investment properties in Hong Kong.

(B) *Property Development in Hong Kong*

The Guarantor has developed a number of urban projects atop the Mass Transit Railway network or close to Hong Kong's many other transport links. Save for the design and construction of projects, which are contracted out to third parties, the Guarantor oversees and largely performs all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies as well as the marketing and leasing of completed properties. Prominent projects that incorporate shopping malls plus recreational facilities include Telford Gardens and Amoy Gardens in Kowloon Bay and Kornhill Plaza and the Kornhill Apartments above Tai Koo station.

In June 2021, one house at Blue Pool Road was sold. The sales revenue and profit from this transaction was recognized in 2022.

Pre-sale of The Aperture (皓日), a development project in Kowloon Bay located close to the MTR Kowloon Bay Station and the future East Kowloon Cultural Centre, commenced in December 2021. Up to December 31, 2022, 126 residential units were pre-sold. This revenue is expected to be recognized in 2023 upon sale completion.

Demand remains for top quality residential properties in prime locations, like 23–39 Blue Pool Road. The Guarantor monitors the residential property market in Hong Kong with a view to releasing further residential units for sale as and when appropriate.

23–39 Blue Pool Road, Happy Valley

This luxury development is situated on Blue Pool Road in Happy Valley, a spectacular location in a prestigious residential area of Hong Kong Island, and comprises 18 semi-detached houses. As at December 31, 2022, the Guarantor held nine unsold semi-detached houses. This project was awarded “The International Architecture Award 2019”, “The American Architecture Award 2018”, the “Residential Architect of the Year (Hong Kong)” category in the Chivas 18 Architecture Awards 2015 and Silver Award in the “Best Residential Development” category in MIPIM Asia Awards 2014. In 2013, the project obtained the “Gold Level certification under the Leadership in Energy and Environmental Design (LEED) for Homes”, issued by the U.S. Green Building Council and was awarded Certificate of Excellence in Architecture (Best Residential) in the 10th Perspective Awards. In addition, the project won “Autodesk Hong Kong BIM Awards 2012 — Innovative appreciation of the Building Information Modeling technology”.

228 Electric Road, North Point (Re-development project)

Jointly developed with HLG, the project will be re-developed into a Grade A office tower with a total gross floor area of approximately 9,754 square meters, inclusive of a retail area on the lower floors. Completion of construction is expected in 2023.

The Aperture (皓日), Kowloon Bay (Re-development project)

The project, which is located close to Kowloon Bay station and the future East Kowloon Cultural Centre, will be re-developed into 294 residential units for sale with some commercial areas on the podium floors. The project is targeted for completion in 2023. The pre-sale was launched in December 2021. Up to December 31, 2022, a total 126 residential units were pre-sold. This revenue is expected to be recognized in 2023 upon sale completion.

37 Shouson Hill Road, Southern District (Re-development project)

On September 9, 2020, the Guarantor won the tender for a land site at 37 Shouson Hill Road in the Southern District of Hong Kong Island and the transaction was completed on February 25, 2021. The land site will be re-developed into luxurious detached houses and the general building plan was approved in August 2022.

Mainland China Property Portfolio

The Guarantor is developing its mainland China property portfolio with a consistent strategy on extending its “66” brand and niche in building and managing world-class retail/commercial complexes, office buildings and serviced apartments to be held by the Guarantor for long-term investment purposes. The new “66” brand highlights the Guarantor’s vibrant and dynamic brand personality as well as its service philosophy of “customer centricity”, which will allow the Guarantor to build a stronger connection with its customers and make an even greater impact on the market.

Land acquisitions and construction by the Guarantor in mainland China over many years have paved the way for its portfolio of ten completed world-class commercial complexes comprising Plaza 66 and Grand Gateway 66 in Shanghai, Palace 66 in Shenyang, Parc 66 in Jinan, Forum 66 (mall, office tower and hotel) in Shenyang, Center 66 (mall and office towers) in Wuxi, Riverside 66 in Tianjin, Olympia 66 in Dalian, Spring City 66 (mall and office tower) in Kunming and Heartland 66 (mall and office tower) in Wuhan. The other “66” branded projects under development are Center 66 (Phase 2) in Wuxi, Forum 66 (the remaining phases) in Shenyang, Spring City 66 (the remaining development) in Kunming, Heartland 66 (the remaining development) in Wuhan and Westlake 66 in Hangzhou. Accordingly, the Guarantor has gradually transformed itself from a business operation which was focused on property development in Hong Kong then in Shanghai, into a multi-city operation to become one of the leading property developers of world-class commercial complexes across mainland China.

Property Leasing Revenue

During the year ended December 31, 2022, total property leasing revenue in mainland China increased by 1% to RMB5,790 million. Total property leasing revenue in mainland China accounted for 67% of the Group’s total property leasing revenue for the year ended December 31, 2022.

(C) Property Investment in mainland China

The table below sets out certain information relating to the Guarantor’s completed investment properties, which are more fully described below:

	Location	Year of Opening	Mall	Office sq.m.	Hotel	Number of Car Parking Spaces	Equity Interest of the Guarantor %
Grand Gateway 66	Shanghai	1999	122,262	—	—	752	69
Plaza 66	Shanghai	2001	53,700	159,555	—	804	82
Palace 66	Shenyang	2010	109,307	—	—	844	100
Parc 66	Jinan	2011	171,074	—	—	785	100
Forum 66	Shenyang	2012	101,960	131,723	60,222	2,001	100
Center 66 (Phase 1)	Wuxi	2013	122,227	137,543	—	1,292	100
Riverside 66	Tianjin	2014	152,831	—	—	800	100
Olympia 66	Dalian	2015	221,900	—	—	1,214	100
Spring City 66	Kunming	2019	165,375	167,737	—	1,629	100
Heartland 66	Wuhan	2020	177,140	151,472	—	2,265	100

Grand Gateway 66, Shanghai

Grand Gateway 66 is located at Hong Qiao Lu in Shanghai's Xujiahui commercial district above Shanghai's largest and busiest metro station. This six-level mall of total gross floor area of 122,262 square meters obtained the "Leadership in Energy and Environmental Design (LEED) under the LEED V4.0 Existing Building: Operations and Maintenance (LEED V4.0 EB: O+M) rating system – Platinum certification" by the U.S. Green Building Council in 2022. After completing its Asset Enhancement Initiative (AEI) in late 2020, the mall benefited from an upgraded trade mix with an influx of high-quality tenants.

Revenue from Grand Gateway 66 mall decreased by 1% in RMB terms for the year ended December 31, 2022.

As at December 31, 2022, the occupancy rate of Grand Gateway 66 mall was 99%.

Plaza 66, Shanghai

Plaza 66 is located at Nanjing Xi Lu, which is renowned as one of the "10 Most Famous Commercial Streets in China", according to the China Commercial Walking Street Committee in 2005. This property includes a five-level mall with a total gross floor area of 53,700 square meters and two prestigious Grade A office buildings with a total gross floor area of 159,555 square meters. Plaza 66 obtained "Leadership in Energy and Environmental Design (LEED) under the LEED V4.0 Existing Building: Operations and Maintenance (LEED V4.0 EB: O+M) rating system – Platinum certification" by the U.S. Green Building Council and "WELL V2 Core Platinum certification" by the International WELL Building Institute in 2022. It is the first large-scale commercial office complex in Mainland China to receive both Platinum ratings for LEED V4 O+M: EB and WELL V2 Core during operation stage.

Plaza 66 mall recorded a property leasing revenue decrease of 10% in RMB terms for the year ended December 31, 2022. Its tenants include well-known brands including China's first Louis Vuitton Maison, Hermès flagship boutiques, Fendi, Céline, Bvlgari and Dior Maison.

Plaza 66 mall has firmly established its position as the "Home to Luxury", along with the maturity of the Guarantor's nationwide customer relationship management (CRM) program. In 2022, HOUSE 66 continued to strengthen customer loyalty, drive tenant sales and rental revenue and profit, with the highlight being the Home to Luxury Party. The party has also strengthened the mall's engagement with valued business partners and customers. Occupancy rate was 100% as at December 31, 2022.

The two office towers attract leading local and international business tenants and occupancy rate was 96% as at December 31, 2022. Office Tower One and Two obtained "Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level" from the U.S. Green Building Council in September 2018 and September 2019 respectively.

Palace 66, Shenyang

Palace 66, a four-level mall with a total gross floor area of 109,307 square meters, is located at Zhongjie Lu in Shenhe District which is known as the commercial and cultural hub of Shenyang and is in the neighborhood of Shenyang Imperial Palace. Palace 66 obtained the "Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level" from the U.S. Green Building Council in 2010. It is the first completed mall in mainland China to receive this prestigious recognition. In addition, Palace 66 won the Silver

Award in 2011 ICSC Asia Pacific Shopping Center Awards in the category of “Innovative Design and Development of a New Retail Project” and the Futura Projects Certificate in MIPIM Asia Awards 2007. Occupancy rate was 81% as at December 31, 2022. Although market competition and economic uncertainty are posing challenges, Palace 66 will continue to refine and optimize the tenant mix to match the profile of the target customers, while staying ahead of the market and leveraging the Guarantor’s strengths to maintain the Guarantor’s leadership position in Shenyang’s retail arena.

Parc 66, Jinan

Parc 66, a seven-level mall with a total gross floor area of 171,074 square meters, is located on Quancheng Lu, the city’s “Golden Avenue” and its political, cultural and commercial hub since the Ming Dynasty, the mall has attracted considerable attention both locally and throughout the country. This seven-level mall, which has premium dining, shopping, leisure and entertainment facilities, is located in the city center of Jinan in the neighborhood of several landmarks, including Quancheng Square, Baotu Spring (named as the “No. 1 Spring of the World”), Daming Lake and Qianfo Mountain. Occupancy rate was 90% as at December 31, 2022.

In 2013, Parc 66 was awarded the 2013 VIVA (Vision, Innovation, Value and Achievement) “Best-of-the-Best” Awards for Sustainable Design and Development bestowed by the International Council of Shopping Centers. In 2012, Parc 66 received the Silver Award in the category of “Best Retail and Leisure Development” at the MIPIM Asia Awards, Gold Award in the ICSC Asia Pacific Shopping Center Awards in the category of “New Developments” under the section of “Design and Development” and “Sustainable Design”. In 2011, Parc 66 obtained “Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level” from the U.S. Green Building Council. In addition, Parc 66 won the “Mall China Golden Mall Awards 2011 – City Advancement Award”, the “MIPIM Architectural Review Future Project Awards 2009 – Retail & Leisure” Commended Certificate and “Asia Pacific Commercial Property Awards 2009 – The Architecture Award (Five Star)” awards.

The completion of the first phase of a three-year AEI that commenced in June 2021, enabled the opening of a suite of brands at the mall in 2022. Multiple beauty and first-in-town brands opened stores at the mall, including Chanel Beauty, La Mer, Gucci Beauty and Tom Ford. The Guarantor enhanced the mall’s reputation through sound marketing strategies and CRM programs. The remaining phases of the AEI will continue to strengthen the mall’s long-term competitiveness and profitability.

Parc 66 is the Guarantor’s second property to procure 100% renewable energy, after Spring City 66 since 2021. It is the first commercial development in Jinan and Shandong province to achieve net-zero carbon emissions from electricity.

Forum 66 (Mall, Office Tower and Hotel), Shenyang

Forum 66 is a luxury-led specialty mall with a total gross floor area of 101,960 square meters. This four-level mall is located at Qingnian Da Jie, which forms part of the national Shenyang Finance and Trade Development Zone, in the Shenhe District. Qingnian Da Jie, known as the “Golden Corridor”, runs along the center of Shenyang and offers easy access to Shenyang Taoxian International Airport and Beiling Park. No. 2 metro line runs along the Golden Corridor with subway stations at the City Plaza and Qingnian Da Jie, offering direct access to Forum 66. Many of the world’s top brands opening their flagship stores in Northeast China in Forum 66, including Chanel, Christian Louboutin and Valentino. Occupancy rate was 87% as at December 31, 2022.

The mall of Forum 66 obtained “Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level” issued by the U.S. Green Building Council in 2012.

In addition, Forum 66’s office tower which has a total gross floor area of 131,723 square meters opened in January 2015. Occupancy rate was 91% as at December 31, 2022. Forum 66’s office tower obtained the “Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level” from the U.S. Green Building Council in 2017.

Conrad Shenyang, a 315-room five-star hotel residing on the top 19 floors of the office tower, was opened in September 2019. As the first hotel in the mainland China portfolio, it is positioned as the pinnacle of Shenyang’s high-end hospitality market and is expected to be a focal point for business and social gatherings in Shenyang. It will also further strengthen Forum 66’s position as an upscale shopping destination and prestigious address for businesses.

Center 66 (Mall and Office Towers), Wuxi

Center 66 mall is the “Center” of luxury with a total gross floor area of 122,227 square meters. This six-level mall is close to the junction of Zhongshan Lu and Renmin Zhong Lu, two of the Wuxi’s busiest commercial streets. The No.1 and No. 2 metro lines run along Zhongshan Lu and Renmin Zhong Lu with a subway station at their junction and underground connection to Center 66. The mall continues to drive solid and sustainable growth in luxury sales through its HOUSE 66 program. Occupancy rate was 99% as at December 31, 2022.

The mall of Center 66 was awarded the Certificate of Merit Award under the category of “Building Outside Hong Kong (Non-Residential)” in the Quality Building Award 2016 and obtained “Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level” from the U.S. Green Building Council in 2014. Center 66 received with the Silver Award in the category of “Best Mixed-Use Development” at the MIPIM Asia Awards 2014, 2014 Cityscape Awards for Emerging Markets in the category of “Retail Project Award – Built”, The International Architecture Award 2014 presented by The Chicago Athenaeum: Museum of Architecture and Design and The European Centre for Architecture Art Design and Urban Studies, and the Merit Award in The Hong Kong Institute of Architects Annual Awards 2013 in the Outside Hong Kong – “Commercial Building” category. In 2013, Center 66 was awarded with the “Commercial Building Design Excellence Award (Mall Category)” at the 15th China International Real Estate Architectural Technology Fair. In 2012, it was awarded the “Best Mixed-use Architecture in Asia Pacific” and the “Five-star Best Mixed-use Architecture in China” titles at the Asia Pacific Property Awards.

Center 66 Office Tower One was opened in October 2014. Office Tower One obtained the “Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level” from the U.S. Green Building Council in 2015.

Office Tower Two was opened in August 2019. Office Tower Two obtained “Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level” from the U.S. Green Building Council in 2019.

The two office towers, with a total gross floor area of 137,543 square meters, successfully lured tenants from different sectors such as insurance, technology and the new economy and occupancy rate was 85% as at December 31, 2022. The Guarantor’s first branded and self-operated multifunctional workspace, HANGOUT, continued to receive positive feedback from tenants since its launch in 2020. The enhanced offering of this agile workspace attracted small-to medium-sized tenants of excellent caliber and further improved the occupancy rate.

Riverside 66, Tianjin

Riverside 66, a six-level mall development with a basement, provides a total gross floor area of 152,831 square meters of world-class commercial facilities. This six-level mall is located on Heping Lu in Heping District, the city center of Tianjin, as well as in the economic belt of Haihe, neighboring the city's historic district. Heping Lu was endorsed by the China Commercial Walking Street Committee as one of the "10 Most Famous Commercial Streets in China" in 2005 and was also commended by the China City Development Institute and World Famous Street Alliance as a "World Famous Street" in 2009. The mall expanded its offerings in 2021 by introducing popular brands in a spectrum of products and services. Occupancy rate was 80% as at December 31, 2022.

Riverside 66 has been widely acclaimed for its innovative design, including The International Architecture Award 2015 presented by The Chicago Athenaeum: Museum of Architecture and Design and The European Centre for Architecture Art Design and Urban Studies, Gold Award in the category of "Best Innovative Green Building" and "Best Retail Development" at the MIPIM Asia Awards 2015, Merit Award in the "2010 AIA New York Chapter's Design Awards – Unbuilt Category" from the American Institute of Architects (AIA) New York Chapter. Other recognitions included the "2019 Excellence in Carbon Challenge", the "Certification under the Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level" issued by the U.S. Green Building Council in 2015 and the "MIPIM Architectural Review Future Project Awards 2007 – Retail and Leisure" award.

Olympia 66, Dalian

Olympia 66, a seven-level mall with a total gross floor area of 221,900 square meters, is located at Wusi Lu, one of Dalian's most prominent commercial avenues, and next to Olympic Square. Benefitting from its successful transformation into a luxury mall in 2021, Olympia 66 has reinforced its position as a premium shopping and leisure destination in the city. It now features a line-up of top-tier brands including Louis Vuitton, Dior, Fendi, Gucci, Bottega Veneta, Bvlgari and Rolex. In April 2021, a passenger subway connecting the mall to a metro station on Line 2 was opened, adding convenience and bringing another stream of foot traffic. Occupancy rate was 89% as at December 31, 2022.

Olympia 66 has been widely acclaimed for its innovative design, including Gold award in the 2018 ICSC China Shopping Centre & Retailer Awards in the category of "Design & Development Excellence", Silver award in the category of "Best Retail Development" at the MIPIM Asia Awards 2017, Gold Award in the 2017 ICSC Asia Pacific Shopping Center Awards in the category of "Design and Development Excellence" and "New Developments and Sustainability", 2013 Cityscape Awards for Emerging Markets in the category of "Retail Project Award – Future". In 2011, Olympia 66 was awarded the "Best Retail Architecture in Asia Pacific" and the "Five-star Best Retail Architecture in China" titles at the Asia Pacific Property Awards, "Best International Retail Architecture 2011" in the International Property Awards and Bronze Award in the category of "Best Chinese Futura Projects" at the MIPIM Asia Awards. In view of its environmental and sustainability features, Olympia 66 also obtained its "Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold level" from the U.S. Green Building Council in 2016.

Spring City 66 (Mall and Office Tower), Kunming

Spring City 66 is a commercial complex with a six-level mall and an office tower with a total gross floor area of 333,112 square meters. Designed to "Bring the Best to Kunming: Showcase the Best of Kunming to the World", it is the Guarantor's first project in the southwestern region

of mainland China and is located in the business and commercial heart of Kunming on Dongfeng Dong Lu, Panlong District. The mall is positioned as Kunming’s hub of prime luxury with a line-up of prestigious international brands, including Louis Vuitton, Cartier, Gucci, Dior and Bvlgari. This location becomes even more accessible as the project is connected to the metro interchange station. Occupancy rate for the mall and office tower was 95% and 88% as at December 31, 2022.

Spring City 66 received its “Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development — Gold Level” for its mall and office tower in 2020 from the U.S. Green Building Council. Spring City 66 is fully powered by renewable energy, making it the first development of the Guarantor to achieve net zero emissions from electricity.

Heartland 66 (Mall and Office Tower), Wuhan

Heartland 66 is a commercial complex with an office tower and a six-level mall with a total gross floor area of 328,612 square meters. The office tower was opened in November 2020 and the mall was opened in March 2021. Located in the Qiaokou District with good connectivity to the commercial and business heart of Wuhan, the mall is home to numerous first-in-town flagship and specialty stores such as Celine, Fendi, Loewe, Balenciaga and Chaumet.

Heartland 66 received its “Certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development — Gold Level” for its mall and office tower in 2021 from the U.S. Green Building Council. Heartland 66 also received an award at the 2015 Cityscape Awards for Emerging Markets in the category of “Mixed-Use Project Award — Future”. Occupancy rate for the mall and office tower was 86% and 73% as at December 31, 2022.

(D) Property Development in mainland China

The table below sets out certain information relating to gross floor area and estimated completion dates of the Guarantor’s properties under development:

	<u>Location</u>	<u>Total Planned Gross Floor Area</u> '000 sq.m.	<u>Estimated Date of Completion</u>	<u>Equity Interest of the Guarantor</u> %
Heartland 66 (remaining)	Wuhan	131	2023 onwards	100
Spring City 66 (remaining)	Kunming	98	2023 onwards	100
Center 66 (Phase 2)	Wuxi	107	2024 onwards	100
Westlake 66	Hangzhou	194 [^]	2024 onwards	100
Forum 66 (remaining)	Shenyang	<u>503</u>	2027 onwards	100
		<u><u>1,033</u></u>		

* Excluding GFA of carparks
[^] including gross floor area above ground only

Heartland 66 (remaining development), Wuhan

This project is located on Jinghan Avenue, Qiaokou District, the business and commercial heart of Wuhan with light rail and mass transit railway accessibility.

Following the grand opening of the office tower in November 2020 and the mall in March 2021, the remaining development comprises of Heartland Residences, the inaugural project of the Guarantor's premium serviced residences brand on the Mainland is situated in the immediate proximity of Heartland 66 and comprises of three towers offering a total of 492 units. The sales gallery and show flats were launched in April 2022. Pre-sale marketing activities commenced in July 2022, and the public launch will be subject to a market assessment. The project is expected to complete in phases from second half of 2023.

Heartland 66 received its "Pre-certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level" for its apartments in 2014 from the U.S. Green Building Council.

Forum 66 (remaining portion), Shenyang

Following the grand opening of the mall in September 2012, the office tower opened in January 2015 and Conrad Shenyang on the top 19 floors of the office tower opened in September 2019. The master layout of the remaining phases of Forum 66, consisting of a total gross floor area of 502,660 square meters, was approved in May 2022. The development is made up of offices, apartments and a retail area. Forum Residences is planned for pre-sale from 2025 onwards. The project is expected to complete in phases from 2027 onwards.

This prime landmark complex is located at Qingnian Da Jie, forming part of the national Shenyang Finance and Trade Development Zone. Qingnian Da Jie, known as the "Golden Corridor", runs along the center of Shenyang and offers easy access to Shenyang Taoxian International Airport and Beiling Park. No. 2 metro line, runs along the Golden Corridor with subway stations at the City Plaza and Qingnian Da Jie, offering direct access to Forum 66. Construction works commenced in September 2020.

Center 66 (Phase 2), Wuxi

Phase 1 development of Center 66 was completed with the mall completed in September 2013, the office tower one in October 2014 and the office tower two in August 2019.

Phase 2 of Center 66 comprises luxury apartments for sale, Center Residences and a boutique hotel, Curio Collection by Hilton with a gross floor area of 107,118 square meters. The Residences comprises of two high-rise residential towers with 573 units. There will be a seven-story new-build tower plus a three-floor heritage building with a total of 106 hotel rooms. It is located at the south of Renmin Zhong Lu where Phase 1 is located. It is expected to serve as an extended phase of Center 66. Center Residences is expected for pre-sale in 2023. The main construction works commenced in November 2020 and the project is expected to complete from 2024 onwards.

Spring City 66 (remaining development), Kunming

Following the grand opening of the mall and office tower in August 2019, the remaining development of Spring City 66 comprises the Grand Hyatt Kunming hotel and Grand Hyatt Residences Kunming. The Residences sits above the hotel and house 254 apartments, including three immaculate penthouses. Grand Hyatt Kunming features more than 330 guestrooms and suites. Site development kick-started following possession of the construction permit in May 2021. Subject to a market assessment, the pre-sale of the Residences is expected to be launched in the first half of 2023 with expected completion in phases from 2024 onwards, while the opening of the Grand Hyatt Kunming is planned for late 2023.

Spring City 66 received its “Pre-certification under Leadership in Energy and Environmental Design (LEED) for Core and Shell Development – Gold Level” for its serviced apartments in 2014 from the U.S. Green Building Council.

Westlake 66, Hangzhou

The site is located in the central business district of Hangzhou with well-established roads, other infrastructure and a large existing catchment area. The acquisition in 2018 marks a new milestone for the Guarantor’s growth in mainland China, as the development of the site will create a strong synergy with projects in Shanghai and Wuxi in the Yangtze River Delta region. The Guarantor will develop the premium site into a large-scale and high-end commercial mixed-use complex, comprising a retail podium with five Grade A office towers and a luxury hotel, Mandarin Oriental Hangzhou with a total gross floor area of 194,100 square meters above-ground. The construction started in September 2019 and completion is expected in phases from 2024. Mandarin Oriental Hangzhou is expected to open in 2025.

Tenant Mix and Lease Terms

Tenants

In Hong Kong and mainland China, the Guarantor’s corporate strategy is to constantly review and where necessary, upgrade tenant mixes and enhance existing developments so as to achieve a maximum return on investments. The Guarantor also emphasizes value-added services and incentives, which add to the appeal and marketability of the Guarantor’s properties.

The Guarantor continues to organize various promotional events from time to time to improve customer traffic at the Guarantor’s shopping malls/arcades. The tenant mix at the various retail outlets of the Guarantor remains under constant review, along with policies on the collection of rental and outstanding debts. Cases are reviewed weekly by management and penalties are imposed for late payment where appropriate.

Rent

For the year ended December 31, 2022, approximately 73%, approximately 24% and approximately 3% respectively of the Guarantor’s total property leasing revenue was from investment properties for mall/retail use, for office use, and for residential/serviced apartment/hotel use.

Leases

Office and commercial leases are typically entered into for three to five year terms with some having the options to renew. Longer term leases usually contain rent review clauses or rent adjustment provisions. As a result, the Guarantor usually has, on average, one-third of its tenancy agreements up for renewal each year which reduces the Guarantor’s exposure to market fluctuations.

Principal Subsidiaries

Set out below are details of the Guarantor's principal subsidiaries as at December 31, 2022:

Company	Issued Share Capital (HK\$)	% Held by the Guarantor's Group	% Held by the Guarantor	Activity	Place of Incorporation and Operations
Antonis Limited*	10,000	100	100	Property leasing	Hong Kong
AP City Limited	2	100	—	Property leasing	Hong Kong
AP Joy Limited	2	100	—	Property leasing	Hong Kong
AP Properties Limited				Property leasing	Hong Kong
“A” shares	34	100	—		
“B” shares	6	100	—		
AP Star Limited*	2	100	—	Investment holding	Hong Kong
AP Success Limited	2	100	—	Property leasing	Hong Kong
AP Universal Limited*	2	100	—	Property leasing	Hong Kong
AP Win Limited*	1,000,000	100	—	Property leasing	Hong Kong
AP World Limited	2	100	100	Property leasing	Hong Kong
Bonna Estates Company Limited	1,000,000	100	100	Property leasing	Hong Kong
Caddo Enterprises, Limited*	4,000,000	100	—	Property leasing	Hong Kong
Country Bond Development Limited				Investment holding	Hong Kong
“A” shares	990	79.8	—		
“B” share	1	100	—		
Dokay Limited*	2	100	—	Property leasing	Hong Kong
Easegood Enterprises Limited*	2	100	—	Investment holding	Hong Kong
Fu Yik Company Limited*	3	100	—	Property leasing	Hong Kong
Gala Ruby Limited*	2	100	100	Investment holding	Hong Kong
Grand Centre Limited	4	100	—	Property leasing	Hong Kong
Grand Hotel Group Limited	10,200	100	—	Apartment operating & management	Hong Kong
Grand Hotel Holdings Limited*				Investment holding	Hong Kong
“A” shares	1,004,834,694	100	—		
“B” shares	6,000,000	100	—		
Hang Chui Company Limited	2	100	—	Property leasing	Hong Kong
Hang Far Company Limited*	2	100	—	Investment holding	Hong Kong
Hang Fine Company Limited	200	100	—	Property leasing	Hong Kong
Hang Kwok Company Limited*	10,000	100	—	Property leasing	Hong Kong
Hang Lung (Administration) Limited	10,000	100	100	Management services	Hong Kong
Hang Lung (Dalian) Limited*	1	100	—	Investment holding	Hong Kong
Hang Lung (Jiangsu) Limited*	1	100	—	Investment holding	Hong Kong
Hang Lung (Jinan) Limited*	1	100	—	Investment holding	Hong Kong
Hang Lung (Kunming) Limited*	1	100	—	Investment holding	Hong Kong
Hang Lung (Liaoning) Limited*	1	100	—	Investment holding	Hong Kong
Hang Lung (Shenyang) Limited*	2	100	—	Investment holding	Hong Kong
Hang Lung (Tianjin) Limited*	2	100	—	Investment holding	Hong Kong
Hang Lung (Wuhan) Limited*	1	100	—	Investment holding	Hong Kong
Hang Lung (Wuxi) Limited*	1	100	—	Investment holding	Hong Kong
Hang Lung Gala Place Limited	2	100	—	Property leasing	Hong Kong
Hang Lung Project Management Limited*	10,000	100	100	Project management	Hong Kong
Hang Lung Property Management Limited*	100,000	100	—	Property management	Hong Kong
Hang Lung Real Estate Agency Limited*	2	100	100	Property agencies	Hong Kong
Hang Top Limited*	3	66.7	—	Investment holding	Hong Kong
Hang Wise Company Limited*	200	66.7	—	Property development	Hong Kong
HLP (China) Administrative Limited	1	100	—	Management services	Hong Kong
HLP (China) Limited*	2	100	100	Investment holding	Hong Kong
HLP Finance Limited^	US\$1	100	100	Financial services	British Virgin Islands
HLP Financial Services Limited	RMB1	100	—	Financial services	Hong Kong
HLP Treasury Limited	2	100	100	Financial services	Hong Kong
HLP Treasury Services Limited*	2	100	—	Financial services	Hong Kong
Hoi Sang Limited*	2	100	—	Investment holding	Hong Kong

<u>Company</u>	<u>Issued Share Capital</u> (HK\$)	<u>% Held by the Guarantor's Group</u>	<u>% Held by the Guarantor</u>	<u>Activity</u>	<u>Place of Incorporation and Operations</u>
Lockoo Limited*	1,000,002	100	—	Property development	Hong Kong
Mansita Limited*	2	100	—	Property leasing	Hong Kong
Modalton Limited	2	100	—	Property leasing	Hong Kong
Palex Limited*	2	100	—	Property leasing	Hong Kong
Passion Success Limited*	1	100	—	Investment holding	Hong Kong
Pocaliton Limited	2	100	—	Property leasing	Hong Kong
Rago Star Limited	2	100	—	Property leasing	Hong Kong
Stocket Limited	2	100	100	Property leasing	Hong Kong
Superlane Development Limited	1,000	66.7	—	Property development	Hong Kong
Tegraton Limited	2	100	—	Property leasing	Hong Kong
Total Select Limited	1	100	—	Property development	Hong Kong
Wai Luen Investment Company, Limited*	100,000	100	—	Property leasing	Hong Kong
Yangli Limited*	2	100	—	Property leasing	Hong Kong

<u>Wholly Foreign Owned Enterprises in Mainland China</u>	<u>Registered Capital</u>	<u>% Held by the Guarantor's Group</u>	<u>% Held by the Guarantor</u>	<u>Activity</u>	<u>Place of Incorporation and Operations</u>
Dalian Hang Lung Properties Ltd. . .	RMB5,586,877,355	100	—	Property development & leasing	Mainland China
Hangzhou Hang Lung Properties Ltd.	RMB11,767,500,000	100	—	Property development	Mainland China
Hubei Hang Lung Property Development Co., Ltd.	RMB7,900,000,000	100	—	Property development & leasing	Mainland China
Kunming Hang Ying Properties Ltd. .	RMB8,055,634,575	100	—	Property development & leasing	Mainland China
Liaoning Hang Lung Properties Ltd. .	RMB8,040,096,324	100	—	Property development & leasing	Mainland China
Shandong Hang Lung Properties Ltd.	US\$385,000,000	100	—	Property development & leasing	Mainland China
Shenyang Hang Lung Properties Ltd.	US\$349,990,000	100	—	Property development & leasing	Mainland China
Tianjin Hang Lung Properties Ltd. . .	HK\$5,329,600,000	100	—	Property development & leasing	Mainland China
Wuxi Hang Lung Properties Ltd. . . .	RMB4,691,746,261	100	—	Property development & leasing	Mainland China
Wuxi Hang Ying Properties Ltd. . . .	RMB960,716,180	100	—	Property development	Mainland China

<u>Equity Joint Ventures in Mainland China</u>	<u>Registered Capital</u> (US\$)	<u>% Held by the Guarantor's Group</u>	<u>% Held by the Guarantor</u>	<u>Activity</u>	<u>Place of Incorporation and Operations</u>
Shanghai Hang Bond Property Development Co., Ltd.	167,004,736	82	—	Property development & leasing	Mainland China
Shanghai Kong Hui Property Development Co., Ltd.	165,000,000	69.3 [#]	—	Property development & leasing	Mainland China

[^] Operated in Hong Kong

* Not audited by KPMG

[#] Represents the Group's attributable interest in the commercial portion of the properties held either directly or indirectly by the subsidiary

Maintenance and Insurance

The Guarantor carries out regular maintenance, renovation and upgrading of facilities to uphold the safety and quality of its properties. Insurance cover is in place to protect the properties, operations, directors and employees against accidental losses and other perils.

Property-related insurance includes (a) construction all risks and third party liability; (b) property all risks; (c) public liability; (d) business interruption; and (e) machinery breakdown. Other insurance includes (but is not limited to) directors and officers liabilities, employees' compensation and medical, computer all risks, private cars, fidelity guarantee, money all risks and pleasure craft. For contractors working in the Guarantor's properties or the third parties organizing events on site, there are also arranged public liabilities insurance.

Environmental, Health and Safety Matters

In addition to the focus on customer wellbeing, the Guarantor aims to sustain a healthy, inclusive and safe environment for its employees, customers and communities. The Guarantor has achieved the WELL Health-Safety Rating (WELL HSR) from the International WELL Building Institute (IWBI) for 19 properties located in Hong Kong and eight cities in mainland China.

As a major property developer in Hong Kong and mainland China, the Guarantor makes efforts to minimize the impact its operations have on the environment by building and managing its properties in accordance with the best practices for sustainable development. Below are some of the Guarantor's relevant commitments:

- The Guarantor signed the Business Environment Council (BEC) Low Carbon Charter to commit to setting carbon reduction targets, implement corresponding actions and disclose our progress annually.
- A Council Member of the BEC, the Guarantor is committed to striving to lead by example in broader environmental issues.
- A gold patron member of the Hong Kong Green Building Council, a non-profit organization that strives to promote the creation of green building standards, and sustainable buildings, for a more sustainable Hong Kong.
- One of Hong Kong's Carbon Reduction Charter and Carbon Audit•Green Partner under the Hong Kong Government Environmental Protection Department, the Guarantor has pledged to implement measures to reduce greenhouse gas emissions.
- The Guarantor is also involved in other environmental initiatives to support its belief in the need to participate in community-wide campaign to tackle issues such as climate change and waste reduction and is a signatory to the Food Wise Charter, Energy Saving Charter and 4Ts Charter and Charter on External Lighting.

Each of the Guarantor's property developments will typically undergo environmental assessments and the related environmental impact assessment documents will be submitted to the relevant government authorities for approval prior to the commencement of property development. On completion of each property development, the relevant government authorities inspect the site to ensure that applicable environmental standards have been complied with. The Guarantor's operations are believed to be in compliance with currently applicable Hong Kong and mainland China environmental and safety regulations in all material aspects.

Directors' Interests

As at December 31, 2022, the interests or short positions of the Directors of the Guarantor in the shares, underlying shares and debentures of the Guarantor and its associated corporations (within the meaning of the SFO) which were recorded in the register required to be kept by the Guarantor under Section 352 of the SFO were as follows:

Name	Capacity	The Guarantor (Long Position)			HLG (Long Position)	
		Number of Shares	% of Number of Issued Shares	Number of Shares under Option	Number of Shares	% of Number of Issued Shares
Ronnie C. Chan	Personal & Other	17,155,000	0.38	18,800,000	40,369,500 ^(Note 1)	2.96
Adriel Chan	Personal & Other	2,733,898,340 ^(Note 2)	60.76	10,400,000	551,002,580 ^(Notes 1 & 2)	40.47
Weber W.P. Lo	Personal	790,000	0.02	18,750,000	290,000	0.02
Nelson W.L. Yuen	Personal	8,000,000	0.18	—	—	—
Philip N.L. Chen	Personal	—	—	9,500,000	—	—
Kenneth K.K. Chiu	Personal	—	—	4,100,000	—	—

Notes:

- Other interests included 28,579,500 shares of HLG held by a trust of which Mr. Ronnie C. Chan was a discretionary beneficiary, and Mr. Adriel Chan was a settlor and discretionary beneficiary. Accordingly, Mr. Ronnie C. Chan and Mr. Adriel Chan were deemed to be interested in such shares under the SFO.
- Other interests included 2,733,898,340 shares of the Guarantor and 522,423,080 shares of HLG held/deemed to be held by another trust of which Mr. Adriel Chan was a discretionary beneficiary. Accordingly, Mr. Adriel Chan was deemed to be interested in such shares under the SFO.

Save as disclosed above, as at December 31, 2022, none of the Directors of the Guarantor had any interests or short positions in the shares, underlying shares or debentures of the Guarantor or any associated corporations.

Substantial Shareholdings

As at December 31, 2022, details of substantial shareholders' and other persons' (who are required to disclose their interests pursuant to Part XV of the SFO) interests and short positions in the shares and underlying shares of the Guarantor as recorded in the register required to be kept under Section 336 of the SFO were as follows:

<u>Name</u>	<u>Note</u>	<u>Number of Shares or Underlying Shares Held (Long Position)</u>	<u>% of Number of Issued Shares (Long Position)</u>
Chan Tan Ching Fen	1	2,733,898,340	60.76
Cole Enterprises Holdings (PTC) Limited	1	2,733,898,340	60.76
Merssion Limited	1	2,733,898,340	60.76
Adriel Chan	1	2,733,898,340	60.76
HLG	2	2,705,565,240	60.13
Prosperland Housing Limited	3	1,267,523,511	28.17
Purotat Limited	3	354,227,500	7.87

Notes:

1. These shares were the same parcel of shares held by controlled corporations of Merssion Limited which was held under a trust. As Ms. Chan Tan Ching Fen was the founder, Cole Enterprises Holdings (PTC) Limited was the trustee and Mr. Adriel Chan was a discretionary beneficiary of the trust, they were deemed to be interested in such shares under the SFO.

The controlled corporations included HLG, in which Merssion Limited had 38.37% interests. Accordingly, the 2,705,565,240 shares held by HLG through its subsidiaries were included in the 2,733,898,340 shares.

2. These shares were held by the wholly-owned subsidiaries of HLG.
3. These companies were wholly-owned subsidiaries of HLG. Their interests were included in the 2,705,565,240 shares held by HLG.

Save as disclosed above, as at December 31, 2022, no other interests or short positions in the shares or underlying shares of the Guarantor required to be recorded in the register kept under Section 336 of the SFO has been notified to the Guarantor.

Corporate Governance

HLG, which is the parent of the Guarantor, and the Guarantor are committed to maintaining the highest standards of corporate governance to protect the interests of their stakeholders. The Guarantor believes that strong corporate governance provides a solid foundation for sustainable growth and long-term success. The We Do It Well business philosophy extends from the Board to all of the Guarantor's employees of different positions and at all levels all of who strive to uphold the highest standard of integrity and honesty in every aspect of the business of the Guarantor.

The Guarantor has adopted, and fully complied with, and in many cases exceeded, the code provisions and recommended best practices of the Corporate Governance Code as stated in Appendix 14 of the HKSE Rules.

The Board of Directors of the Guarantor currently comprises nine members, with a balanced composition of four Executive Directors and five Independent Non-Executive Directors, so that there is a strong independent element on the Board which can provide invaluable perspectives and facilitates impartial decision-making. The number of Independent Non-Executive Directors exceeds the minimum number set by the HKSE Rules. Board members of the Guarantor possess diverse academic and professional qualifications or related financial management expertise and bring a wide range of business and financial experience to the Board.

The following individuals have been appointed to serve as existing directors and officer of the Guarantor:

Name	Position
Mr. Ronnie Chichung Chan	Chair (Executive Director)
Mr. Adriel Chan	Vice Chair (Executive Director)
Mr. Weber Wai Pak Lo	Chief Executive Officer (Executive Director)
Mr. Nelson Wai Leung Yuen	Independent Non-Executive Director
Mr. Dominic Chiu Fai Ho	Independent Non-Executive Director
Mr. Philip Nan Lok Chen	Independent Non-Executive Director
Dr. Andrew Ka Ching Chan	Independent Non-Executive Director
Ms. Anita Yuen Mei Fung	Independent Non-Executive Director
Mr. Kenneth Ka Kui Chiu	Chief Financial Officer (Executive Director)
Ms. Winnie Ma	Company Secretary

Mr. Ronnie Chichung Chan *GBM Chair (Executive Director)*

Aged 73, Mr. Chan joined the Hang Lung group in 1972, was appointed to the Board of the Guarantor in 1986, and became the Chair in 1991. He also serves as the Chair of HLG. Mr. Chan is a Director of The Real Estate Developers Association of Hong Kong, the Chair Emeritus of Asia Society and the Chairman of its Hong Kong Center, the Chairman of the Executive Committee of The Better Hong Kong Foundation and the former Chairman of the Executive Committee of One Country Two Systems Research Institute. He is also the former Vice President and the former Advisor of China Development Research Foundation in Beijing. Mr. Chan sits on the governing or advisory bodies of several think-tanks and universities, including The Hong Kong University of Science and Technology, and Peterson Institute for International Economics. He is a Life Trustee of University of Southern California, where he received his MBA. Mr. Chan is a Fellow of American Academy of Arts and Sciences. He is the father of Mr. Adriel Chan, the Vice Chair of the Guarantor.

Mr. Adriel Wenbwo Chan *Vice Chair (Executive Director)*

Aged 40, Mr. Chan joined Hang Lung in 2010. He was appointed to the Board of the Guarantor and of its listed holding company, HLG, in 2016, and became the Vice Chair in September 2020. He is now mainly responsible for Development and Design, Project Management (including asset assurance & improvement) and Cost & Controls. Mr. Chan is also the Chair of the Sustainability Steering Committee and a Member of Enterprise Risk Management Working Group, among his other responsibilities within Hang Lung.

Mr. Chan is the Vice-President and a Member of the Executive Committee of The Real Estate Developers Association of Hong Kong, a Member of the Advisory Council of The Hong Kong University of Science and Technology (the “HKUST”) Business School, and Overseers Committee of Morningside College of The Chinese University of Hong Kong. He is also a Director of China Institute for Knowledge, a member organization of Our Hong Kong Foundation. Mr. Chan holds an Executive Master of Business Administration degree jointly awarded by the Kellogg School of Management at Northwestern University, the U.S. and the HKUST, and a Bachelor of Arts degree in International Relations from University of Southern California, the U.S. Prior to joining Hang Lung, he worked in finance, audit, advisory, and risk management fields. Mr. Chan is a son of Mr. Ronnie Chan, the Chair of Hang Lung.

Mr. Weber Wai Pak Lo *Chief Executive Officer (Executive Director)*

Aged 52, Mr. Lo joined the Board of the Guarantor and its listed holding company, HLG, as the Chief Executive Officer Designate in May 2018, and became the Chief Executive Officer in July 2018. He has more than 25 years of experience in business management across the banking and fast-moving consumer goods sectors in Hong Kong and mainland China. Mr. Lo is a Member of the Board of Inland Revenue of the Government of the HKSAR, the Advisory Committee of The Jockey Club CPS Limited (Tai Kwun) and a Voting Member of The Hong Kong Jockey Club. He was a Director of The Real Estate Developers Association of Hong Kong and a Member of the Court of The University of Hong Kong. Mr. Lo graduated from The University of Hong Kong in 1993 with a Bachelor of Social Sciences degree.

Mr. Nelson Wai Leung Yuen *Independent Non-Executive Director*

Aged 72, Mr. Yuen joined Hang Lung in 1978, became an Executive Director of the Guarantor in 1986, and was appointed as the Managing Director of the Guarantor and its holding company, HLG, in 1992 until he retired in July 2010. He became a Non-Executive Director of the Guarantor in March 2011 and was re-designated as an Independent Non-Executive Director in November 2014. Mr. Yuen is a graduate of The University of Manchester, the U.K. and a Fellow of The Institute of Chartered Accountants in England and Wales.

Mr. Dominic Chiu Fai Ho *Independent Non-Executive Director*

Aged 72, Mr. Ho joined the Board of the Guarantor as an Independent Non-Executive Director in April 2008. He retired as the Co-Chairman of KPMG, China and HKSAR in March 2007. Mr. Ho obtained his degrees at the University of Houston in the U.S. and is a Member of the American Institute of Accountants and a Member of the Hong Kong Institute of Certified Public Accountants. He was a past Member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption and of the Insurance Advisory Committee, both in Hong Kong. Mr. Ho is an Independent Non-Executive Director of Singapore Airlines Limited and DBS Bank (Hong Kong) Limited, and the Non-Executive Chairman of DBS Bank (China) Limited.

Mr. Philip Nan Lok Chen *Independent Non-Executive Director*

Aged 67, Mr. Chen joined the Board of the Guarantor and its listed holding company, HLG, as the Chief Executive Officer in 2010 until he retired in July 2018. Upon his retirement, he was re-designated as a Non-Executive Director of the Guarantor, and was appointed as an Adviser to Chair until July 2019. Mr. Chen was subsequently re-designated as an Independent Non-Executive Director of the Guarantor in January 2023. He has more than 40 years of management experience, mostly in the aviation industry, acquiring a wealth of experience in Hong Kong, mainland China and beyond. Mr. Chen is a Member of the Board of Airport Authority Hong Kong and the former Chairman of The Hong Kong Jockey Club. He graduated from the University of Hong Kong in 1977 with a Bachelor of Arts degree and holds a Master's degree in Business Administration from the same university.

Dr. Andrew Ka Ching Chan *BBS, JP Independent Non-Executive Director*

Aged 73, Dr. Chan joined the Board of the Guarantor as a Non-Executive Director in October 2014 and was re-designated as an Independent Non-Executive Director in December 2015. He is a Senior Consultant of the global Arup Group, one of the world's foremost multi-disciplinary engineering consultants. Dr. Chan was the Chairman and a Member of the Trustee Board of Arup Group until April 2022 and was the Deputy Chairman of Arup Group prior to his retirement in October 2014. He is an expert in civil and geotechnical engineering with over 40 years of

experience in the engineering profession, and is distinguished for his leadership in the creation, design and delivery of many innovative and award-winning building projects as well as major infrastructure schemes in many cities in Asia. Dr. Chan is the past President and Gold Medallist of The Hong Kong Institution of Engineers, the Founding Chairman of the Hong Kong Green Building Council, Honorary Fellow of the Hong Kong University of Science and Technology, Fellow and the past President of the Hong Kong Academy of Engineering Sciences, and Fellow of the Royal Academy of Engineering, the U.K.'s national academy. He obtained his PhD degree from the University of Cambridge in Soil Mechanics. Dr. Chan was appointed Justice of the Peace in 2006 and awarded the Bronze Bauhinia Star in 2012.

Ms. Anita Yuen Mei Fung *BBS, JP Independent Non-Executive Director*

Aged 62, Ms. Fung joined the Board of the Guarantor as an Independent Non-Executive Director in May 2015. She is the former Group General Manager of HSBC Holdings plc and the former Chief Executive Officer Hong Kong of The Hongkong and Shanghai Banking Corporation Limited. Ms. Fung held a number of positions with key financial bodies in Hong Kong and has been actively promoting the development of the financial markets of Hong Kong as well as other regions. She is a former Member of the Financial Infrastructure Sub-Committee of the Exchange Fund Advisory Committee of Hong Kong Monetary Authority. Ms. Fung also serves on a number of public bodies and advisory bodies including being a Member of the Board of M Plus Museum Limited, a Member of the Judicial Officers Recommendation Commission and a Member of the Hospital Authority. She previously served as an Independent Non-Executive Member of the Board of the Airport Authority Hong Kong, a Non-Official Member of the Hong Kong Housing Authority and a Member of the Board of West Kowloon Cultural District Authority. She is also a Trustee of Asia Society Hong Kong Center, an Honorary Professor of the School of Economics and Finance of The University of Hong Kong, and a Court Member of The Hong Kong University of Science and Technology and its former Council Member. Ms. Fung is an Independent Non-Executive Director of BOC Hong Kong (Holdings) Limited, a former Director of The Hong Kong Mortgage Corporation Limited, a former Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited, China Construction Bank Corporation and Westpac Banking Corporation, and a former Non-Executive Director of Bank of Communications Co., Ltd. and Hang Seng Bank, Limited. She was elected as Steward of The Hong Kong Jockey Club in 2022. She obtained her Bachelor's degree in Social Science from The University of Hong Kong and Master's degree in Applied Finance from Macquarie University, Australia. Ms. Fung was awarded the Bronze Bauhinia Star in 2013 and appointed Justice of the Peace in 2015.

Mr. Kenneth Ka Kui Chiu *Chief Financial Officer (Executive Director)*

Aged 47, Mr. Chiu joined the Boards of the Guarantor and its listed holding company, HLG, as an Executive Director and the Chief Financial Officer Designate in October 2021, and became the Chief Financial Officer in March 2022. He has over 25 years of experience in investment management, corporate finance, and accounting in the Asia Pacific region. Mr. Chiu previously served as the Chief Financial Officer of Gaw Capital Partners, where he headed the finance function from 2013 to 2021. Prior to joining Gaw Capital Partners, Mr. Chiu worked at Temasek Holdings as a Director in its Investment Group. He served Temasek Holdings from 2007 to 2013 and oversaw its real estate related investments in the Greater China region. Mr. Chiu also worked at Deutsche Bank AG in mergers & acquisitions advisory, and at PricewaterhouseCoopers and Arthur Andersen in audit and assurance. He is a qualified Certified Public Accountant in Hong Kong, and a Chartered Accountant in England and Wales. Mr. Chiu holds a Bachelor of Business Administration in Accounting from The Hong Kong University of Science and Technology and a Master of Science in Finance from the London Business School.

Ms. Winnie Ma *Company Secretary*

Ms. Ma joined the Hang Lung group as General Counsel and Company Secretary in 2021. She possesses over 23 years of legal advisory experience and holds a Postgraduate Certificate in Laws as well as a Bachelor of Laws degree from The University of Hong Kong.

Employees

As at December 31, 2022, the Guarantor had a total of 4,148 employees, of which 1,036 were from Hong Kong and 3,112 from mainland China. The total employee cost for the year ended December 31, 2022 amounted to HK\$1,855 million.

The Guarantor has a well-established merit-based remuneration system with an annual review system to assess the performance of its employees in both Hong Kong and mainland China. The Guarantor contributes to social insurance contribution plans organized by local governments in mainland China. The salaries and benefits that the Guarantor's employees receive are competitive in comparison with market rates.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasized that none of the Issuer, the Guarantor nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

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 (“**BVI**”) 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 the Issuer by persons who are not otherwise liable to BVI income tax will not be subject to BVI income tax. The BVI currently has no capital gains tax, estate duty, inheritance tax or gift tax.

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 subject to profits tax 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 company, other than a financial institution, 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 company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap.112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Notes may be subject to profits tax.

Sums derived from the sale, disposal or redemption of the Notes may 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. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 (Cap. 112) of Hong Kong (the “**Amendment Ordinance**”) came into effect on January 1, 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Notes and gains from the sale, disposal or redemption of Notes accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong are regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when they are received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

Stamp Duty

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

- (i) such 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 Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap.117) of Hong Kong).

If stamp duty is payable it is payable by the Issuer on the issue of Bearer Notes at a rate of 3% of the market value of the 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) the 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) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap.117) of Hong Kong).

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 each of the seller and the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If

stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

The proposed financial transactions tax (“FTT”)

On February 14, 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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.

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

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012.

Since July 2013, the procedures for cross-border Renminbi trade settlement under current account items have been simplified and trades through e-commerce can also be settled in Renminbi under the current regulatory regime. A cash pooling arrangement for qualified multinational enterprise group companies was introduced in late 2014, 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. In addition, the eligibility requirements for multinational enterprise groups have been lowered and the cap for net cash inflow has been increased in September 2015.

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.

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.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms, foreign enterprises are now permitted use Renminbi to settle all capital account items that can be settled in foreign currencies. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements specifically for capital account payments in Renminbi are being removed gradually.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “foreign debt”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “outbound loans”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make Renminbi payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as “cross-border security”). Under current rules promulgated by the State Administration of Foreign Exchange of the PRC (“SAFE”) and PBoC, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. After piloting in the free trade zones, PBoC and SAFE launched a nation-wide system of macro-prudential management on cross-border financing in 2016, which provides for a unified regime for financings denominated in both foreign currencies and Renminbi.

Since September 2015, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor (“RQFII”) regime and the China Interbank Bond Market (“CIBM”), have been further liberalized for foreign investors. PBoC has relaxed the quota control for RQFII, initiated a bond market mutual access scheme between mainland and Hong Kong to allow eligible investors to invest in CIBM and has also expanded the list of foreign investors eligible to directly invest in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Interbank foreign exchange market is also opening-up. In 2018, CFETS further relaxed qualifications, application materials and the procedures for foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorized as capital account items. There is no assurance that the PRC Government will continue to gradually liberalize the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. 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 remittance of Renminbi for payment of transactions categorized as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

SUBSCRIPTION AND SALE

Summary of Programme Agreement

The Dealers have, in an amended and restated programme agreement (the “**Programme Agreement**”) dated May 8, 2023, agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*” in this Offering Circular. The Issuer (failing which, the Guarantor) will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer (failing which, the Guarantor) has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment, and any update, of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis may be stated in the relevant Pricing Supplement. The Issuer (failing which, the Guarantor) has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme 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 order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilize, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-Dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilizing or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilizing activities may only be carried on by the Stabilization Manager(s) named in the applicable Pricing Supplement (or persons acting on behalf of any Stabilization Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions,

investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

If a jurisdiction requires that an offering of Notes 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, such offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer or the Guarantor in such jurisdiction.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Each Dealer has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The 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 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.

Prohibition of Sales to EEA Retail Investors

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, 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 European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**EU MiFID II**”); or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

If the Pricing Supplement in respect of any Notes does not include a legend entitled “Prohibition of Sales to EEA Retail Investors”, in relation to each Member State of the European Economic Area (each, a “**Member State**”), each Dealer has represented, warranted and agreed that, it has not made and will not make an offer of such Notes which are the

subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State, except that it may make an offer of Notes to the public in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**EU Prospectus Regulation**” means Regulation (EU) 2017/1129.

The Netherlands

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in The Netherlands Savings Certificates Act (*Wet inzake spaarbewijzen*, the “**SCA**”)) may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business and (iii) the issue and trading of such Notes if they are physically issued outside The Netherlands and are not immediately thereafter distributed in The Netherlands.

As used herein “**Zero Coupon Notes**” are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

United Kingdom

Prohibition of Sales to UK Retail Investors

If the Pricing Supplement in respect of any Notes includes a legend entitled “*Prohibition of Sales to UK Retail Investors*”, 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 United Kingdom. For the purposes of this provision, 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 European Union (Withdrawal) Act 2018 (the “**EUWA**”); or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

If the Pricing Supplement in respect of any Notes does not include a legend entitled “*Prohibition of Sales to UK Retail Investors*”, 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 United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

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

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the

purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”) and, accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, “**resident of Japan**” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that, 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 (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.

British Virgin Islands

Each Dealer has represented, warranted and agreed that it has not made and will not make any invitation to the public in the British Virgin Islands to offer or sell the Notes.

People’s Republic of China

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes may not be offered or sold directly or indirectly in the PRC (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Region or Taiwan). Neither this Offering Circular nor any material or information contained or incorporated by reference herein relating to the Notes, which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission (“CSRC”) or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations, may be supplied to

the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. The material or information contained or incorporated by reference in this Offering Circular relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Notes may only be offered or sold to PRC investors that are authorized to engage in the purchase of the Notes of the type being offered or sold. PRC investors are responsible for obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange, CSRC, the China Banking and Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer, the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different

prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed *other than* on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code); and
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Managers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer and the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance

with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMLs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Dealers that it is not a Sanctions Restricted Person. A “Sanctions Restricted Person” means an individual or entity (a “Person”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: https://eeas.europa.eu/headquarters/headquartershomepage_en/8442/Consolidated%20list%20of%20sanctions); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “SSI List”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “EU Annexes”), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (known as the Non-SDN Chinese Military-Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled “Addressing the threat from Securities Investments that Finance Chinese Military Companies”; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk’s People’s Republic or Luhansk People’s Republic. “Sanctions Authority” means: (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty’s Treasury.

General

None of the Issuer, the Guarantor and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, 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 the Issuer, the Guarantor nor any other Dealer shall have responsibility therefor.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business.

GENERAL INFORMATION

1. Listing

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme, under which Notes may be issued on the Hong Kong Stock Exchange by way of debt issue to Professional Investor only. Separate application will be made for the listing of the Notes on the Hong Kong Stock Exchange. 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. Notes issued under the Programme to Professional Investors to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK\$500,000 (or equivalent in other currencies).

2. Authorization

The update of the Programme was authorized by a resolution of the board of directors of the Issuer passed on April 28, 2023 and by a resolution of the board of directors of the Guarantor passed on April 28, 2023. The Issuer and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes and the giving of the Guarantee relating to them.

3. Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer or the Guarantor and its Material Subsidiaries.

4. Significant/Material Change

Since December 31, 2022, save as disclosed herein, there has been no material adverse change in the financial position or prospects nor any significant change in the financial or trading position of the Issuer, the Guarantor and its Material Subsidiaries.

5. Financial Statements

KPMG, at 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong, Certified Public Accountants and independent auditors of the Guarantor, have audited, and rendered unqualified audit report on, the consolidated financial statements of the Guarantor for the year ended December 31, 2022.

As at the date of this Offering Circular, the Issuer has not published and does not propose to publish any financial statements.

6. Documents on Display

Copies of the following documents may be inspected during normal business hours at the specified offices of the Fiscal Agent at Level 24, HSBC Main Building, 1 Queen's Road, Central, Hong Kong and of the Guarantor at 28/F, Standard Chartered Bank Building, 4 Des Voeux Road Central, Hong Kong for as long as the Notes are issued pursuant to this Offering Circular:

- (i) the Memorandum and Articles of Association of the Issuer and the Articles of Association of the Guarantor;
- (ii) the audited consolidated financial statements of the Guarantor for the year ended December 31, 2022;
- (iii) copies of the latest annual report and audited annual financial statements, and any interim financial statements (whether audited or unaudited) published subsequently to such audited annual financial statements, of the Guarantor;
- (iv) each Pricing Supplement (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity);
- (v) a copy of this Offering Circular together with any Supplement to this Offering Circular;
- (vi) the Agency Agreement;
- (vii) the Deed of Guarantee;
- (viii) the Deed of Covenant;
- (ix) the Programme Agreement; and
- (x) the Programme Manual (which contains the forms of the Notes in global and definitive form).

7. Clearing of the Notes

The Notes may be accepted for clearance through Euroclear, Clearstream and CMU. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

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Note:

The consolidated financial statements have not been specifically prepared for inclusion in this Offering Circular.



Independent auditor's report to the members of Hang Lung Properties Limited

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Hang Lung Properties Limited ("the Company") and its subsidiaries ("the Group") set out on pages 145 to 205, which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022 and of its consolidated financial performance and its consolidated 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 ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group 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 matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties and investment properties under development

(Refer to note 10 (property, plant and equipment) and note 1(e) (accounting policy))

The Key Audit Matter	How the matter was addressed in our audit
<p>The aggregate fair values of the Group's investment properties and investment properties under development as at December 31, 2022 amounted to HK\$190,564 million, representing 90% of the Group's total assets as at that date.</p> <p>The decrease in fair values of the Group's investment properties and investment properties under development recorded in the consolidated statement of profit or loss for the year ended December 31, 2022 amounted to HK\$345 million.</p> <p>The Group's investment properties, which are located in Hong Kong and Mainland China, mainly comprise shopping malls, office premises, industrial premises, residential premises and car parking bays.</p> <p>The fair values of the Group's investment properties and investment properties under development were assessed by management based on independent valuations prepared by an external property valuer.</p> <p>We identified valuation of the Group's investment properties and investment properties under development as a key audit matter because of the significance of investment properties and investment properties under development to the Group's consolidated financial statements and because the determination of the fair values involves significant judgement and estimation, including selecting the appropriate valuation methodology, capitalization rates and market rents and, for investment properties under development, an estimation of costs to complete each property development project.</p>	<p>Our audit procedures to assess the valuation of investment properties and investment properties under development included the following:</p> <ul style="list-style-type: none"> • assessing the competence, capability, experience of the locations and types of properties subject to valuation and objectivity of the external property valuer; • evaluating the valuation methodology used by the external property valuer based on our knowledge of other property valuers for similar types of properties; • on a sample basis, comparing the tenancy information included in the valuation models, which included committed rents and occupancy rates, with underlying contracts and related documentation; • discussing the valuations with the external property valuer in a separate private session and challenging key estimates adopted in the valuations, including those relating to market selling prices, market rents and capitalization rates, by comparing them with historical rates and available market data, taking into consideration comparability and other local market factors, with the assistance of our internal property valuation specialists; and • for investment properties under development, comparing the estimated construction costs to complete each property development project with the Group's updated budgets (see further details set out in the key audit matter below).

Assessing the development costs of investment properties under development

(Refer to note 10 (property, plant and equipment) and note 1(e) (accounting policy))

The Key Audit Matter

The fair value of the Group's investment properties under development is determined using the direct comparison valuation methodology, with reference to comparable market transactions, to derive the fair value of the property and, where appropriate, after deducting (1) the estimated development costs to be expended to complete each property development project and (2) the estimated profit margin.

Therefore, any increase in the estimated development costs to be expended to complete each property development project compared with the original management approved budgets could have a significant negative impact on the fair value of the Group's investment properties under development and, hence, the results for the year.

The Group's investment properties under development comprise shopping malls, office premises and residential premises.

We identified the assessing of development costs of the Group's investment properties under development as a key audit matter because the determination of estimated development costs involves significant management judgement and estimation, in particular in relation to project feasibility studies, estimating future development costs to be expended to complete each property development project and the estimated profit margin.

How the matter was addressed in our audit

Our audit procedures to assess the development costs of investment properties under development included the following:

- assessing the design, implementation and operating effectiveness of management's key internal controls over the preparation and monitoring of management budgets and forecasts of construction costs for each investment property under development;
- discussing the valuations of investment properties under development with the external property valuer in a separate private session and challenging key estimates adopted in the valuations including those relating to market selling prices, by comparing them with available market data, taking into consideration comparability and other local market factors;
- performing a retrospective review for all investment properties under development by comparing the actual construction costs incurred during the current year with those included in the prior year's forecasts in order to assess the accuracy of the Group's budgeting process;
- conducting site visits to all investment properties under development and discussing with management and the in-house quantity surveyor the development progress and the development budgets reflected in the latest forecasts for each property development project; and
- comparing, on a sample basis, the quantity surveyor's reports for the construction costs incurred for property development projects with the underlying payment records and other documentation relevant to the construction cost accruals and/or payments.

Information other than the consolidated 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 consolidated financial statements and our auditor's report thereon. We obtained all of the other information prior to the date of this auditor's report apart from "Chair's Letter to Shareholders" and "Vice Chair's Notes". The remaining information is expected to be made available to us after that date.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 directors for the consolidated financial statements

The directors are responsible for the preparation of consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 Audit Committee 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 Audit Committee, we determine those matters that were of most significance in the audit of the consolidated 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.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

January 31, 2023

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Consolidated Statement of Profit or Loss

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For the year ended December 31, 2022

	Note			<i>For information purpose only</i>	
		2022 HK\$ Million	2021 HK\$ Million	2022 RMB Million	2021 RMB Million
Revenue	2(a)	10,347	10,321	8,871	8,563
Direct costs and operating expenses		(3,094)	(2,950)	(2,651)	(2,447)
		7,253	7,371	6,220	6,116
Other net income	3	17	55	15	46
Administrative expenses		(650)	(592)	(560)	(491)
Profit from operations before changes in fair value of properties		6,620	6,834	5,675	5,671
(Decrease)/increase in fair value of properties		(345)	460	(299)	382
Profit from operations after changes in fair value of properties		6,275	7,294	5,376	6,053
Interest income		63	73	53	61
Finance costs		(512)	(487)	(440)	(404)
Net interest expense	4	(449)	(414)	(387)	(343)
Share of profits of joint ventures	12	24	8	20	7
Profit before taxation	5	5,850	6,888	5,009	5,717
Taxation	7(a)	(1,453)	(2,083)	(1,249)	(1,723)
Profit for the year	2(b)	4,397	4,805	3,760	3,994
Attributable to:					
Shareholders	21(a)	3,836	3,868	3,281	3,217
Non-controlling interests		561	937	479	777
Profit for the year		4,397	4,805	3,760	3,994
Earnings per share	9(a)				
Basic		HK\$0.85	HK\$0.86	RMB0.73	RMB0.72
Diluted		HK\$0.85	HK\$0.86	RMB0.73	RMB0.72

The accompanying notes form part of these financial statements.

146 Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2022

	Note			<i>For information purpose only</i>	
		2022 HK\$ Million	2021 HK\$ Million	2022 RMB Million	2021 RMB Million
Profit for the year		4,397	4,805	3,760	3,994
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss:					
Movement in exchange reserve:					
Exchange difference arising from translation to presentation currency		(9,779)	3,182	2,929	(879)
Gain/(loss) on net investment hedge	27(d)	9	(9)	7	(8)
Movement in hedging reserve:					
Effective portion of changes in fair value		121	51	102	42
Net amount transferred to profit or loss		(42)	6	(37)	5
Deferred tax		(12)	(7)	(10)	(6)
Item that will not be reclassified to profit or loss:					
Net change in fair value of equity investments		(1)	1	(1)	1
Other comprehensive income for the year, net of tax		(9,704)	3,224	2,990	(845)
Total comprehensive income for the year		(5,307)	8,029	6,750	3,149
Attributable to:					
Shareholders		(4,917)	6,792	6,296	2,368
Non-controlling interests		(390)	1,237	454	781
Total comprehensive income for the year		(5,307)	8,029	6,750	3,149

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

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At December 31, 2022

	Note	2022		2021	
		HK\$ Million	HK\$ Million	RMB Million	RMB Million
Non-current assets					
Property, plant and equipment					
Investment properties		167,861	177,456	150,043	145,088
Investment properties under development		22,703	22,399	20,283	18,313
Other property, plant and equipment		320	290	286	237
	10	190,884	200,145	170,612	163,638
Interests in joint ventures	12	1,130	1,131	1,011	925
Other assets	13	77	78	69	64
Deferred tax assets	19(b)	140	77	125	63
		192,231	201,431	171,817	164,690
Current assets					
Cash and deposits with banks	14	5,229	8,515	4,677	6,962
Trade and other receivables	15	3,560	3,499	3,182	2,861
Properties for sale	16	11,668	10,790	10,433	8,822
		20,457	22,804	18,292	18,645
Current liabilities					
Bank loans and other borrowings	17	4,533	8,079	4,053	6,605
Trade and other payables	18	9,829	10,895	8,785	8,908
Lease liabilities	11(a)	27	31	24	25
Current tax payable	19(a)	434	497	388	406
		14,823	19,502	13,250	15,944
Net current assets		5,634	3,302	5,042	2,701
Total assets less current liabilities		197,865	204,733	176,859	167,391
Non-current liabilities					
Bank loans and other borrowings	17	40,991	37,616	36,666	30,755
Lease liabilities	11(a)	266	305	238	249
Deferred tax liabilities	19(b)	13,462	14,428	12,026	11,796
		54,719	52,349	48,930	42,800
NET ASSETS		143,146	152,384	127,929	124,591
Capital and reserves					
Share capital	20	39,950	39,950	37,462	37,462
Reserves	21	93,431	101,769	81,745	78,409
Shareholders' equity		133,381	141,719	119,207	115,871
Non-controlling interests		9,765	10,665	8,722	8,720
TOTAL EQUITY		143,146	152,384	127,929	124,591

Weber W.P. Lo
Chief Executive Officer

Kenneth K.K. Chiu
Chief Financial Officer

The accompanying notes form part of these financial statements.

148 Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

HK\$ Million	Shareholders' equity			Total	Non-controlling interests	Total equity
	Share capital (Note 20)	Other reserves (Note 21)	Retained profits (Note 21)			
At January 1, 2021	39,916	2,581	95,798	138,295	9,893	148,188
Profit for the year	–	–	3,868	3,868	937	4,805
Exchange difference arising from translation to presentation currency	–	2,882	–	2,882	300	3,182
Loss on net investment hedge	–	(9)	–	(9)	–	(9)
Cash flow hedges: net movement in hedging reserve	–	50	–	50	–	50
Net change in fair value of equity investments	–	1	–	1	–	1
Total comprehensive income for the year	–	2,924	3,868	6,792	1,237	8,029
Final dividend in respect of previous year	–	–	(2,653)	(2,653)	–	(2,653)
Interim dividend in respect of current year	–	–	(810)	(810)	–	(810)
Issue of shares	34	(5)	–	29	–	29
Employee share-based payments	–	(132)	198	66	–	66
Dividends paid to non-controlling interests	–	–	–	–	(465)	(465)
At December 31, 2021 and January 1, 2022	39,950	5,368	96,401	141,719	10,665	152,384
Profit for the year	–	–	3,836	3,836	561	4,397
Exchange difference arising from translation to presentation currency	–	(8,828)	–	(8,828)	(951)	(9,779)
Gain on net investment hedge	–	9	–	9	–	9
Cash flow hedges: net movement in hedging reserve	–	67	–	67	–	67
Net change in fair value of equity investments	–	(1)	–	(1)	–	(1)
Total comprehensive income for the year	–	(8,753)	3,836	(4,917)	(390)	(5,307)
Final dividend in respect of previous year	–	–	(2,699)	(2,699)	–	(2,699)
Interim dividend in respect of current year	–	–	(810)	(810)	–	(810)
Employee share-based payments	–	77	11	88	–	88
Dividends paid to non-controlling interests	–	–	–	–	(510)	(510)
At December 31, 2022	39,950	(3,308)	96,739	133,381	9,765	143,146

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

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For the year ended December 31, 2022

For information purpose only

RMB Million	Shareholders' equity			Total	Non-controlling interests	Total equity
	Share capital	Other reserves	Retained profits			
At January 1, 2021	37,434	(1,124)	79,982	116,292	8,326	124,618
Profit for the year	–	–	3,217	3,217	777	3,994
Exchange difference arising from translation to presentation currency	–	(883)	–	(883)	4	(879)
Loss on net investment hedge	–	(8)	–	(8)	–	(8)
Cash flow hedges: net movement in hedging reserve	–	41	–	41	–	41
Net change in fair value of equity investments	–	1	–	1	–	1
Total comprehensive income for the year	–	(849)	3,217	2,368	781	3,149
Final dividend in respect of previous year	–	–	(2,195)	(2,195)	–	(2,195)
Interim dividend in respect of current year	–	–	(673)	(673)	–	(673)
Issue of shares	28	(4)	–	24	–	24
Employee share-based payments	–	(109)	164	55	–	55
Dividends paid to non-controlling interests	–	–	–	–	(387)	(387)
At December 31, 2021 and January 1, 2022	37,462	(2,086)	80,495	115,871	8,720	124,591
Profit for the year	–	–	3,281	3,281	479	3,760
Exchange difference arising from translation to presentation currency	–	2,954	–	2,954	(25)	2,929
Gain on net investment hedge	–	7	–	7	–	7
Cash flow hedges: net movement in hedging reserve	–	55	–	55	–	55
Net change in fair value of equity investments	–	(1)	–	(1)	–	(1)
Total comprehensive income for the year	–	3,015	3,281	6,296	454	6,750
Final dividend in respect of previous year	–	–	(2,311)	(2,311)	–	(2,311)
Interim dividend in respect of current year	–	–	(725)	(725)	–	(725)
Employee share-based payments	–	66	10	76	–	76
Dividends paid to non-controlling interests	–	–	–	–	(452)	(452)
At December 31, 2022	37,462	995	80,750	119,207	8,722	127,929

150 Consolidated Cash Flow Statement

For the year ended December 31, 2022

	Note			<i>For information purpose only</i>	
		2022 HK\$ Million	2021 HK\$ Million	2022 RMB Million	2021 RMB Million
Operating activities					
Cash generated from operations	22	5,498	4,201	4,729	3,474
Tax paid					
Hong Kong Profits Tax paid		(265)	(346)	(228)	(287)
Mainland China Income Tax paid		(1,094)	(1,123)	(948)	(931)
Net cash generated from operating activities		4,139	2,732	3,553	2,256
Investing activities					
Payment for property, plant and equipment		(2,699)	(2,855)	(2,305)	(2,359)
Net sale proceeds from disposal of property, plant and equipment		15	70	13	58
Net sale proceeds from disposal of assets held for sale		–	69	–	58
Interest received		62	78	52	65
Dividend received from a joint venture		25	38	21	32
Decrease in bank deposits with maturity greater than 3 months		41	1,176	35	976
Net cash used in investing activities		(2,556)	(1,424)	(2,184)	(1,170)
Financing activities					
Proceeds from new bank loans and other borrowings	23	34,860	25,402	29,941	21,078
Repayment of bank loans and other borrowings	23	(33,979)	(18,088)	(29,186)	(15,014)
Capital element of lease rentals paid	23	(15)	(12)	(12)	(10)
Proceeds from exercise of share options		–	29	–	24
Interest and other borrowing costs paid		(1,400)	(1,411)	(1,201)	(1,170)
Interest element of lease rentals paid	23	(15)	(16)	(13)	(13)
Dividends paid		(3,509)	(3,463)	(3,036)	(2,868)
Dividends paid to non-controlling interests		(510)	(465)	(452)	(387)
Net cash (used in)/generated from financing activities		(4,568)	1,976	(3,959)	1,640
(Decrease)/increase in cash and cash equivalents		(2,985)	3,284	(2,590)	2,726
Effect of foreign exchange rate changes		(258)	73	334	(94)
Cash and cash equivalents at January 1		8,391	5,034	6,860	4,228
Cash and cash equivalents at December 31	14	5,148	8,391	4,604	6,860

The accompanying notes form part of these financial statements.

1 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Significant accounting policies adopted by the Group are set out below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Basis of preparation of the financial statements

The consolidated financial statements comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as otherwise stated in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments 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 recognized 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.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 28.

The presentation currency of these consolidated financial statements is Hong Kong dollar. In view of the Group's significant business operations in mainland China, management has included additional financial information prepared in Renminbi in the consolidated financial statements. Such supplementary information is prepared according to note 1(w) as if the presentation currency is Renminbi.

1 Significant Accounting Policies (Continued)

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (Note 1(m)).

1 Significant Accounting Policies (Continued)

(d) Joint ventures

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

The Group's interests in joint ventures are accounted for in the consolidated financial statements under the equity method and are initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the joint ventures' net assets. The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the joint venture that forms part of the Group's equity investment. The consolidated statement of profit or loss includes the Group's share of the post-acquisition, post-tax results of the joint ventures for the year, whereas the Group's share of the post-acquisition, post-tax items of the joint ventures' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. For this purpose, the Group's interest in the joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interest that in substance form part of the Group's net investment in the joint venture.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Unrealized profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

1 Significant Accounting Policies (Continued)

(e) Investment properties and investment properties under development

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognized in profit or loss.

(f) Properties for sale

1. Properties under development for sale

Properties under development for sale are classified under current assets and stated at the lower of cost and net realizable value. Costs include the acquisition cost of land, aggregate cost of development, borrowing costs capitalized (Note 1(r)) and other direct expenses. Net realizable value represents the estimated selling price as determined by reference to management estimates based on prevailing market conditions less estimated costs of completion and costs to be incurred in selling the property.

2. Completed properties for sale

Completed properties for sale are classified under current assets and stated at the lower of cost and net realizable value. Cost is determined by apportionment of the total development costs, including borrowing costs capitalized (Note 1(r)), attributable to unsold properties. Net realizable value represents the estimated selling price as determined by reference to management estimates based on prevailing market conditions less costs to be incurred in selling the property.

(g) Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (Note 1(m)). Gains or losses arising from the retirement or disposal of an item of other property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

(h) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

1 Significant Accounting Policies (Continued)

(h) Leases (Continued)

1. As a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a corresponding lease liability with respect to all leases, except for short-term leases (with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as expenses on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and the interest expense is calculated using the effective interest method.

The right-of-use asset recognized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred.

The right-of-use assets that meet the definition of investment property are subsequently stated at fair value in accordance with note 1(e). Otherwise, they are subsequently stated at cost less accumulated depreciation (Note 1(g)) and impairment losses (Note 1(m)).

Lease payments included in the measurement of the lease liability comprise the fixed payments (including in-substance fixed payments) less any lease incentives. Variable lease payments that do not depend on an index or rate are charged to profit or loss in the accounting period in which they are incurred.

2. As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

Rental income from operating leases is recognized in accordance with note 1(u)(1).

1 Significant Accounting Policies (Continued)

(i) Depreciation

1. Investment properties

No depreciation is provided for investment properties and investment properties under development.

2. Other property, plant and equipment

Depreciation on other property, plant and equipment is calculated to write off the cost, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years or unexpired lease term, whichever is shorter
Furniture and equipment	4 – 20 years
Motor vehicles	5 years

(j) Investments in equity instruments

Investments in equity instruments are classified and measured at fair value through profit or loss (FVTPL) except when the equity investment is not held for trading and an election is made to present the fair value changes in other comprehensive income (FVTOCI). This election is made on an investment-by-investment basis on initial recognition and is irrevocable. The gains or losses (both on subsequent measurement and derecognition) of investments that are measured at FVTPL are recognized in profit or loss. If the equity investment is designated as at FVTOCI, all gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, except for dividend income that is generally recognized in profit or loss in accordance with the policy set out in note 1(u)(5).

Investments are recognized/derecognized on the date the Group commits to purchase/sell the investments.

(k) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting (Note 1(l)(1)).

(l) Hedging

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates, and non-derivative financial liabilities as hedging instruments to hedge the foreign exchange risk on net investments in foreign operations.

1. Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge of a recognized asset or liability or a highly probable forecast transaction, the effective portion of changes in fair value of the hedging instruments is recognized in other comprehensive income and accumulated in a hedging reserve as a separate component of equity. Any ineffective portion of changes in fair value is recognized immediately in profit or loss. The amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

1 Significant Accounting Policies (Continued)

(l) Hedging (Continued)

2. Hedge of net investments in foreign operations

When a non-derivative financial liability is designated as the hedging instrument in a hedge of net investment in a foreign operation, the effective portion of any foreign exchange gain or loss on the non-derivative financial liabilities is recognized in other comprehensive income and accumulated in the exchange reserve within equity until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Any ineffective portion is recognized immediately in profit or loss.

(m) Impairment of assets

- For other property, plant and equipment, investments in joint ventures and investments in subsidiaries in the Company's statement of financial position, an assessment is carried out at the end of each reporting period to determine whether there is objective evidence that these assets are impaired. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount 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. An impairment loss is recognized in profit or loss if the carrying amount exceeds the recoverable amount. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.
- For trade and other receivables and other financial assets measured at amortized cost (including cash and deposits with banks and advances to unlisted investee companies), the Group recognizes a loss allowance which is equal to 12-month expected credit losses unless the balance is a trade receivable or there has been a significant increase in credit risk of the financial asset since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

Expected credit losses are a probability-weighted estimate of credit losses measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), unless the balances are credit-impaired at the end of the reporting period where expected credit losses are measured as the difference between the gross carrying amount and the present value of estimated future cash flows.

At the end of each reporting period, the Group assesses whether the balances are credit-impaired (i.e. when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred, such as significant financial difficulty of the debtor).

The allowance for expected credit losses is presented in the statement of financial position as a deduction from the gross carrying amount of the assets. The adjustment to the allowance for credit losses is recognized in profit or loss, as an impairment or reversal of impairment.

1 Significant Accounting Policies (Continued)**(m) Impairment of assets** (Continued)

The gross carrying amount is written off to the extent that there is no realistic prospect of recovery. Subsequent recoveries that were previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(n) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for credit losses (Note 1(m)), except where the receivables are interest-free loans without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for credit losses (Note 1(m)).

(o) 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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses in accordance with the policy set out in note 1(m).

(p) Trade and other payables (including contract liabilities)

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the revenue arising from contract with customers within the scope of HKFRS 15, *Revenue from contracts with customers*. A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (Note 1(r)).

1 Significant Accounting Policies (Continued)

(r) 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 capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are interrupted or complete.

(s) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognized at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss.

Subsequent to initial recognition, the amount initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognizes a provision when expected credit losses on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognized, less accumulated amortization).

To determine expected credit losses, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month expected credit loss is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime expected credit loss is measured.

1 Significant Accounting Policies (Continued)

(s) Financial guarantees issued (Continued)

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an expected credit loss is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(t) Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of 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 the 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 recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of properties, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognized when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group 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.

Further details of the Group's revenue and other income recognition policies are as follows:

1. Rental income

Rental income under operating leases is recognized on a straight-line basis over the terms of the respective leases, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payment receivable. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

1 Significant Accounting Policies (Continued)

(u) Revenue and other income (Continued)

2. *Sale of properties*

Revenue arising from the sale of properties is recognized when legal assignment is completed, which is the point in time when the buyer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

3. *Building management fees and other income from property leasing*

Building management fees and other income from property leasing are recognized when the related services are rendered.

4. *Interest income*

Interest income is recognized as it accrues using the effective interest method.

5. *Dividends*

Dividends are recognized when the right to receive payment is established.

(v) Taxation

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 recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized 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 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 certain limited exceptions, 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 utilized, are recognized. The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

1 Significant Accounting Policies (Continued)

(v) Taxation (Continued)

When investment properties and investment properties under development are carried at fair value in accordance with the accounting policy set out in note 1(e), the amount of deferred tax recognized is measured using the tax rates that would apply on the sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognized is measured based on the expected manner of realization 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 utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

(w) Translation of foreign currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (functional currency).

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss, except those arising from the translation of non-derivative financial liabilities designated as the hedging instruments to hedge the foreign exchange risk on net investments in foreign operations. Such exchange gains or losses to the extent that the hedge is effective are recognized in other comprehensive income (Note 1(l)(2)).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rate ruling at the transaction dates. The transaction date is the date on which the Group initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair values are translated using the foreign exchange rates ruling at the dates the fair value was determined.

1 Significant Accounting Policies (Continued)

(w) Translation of foreign currencies (Continued)

The results and financial position of all operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
2. income and expenses are translated at the exchange rates approximating the exchange rates ruling at the dates of the transactions; and
3. all resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(x) Related parties

1. A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
2. An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group 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 Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (1).
 - (vii) A person identified in (1)(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 Group or the Group'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.

1 Significant Accounting Policies (Continued)

(y) Segment reporting

Operating segments are reported in a manner consistent with the Group's internal financial reporting to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations. For disclosure purpose, a reportable segment comprises either one or more operating segments which can be aggregated together because they share similar economic characteristics and nature of the regulatory environment, or single operating segments which are disclosable separately because they cannot be aggregated or they exceed quantitative thresholds.

(z) Employee benefits

1. Short term employee benefits and contributions to defined contribution retirement schemes

Salaries, annual bonuses, paid annual leave, the cost of non-monetary benefits and obligation for contributions to defined contribution retirement schemes, including those payables in mainland China and Hong Kong under relevant legislation, are accrued in the year in which the associated services are rendered by employees of the Group.

2. Share-based payments

The fair value of share options granted to employees is measured at grant date, taking into account the terms and conditions upon which the options were granted, and is expensed on a straight-line basis over the vesting period taking into account the probability that the options will vest, with a corresponding increase in equity (employee share-based compensation reserve).

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the employee share-based compensation reserve).

At the time when the share options are exercised, the related employee share-based compensation reserve is transferred to share capital. If the options expire or lapse after the vesting period, the related employee share-based compensation reserve is transferred directly to retained profits.

2 Revenue and Segment Information

The Group manages businesses according to the nature of services and products provided. Management has determined property leasing and property sales to be the reportable operating segments for the measurement of performance and the allocation of resources.

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment with the exception of interests in joint ventures, other assets, deferred tax assets and cash and deposits with banks.

(a) Disaggregation of revenue

Revenue for the year is analyzed as follows:

HK\$ Million	2022	2021
Under the scope of HKFRS 16, Leases:		
Rental income (Note 11(b))	8,871	9,217
Under the scope of HKFRS 15, Revenue from contracts with customers:		
Sales of completed properties	316	–
Building management fees and other income from property leasing	1,160	1,104
	1,476	1,104
	10,347	10,321

As of December 31, 2022, the aggregate amount of revenue expected to be recognized in the future arising from signed property pre-sale agreements amounted to HK\$1,118 million (2021: HK\$1,083 million), which is expected to be recognized in second half of 2023 when the legal assignment to buyers is completed.

The Group has applied practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date to:

- building management fees and other income from property leasing, as the Group recognizes revenue at the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date; and
- revenue from sales of completed properties, as the performance obligation is part of a contract that has an original expected duration of one year or less.

2 Revenue and Segment Information (Continued)

(b) Revenue and results by segments

HK\$ Million	2022			2021		
	Property Leasing	Property Sales	Total	Property Leasing	Property Sales	Total
Revenue						
– Mainland China	6,752	–	6,752	6,939	–	6,939
– Hong Kong	3,279	316	3,595	3,382	–	3,382
	10,031	316	10,347	10,321	–	10,321
Profit/(loss) from operations before changes in fair value of properties						
– Mainland China	4,147	(51)	4,096	4,349	(38)	4,311
– Hong Kong	2,386	138	2,524	2,559	(36)	2,523
	6,533	87	6,620	6,908	(74)	6,834
(Decrease)/increase in fair value of properties	(345)	–	(345)	460	–	460
– Mainland China	(117)	–	(117)	1,750	–	1,750
– Hong Kong	(228)	–	(228)	(1,290)	–	(1,290)
Net interest expense	(449)	–	(449)	(414)	–	(414)
– Interest income	63	–	63	73	–	73
– Finance costs	(512)	–	(512)	(487)	–	(487)
Share of profits of joint ventures	24	–	24	8	–	8
Profit/(loss) before taxation	5,763	87	5,850	6,962	(74)	6,888
Taxation	(1,430)	(23)	(1,453)	(2,092)	9	(2,083)
Profit/(loss) for the year	4,333	64	4,397	4,870	(65)	4,805
Net profit/(loss) attributable to shareholders	3,772	64	3,836	3,933	(65)	3,868

2 Revenue and Segment Information (Continued)

(c) Total segment assets

HK\$ Million	2022			2021		
	Property Leasing	Property Sales	Total	Property Leasing	Property Sales	Total
Mainland China	131,472	5,494	136,966	141,263	4,883	146,146
Hong Kong	62,766	6,380	69,146	62,351	5,937	68,288
	194,238	11,874	206,112	203,614	10,820	214,434
Interests in joint ventures			1,130			1,131
Other assets			77			78
Deferred tax assets			140			77
Cash and deposits with banks			5,229			8,515
			212,688			224,235

3 Other Net Income

HK\$ Million	2022	2021
Government grants	11	29
Gain on disposal of investment properties	–	17
Dividend income from equity investments measured at FVTOCI	–	1
Others	6	8
	17	55

4 Net Interest Expense

HK\$ Million	2022	2021
Interest income on bank deposits	63	73
Interest expense on bank loans and other borrowings	1,424	1,410
Interest on lease liabilities	15	16
Other borrowing costs	73	61
Total borrowing costs	1,512	1,487
Less: Borrowing costs capitalized (Note)	(1,000)	(1,000)
Finance costs	512	487
Net interest expense	(449)	(414)

Note:

The borrowing costs were capitalized at an average rate of 3.6% (2021: 3.7%) per annum to properties under development.

5 Profit Before Taxation

HK\$ Million	2022	2021
Profit before taxation is arrived at after charging:		
Cost of properties sold	135	–
Staff costs (Note)	1,548	1,485
Depreciation	78	61
Auditors' remuneration		
– audit services	10	10
– non-audit services	3	3
and after crediting:		
Rental and related income from investment properties less direct outgoings of HK\$2,865 million (2021: HK\$2,859 million)	7,166	7,462

Note:

The staff costs included employee share-based payments of HK\$88 million (2021: HK\$66 million). If the amounts not recognized in the statement of profit or loss, including amounts capitalized, were accounted for, staff costs would have been HK\$1,855 million (2021: HK\$1,793 million).

6 Emoluments of Directors and Senior Management

The Nomination and Remuneration Committee consists of three Independent Non-Executive Directors. The Committee makes recommendation to the Board on the Non-Executive Director's and Independent Non-Executive Directors' remuneration packages and determines the remuneration package of individual Executive Directors. The emoluments of Executive Directors are determined by their scope of responsibility and accountability, and performance, taking into consideration of the Group's performance and profitability, market practice and prevailing business conditions, etc.

6 Emoluments of Directors and Senior Management (Continued)

(a) Directors' emoluments

Details of directors' emoluments are summarized below:

HK\$ Million						
Name	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	The Group's contributions to retirement schemes	2022	2021
Executive Directors						
Ronnie C. Chan	1.1	30.1	10.8	3.0	45.0	43.4
Adriel Chan	0.8	12.9	6.1	1.3	21.1	20.4
Weber W.P. Lo	0.8	20.2	10.0	1.0	32.0	35.2
Kenneth K.K. Chiu (Appointed on October 6, 2021)	0.8	5.3	2.6	0.3	9.0	4.3
Independent Non-Executive Directors						
Nelson W.L. Yuen	1.0	–	–	–	1.0	0.9
Dominic C.F. Ho	1.2	–	–	–	1.2	1.2
Philip N.L. Chen (Re-designated from non-executive director to independent non-executive director on January 31, 2023)	0.8	–	–	–	0.8	0.8
Andrew K.C. Chan	1.0	–	–	–	1.0	1.0
H.K. Chang	1.1	–	–	–	1.1	1.1
Anita Y.M. Fung	1.0	–	–	–	1.0	1.0
Ex-Directors						
H.C. Ho (Retired as executive director on March 1, 2022)	0.1	1.3	10.0	0.1	11.5	11.1
Ronald J. Arculli (Retired as independent non-executive director on April 30, 2021)	–	–	–	–	–	0.3
2022	9.7	69.8	39.5	5.7	124.7	120.7
2021	10.0	66.8	38.2	5.7	120.7	

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments, four (2021: four) are existing directors of the Company whose emoluments are disclosed in note 6(a). The emoluments in respect of the remaining one (2021: one) individual are as follows:

HK\$ Million		
	2022	2021
Salaries, allowances and benefits in kind	8.1	3.1
Discretionary bonuses	1.1	6.6
The Group's contributions to retirement schemes	0.3	0.2
	9.5	9.9

(c) In addition to the above emoluments, certain directors of the Company were granted share options under the share option schemes of the Company, details of which are disclosed in note 25(b).

7 Taxation in the Consolidated Statement of Profit or Loss

(a) Taxation in the consolidated statement of profit or loss represents:

HK\$ Million	2022	2021
Current tax		
Hong Kong Profits Tax	351	303
(Over)/under-provision in prior years	(2)	2
	349	305
Mainland China Income Tax	986	1,041
Total current tax	1,335	1,346
Deferred tax		
Changes in fair value of properties	20	621
Other origination and reversal of temporary differences	98	116
Total deferred tax (Note 19(b))	118	737
Total income tax expense	1,453	2,083

Provision for Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year. Mainland China Income Tax represents mainland China Corporate Income Tax calculated at 25% (2021: 25%) and mainland China withholding income tax calculated at the applicable rates. The withholding tax rate applicable to Hong Kong companies in respect of dividend distributions from foreign investment enterprises in mainland China was 5% (2021: 5%).

(b) Share of joint ventures' taxation for the year ended December 31, 2022 of HK\$7 million (2021: HK\$7 million) is included in the "share of profits of joint ventures".

(c) Reconciliation between actual tax expense and profit before taxation at applicable tax rates is as follows:

HK\$ Million	2022	2021
Profit before taxation	5,850	6,888
Notional tax on profit before taxation at applicable rates	1,065	1,421
Tax effect of non-taxable income	(148)	(31)
Tax effect of non-deductible expenses	301	412
Tax effect of unrecognized temporary differences	(156)	(20)
Tax effect of unrecognized tax losses	393	299
(Over)/under-provision in prior years	(2)	2
Actual tax expense	1,453	2,083

8 Dividends

(a) Dividends attributable to the year

HK\$ Million	2022	2021
Interim dividend declared and paid of HK18 cents (2021: HK18 cents) per share	810	810
Final dividend of HK60 cents (2021: HK60 cents) per share proposed after the end of the reporting period	2,699	2,699
	3,509	3,509

The dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

- (b) The final dividend of HK\$2,699 million (calculated based on HK60 cents per share and the total number of issued shares as of the dividend pay-out date) for the year ended December 31, 2021 were approved and paid in the year ended December 31, 2022 (2021: HK\$2,653 million).

9 Earnings Per Share

- (a) The calculation of basic and diluted earnings per share is based on the following data:

HK\$ Million	2022	2021
Net profit attributable to shareholders	3,836	3,868
	Number of shares	
	2022	2021
Weighted average number of shares used in calculating basic earnings per share	4,499,260,670	4,498,743,158
Effect of dilutive potential ordinary shares – share options	–	59,576
Weighted average number of shares used in calculating diluted earnings per share	4,499,260,670	4,498,802,734

- (b) The underlying net profit attributable to shareholders, which excluded changes in fair value of properties net of related income tax and non-controlling interests, is calculated as follows:

HK\$ Million	2022	2021
Net profit attributable to shareholders	3,836	3,868
Effect of changes in fair value of properties	345	(460)
Effect of income tax for changes in fair value of properties	20	621
Effect of changes in fair value of investment properties of joint ventures	14	28
	379	189
Non-controlling interests	(16)	308
	363	497
Underlying net profit attributable to shareholders	4,199	4,365

The earnings per share based on underlying net profit attributable to shareholders was:

	2022	2021
Basic	HK\$0.93	HK\$0.97
Diluted	HK\$0.93	HK\$0.97

10 Property, Plant and Equipment

HK\$ Million	Investment properties	Investment properties under development	Others	Total
Cost or valuation:				
At January 1, 2021	164,322	27,544	687	192,553
Exchange adjustment	3,341	558	27	3,926
Additions	376	1,878	94	2,348
Disposals	(53)	–	(8)	(61)
Increase/(decrease) in fair value	1,665	(776)	–	889
Transfer in/(out)	7,805	(7,805)	–	–
Transfer from properties for sale (Note 16)	–	1,000	–	1,000
At December 31, 2021 and January 1, 2022	177,456	22,399	800	200,655
Exchange adjustment	(9,976)	(1,839)	(49)	(11,864)
Additions	577	2,307	132	3,016
Disposals	(15)	–	(19)	(34)
Decrease in fair value	(181)	(164)	–	(345)
At December 31, 2022	167,861	22,703	864	191,428
Accumulated depreciation:				
At January 1, 2021	–	–	434	434
Exchange adjustment	–	–	22	22
Charge for the year	–	–	61	61
Written back on disposals	–	–	(7)	(7)
At December 31, 2021 and January 1, 2022	–	–	510	510
Exchange adjustment	–	–	(29)	(29)
Charge for the year	–	–	78	78
Written back on disposals	–	–	(15)	(15)
At December 31, 2022	–	–	544	544
Net book value:				
At December 31, 2022	167,861	22,703	320	190,884
At December 31, 2021	177,456	22,399	290	200,145
Cost or valuation of the property, plant and equipment is made up as follows:				
December 31, 2022				
Valuation	167,861	22,703	–	190,564
Cost	–	–	864	864
	167,861	22,703	864	191,428
December 31, 2021				
Valuation	177,456	22,399	–	199,855
Cost	–	–	800	800
	177,456	22,399	800	200,655

10 Property, Plant and Equipment (Continued)

(a) The investment properties include right-of-use assets.

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties and investment properties under development measured at the end of the reporting period on a recurring basis, categorized into a three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique is as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

HK\$ Million	Fair value measurement at 2022		
	Level 1	Level 2	Level 3
Investment properties	–	167,861	–
Investment properties under development	–	–	22,703

HK\$ Million	Fair value measurement at 2021		
	Level 1	Level 2	Level 3
Investment properties	–	177,456	–
Investment properties under development	–	–	22,399

The Group's policy is to recognize transfers between levels of fair value hierarchy at the time at which they occur. During the year, there were no transfers between levels of fair value hierarchy.

The Group's investment properties and investment properties under development were revalued as of December 31, 2022 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on a market value basis. Management has discussions with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

10 Property, Plant and Equipment (Continued)**(b) Fair value measurement of properties** (Continued)**(ii) Valuation techniques and inputs used in Level 2 fair value measurements**

The fair value of the Group's investment properties is determined by using income capitalization approach with reference to current market rents and capitalization rates using market data.

(iii) Information about Level 3 fair value measurements

The fair value of investment properties under development is determined by using direct comparison approach, with reference to comparable market transactions as available in the market to derive the fair value of the property and, where appropriate, after deducting the following items:

- Estimated development costs to be expended to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated development costs or profit margin, the lower the fair value of investment properties under development.

The main Level 3 unobservable inputs used by the Group are as follows:

The total estimated development costs to be incurred for each of the Group's investment properties under development ranged from HK\$0.2 billion to HK\$10.1 billion (2021: HK\$0.2 billion to HK\$11.2 billion). The estimates are largely consistent with the budgets developed internally by the Group based on management experience and knowledge of market conditions.

The movements in the investment properties under development during the year represent the movements in the balances of these Level 3 fair value measurements.

Fair value adjustments of investment properties and investment properties under development is recognized in "(decrease)/increase in fair value of properties" in the consolidated statement of profit or loss.

10 Property, Plant and Equipment (Continued)

- (c) An analysis of net book value of investment properties and investment properties under development is as follows:

HK\$ Million	Investment properties		Investment properties under development	
	2022	2021	2022	2021
In Hong Kong				
– long-term leases (over 50 years)	38,742	39,304	–	–
– medium-term leases (10 to 50 years)	21,185	20,503	1,716	1,500
Outside Hong Kong				
– long-term leases (over 50 years)	–	–	15	28
– medium-term leases (10 to 50 years)	107,934	117,649	20,972	20,871
	167,861	177,456	22,703	22,399

- (d) The net book value of other property, plant and equipment of the Group included long-term leases of HK\$13 million (2021: HK\$13 million) in respect of land and buildings held in Hong Kong, medium-term leases of HK\$3 million (2021: HK\$4 million) and long-term leases of HK\$24 million (2021: HK\$29 million) in respect of land and buildings held outside Hong Kong.

11 Leases

(a) As a lessee

The Group leases properties for property leasing business and administrative use.

Most of the Group's leased properties meet the definition of investment properties and are presented in the consolidated statement of financial position as investment properties. The Group did not recognize right-of-use assets and lease liabilities for other leases that are of short-term or of low-value assets.

Amounts recognized in profit or loss:

HK\$ Million	2022	2021
Interest on lease liabilities	15	16
Expenses relating to short-term leases	8	8
	23	24

Lease liabilities recognized in the consolidated statement of financial position:

HK\$ Million	2022	2021
Current liabilities	27	31
Non-current liabilities	266	305
	293	336

A maturity analysis of lease liabilities is disclosed in note 27(b).

11 Leases (Continued)**(a) As a lessee** (Continued)

Amounts included in the cash flow statement:

HK\$ Million	2022	2021
Within operating cash flows	(8)	(8)
Within financing cash flows	(30)	(28)
	(38)	(36)

(b) As a lessor

The Group leases out investment properties under operating leases. The leases typically run for an initial period of two to five years, with an option to renew the lease after that date, at which time all terms are renegotiated. Certain long-term leases contain rent review or adjustment clauses and the Group has a regular proportion of leases up for renewal each year. Certain leases include variable lease payments calculated with reference to the revenue of tenants.

Lease income from lease contracts in which the Group acts as a lessor is as below:

HK\$ Million	2022	2021
Operating leases		
Fixed or variable depending on an index or rate	7,435	7,561
Variable not depending on an index or rate	1,436	1,656
	8,871	9,217

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments under non-cancellable operating leases to be received after the reporting date.

HK\$ Million	2022	2021
Within 1 year	6,057	6,799
After 1 year but within 2 years	4,021	4,833
After 2 years but within 3 years	2,343	3,003
After 3 years but within 4 years	1,141	1,720
After 4 years but within 5 years	465	959
After 5 years	315	744
	14,342	18,058

12 Interests in Joint Ventures

HK\$ Million	2022	2021
Share of net assets	1,130	1,131

Details of principal joint ventures are set out in note 35. The aggregate financial information related to the Group's share of joint ventures that are not individually material are as follows:

HK\$ Million	2022	2021
Non-current assets	1,157	1,158
Current assets	8	7
Non-current liabilities	(10)	(10)
Current liabilities	(25)	(24)
Net assets	1,130	1,131

HK\$ Million	2022	2021
Revenue	55	54
Profits and total comprehensive income for the year	24	8

13 Other Assets

As of December 31, 2022, other assets comprised investments in unlisted equity instruments of HK\$77 million (2021: HK\$78 million), which were measured at fair value through other comprehensive income. These equity instruments are of Ever Light Limited, a company engaged in property leasing, and are expected to be held for long-term strategic purposes.

14 Cash and Deposits with Banks

HK\$ Million	2022	2021
Cash at banks	1,858	4,021
Time deposits	3,371	4,494
Cash and deposits with banks in the consolidated statement of financial position	5,229	8,515
Less: Bank deposits with maturity greater than 3 months	(81)	(124)
Cash and cash equivalents in the consolidated cash flow statement	5,148	8,391

During the year, the Group's cash and deposits with banks were interest-bearing at an average rate of 1.7% (2021: 1.9%) per annum. The currencies of cash and deposits with banks at the year end date were as follows:

HK\$ Million	2022	2021
Hong Kong Dollars	2,102	5,484
Hong Kong Dollar equivalent of:		
Renminbi	2,974	2,885
United States Dollars	153	146
	5,229	8,515

After deducting cash and deposits with banks from bank loans and other borrowings, the net debt position of the Group at the end of the reporting period was as follows:

HK\$ Million	2022	2021
Bank loans and other borrowings (Note 17)	45,524	45,695
Less: Cash and deposits with banks	(5,229)	(8,515)
Net debt	40,295	37,180

15 Trade and Other Receivables

- (a) Included in trade and other receivables are trade receivables (based on the due date) with the following aging analysis:

HK\$ Million	2022	2021
Not past due or less than 1 month past due	116	117
1 – 3 months past due	27	7
More than 3 months past due	4	4
	147	128

Provision for expected credit losses was assessed and adequately made on a tenant-by-tenant basis, based on the historical default experience and forward-looking information that may impact the tenants' ability to repay the outstanding balances. The details on the Group's credit policy are set out in note 27(c).

- (b) Included in "other receivables" of the Group is a deposit of land acquisition in mainland China of HK\$280 million (2021: HK\$306 million).

16 Properties for Sale

HK\$ Million	2022	2021
In mainland China		
– Properties under development for sale	5,494	4,883
In Hong Kong		
– Completed properties for sale	934	1,025
– Properties under development for sale	5,240	4,882
	6,174	5,907
	11,668	10,790

During the year ended December 31, 2021, one of the properties under development for sale in Hong Kong with a carrying amount of HK\$1,429 million were transferred to investment properties under development upon the change in intended use. The fair value of these properties at the date of transfer was HK\$1,000 million (Note 10). The difference between the fair value and carrying amount was included in "(decrease)/increase in fair value of properties" in the consolidated statement of profit or loss.

All properties under development for sale are expected to be recovered after more than one year, except HK\$729 million of which are expected to be completed and handed over to buyers within 1 year after the end of the reporting period.

17 Bank Loans and Other Borrowings

At the end of the reporting period, bank loans and other borrowings were unsecured and repayable as follows:

HK\$ Million	2022	2021
Bank loans (Note 17(a))		
Within 1 year or on demand	3,856	2,262
After 1 year but within 2 years	7,158	6,898
After 2 years but within 5 years	19,715	17,563
Over 5 years	2,105	1,654
	32,834	28,377
Other borrowings (Note 17(b))		
Within 1 year or on demand	680	5,822
After 1 year but within 2 years	970	680
After 2 years but within 5 years	8,020	6,420
Over 5 years	3,175	4,550
	12,845	17,472
	45,679	45,849
Less: unamortized front end fees	(155)	(154)
Total bank loans and other borrowings	45,524	45,695
Amount due within 1 year included under current liabilities	(4,533)	(8,079)
	40,991	37,616

- (a) All bank loans are interest-bearing at rates ranging from 3.7% to 6.4% (2021: 0.7% to 5.5%) per annum.

Certain of the Group's borrowings are attached with financial covenants which require that at any time, the Group's consolidated tangible net worth is not less than and the ratio of borrowings to consolidated tangible net worth is not more than certain required levels. During the year, all these covenants have been complied with by the Group.

At December 31, 2022, the Group had HK\$21,374 million (2021: HK\$14,645 million) of undrawn committed banking facilities.

- (b) Other borrowings represent bonds issued at coupon rates ranging from 2.00% to 4.75% (2021: 2.00% to 4.75%) per annum.

At December 31, 2022, the available balances of the Group's US\$4 billion (2021: US\$4 billion) Medium Term Note Program amounted to US\$2,353 million (2021: US\$1,760 million), equivalent to HK\$18,343 million (2021: HK\$13,722 million).

18 Trade and Other Payables

HK\$ Million	2022	2021
Creditors and accrued expenses (Note 18(a))	6,599	7,797
Contract liabilities (Note 18(b))	471	180
Deposits received (Note 18(c))	2,759	2,918
	9,829	10,895

- (a) Creditors and accrued expenses include retention money payable of HK\$390 million (2021: HK\$387 million) which is not expected to be settled within one year.

Included in trade and other payables is an amount of HK\$601 million (2021: HK\$601 million) due to a fellow subsidiary, which is the joint developer of a project in which the Group and the fellow subsidiary hold respective interests of 66.67% and 33.33%. The amount represents the contribution by the fellow subsidiary in proportion to its interest to finance the project, and is unsecured, non-interest bearing and has no fixed terms of repayment.

(b) Contract liabilities

- (i) Building management fees and other income from property leasing received in advance of HK\$84 million (2021: HK\$91 million)

Building management fees and other rental related charges are due for payment on the first day of the service period. The fees and charges received before the payment due date are classified as contract liabilities and recognized as revenue when the services are rendered.

- (ii) Property sales proceeds received in advance of HK\$387 million (2021: HK\$89 million)

Typically, the Group receives 10% of the consideration from buyers shortly after signing the preliminary sale and purchase agreement (S&P) of residential properties. The prevailing terms require buyers to pay the remaining balance within 120 or 300 days after signing the S&P, or upon legal assignment of completed properties. Proceeds received in advance are recognized as contract liabilities until the legal title is transferred to the buyer, at which time the contract liabilities are recognized as revenue.

None (2021: HK\$55 million) of the above balance is expected to be recognized as revenue after one year.

18 Trade and Other Payables (Continued)

- (c) In the amount of deposits received, HK\$1,653 million (2021: HK\$1,552 million) are not expected to be settled within one year.

Included in trade and other payables are trade creditors with the following aging analysis:

HK\$ Million	2022	2021
Due within 3 months	1,318	1,666
Due after 3 months	2,726	3,141
	4,044	4,807

19 Taxation in the Consolidated Statement of Financial Position**(a) Current taxation**

HK\$ Million	2022	2021
Hong Kong Profits Tax	167	83
Mainland China Income Tax	267	414
	434	497

(b) Deferred taxation

HK\$ Million	2022	2021
Deferred tax liabilities	13,462	14,428
Deferred tax assets	(140)	(77)
	13,322	14,351

19 Taxation in the Consolidated Statement of Financial Position (Continued)

(b) Deferred taxation (Continued)

The components of deferred tax liabilities/(assets) recognized in the consolidated statement of financial position and the movements during the year are as follows:

HK\$ Million	Depreciation allowances in excess of related depreciation	Revaluation of properties	Future benefit of tax losses	Others	Total
At January 1, 2021	1,838	11,427	(74)	24	13,215
Exchange adjustments	39	343	–	10	392
Charged/(credited) to					
– profit or loss (Note 7(a))	166	621	(72)	22	737
– other comprehensive income	–	–	–	7	7
At December 31, 2021 and January 1, 2022	2,043	12,391	(146)	63	14,351
Exchange adjustments	(121)	(1,038)	–	–	(1,159)
Charged/(credited) to					
– profit or loss (Note 7(a))	176	20	(5)	(73)	118
– other comprehensive income	–	–	–	12	12
At December 31, 2022	2,098	11,373	(151)	2	13,322

(c) Deferred tax assets not recognized

The Group has not recognized deferred tax assets in respect of tax losses of HK\$8,174 million (2021: HK\$7,846 million) sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilized is not probable at December 31, 2022. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from the operations in mainland China expire five years after the relevant accounting year end date.

20 Share Capital

	2022		2021	
	Number of shares Million	Amount of share capital HK\$ Million	Number of shares Million	Amount of share capital HK\$ Million
Ordinary shares, issued and fully paid:				
At January 1	4,499	39,950	4,498	39,916
Shares issued under share option scheme	–	–	1	34
At December 31	4,499	39,950	4,499	39,950

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

21 Reserves

(a) The Group

HK\$ Million	Other reserves				Total	Retained profits	Total reserves
	Exchange reserve	Hedging reserve	Investment revaluation reserve	Employee share-based compensation reserve			
At January 1, 2021	1,941	(67)	77	630	2,581	95,798	98,379
Profit for the year	–	–	–	–	–	3,868	3,868
Exchange difference arising from translation to presentation currency	2,882	–	–	–	2,882	–	2,882
Loss on net investment hedge	(9)	–	–	–	(9)	–	(9)
Cash flow hedges: net movement in hedging reserve	–	50	–	–	50	–	50
Net change in fair value of equity investments	–	–	1	–	1	–	1
Total comprehensive income for the year	2,873	50	1	–	2,924	3,868	6,792
Final dividend in respect of previous year	–	–	–	–	–	(2,653)	(2,653)
Interim dividend in respect of current year	–	–	–	–	–	(810)	(810)
Issue of shares	–	–	–	(5)	(5)	–	(5)
Employee share-based payments	–	–	–	(132)	(132)	198	66
At December 31, 2021 and January 1, 2022	4,814	(17)	78	493	5,368	96,401	101,769
Profit for the year	–	–	–	–	–	3,836	3,836
Exchange difference arising from translation to presentation currency	(8,828)	–	–	–	(8,828)	–	(8,828)
Gain on net investment hedge	9	–	–	–	9	–	9
Cash flow hedges: net movement in hedging reserve	–	67	–	–	67	–	67
Net change in fair value of equity investments	–	–	(1)	–	(1)	–	(1)
Total comprehensive income for the year	(8,819)	67	(1)	–	(8,753)	3,836	(4,917)
Final dividend in respect of previous year	–	–	–	–	–	(2,699)	(2,699)
Interim dividend in respect of current year	–	–	–	–	–	(810)	(810)
Employee share-based payments	–	–	–	77	77	11	88
At December 31, 2022	(4,005)	50	77	570	(3,308)	96,739	93,431

21 Reserves (Continued)**(a) The Group** (Continued)

The retained profits of the Group at December 31, 2022 included HK\$923 million (2021: HK\$922 million) in respect of statutory reserves of the subsidiaries in mainland China.

The exchange reserve of the Group comprises exchange differences arising from the translation of the Group's operations in mainland China and the effective portion of any foreign exchange differences arising from hedging of net investments in foreign operations (Note 1(l)(2)).

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (Note 1(l)(1)).

The table below provides a reconciliation of the hedging reserve in respect of interest rate risk (Note 27(a)) and currency risk (Note 27(d)):

HK\$ Million	Interest rate risk	Currency risk	Total
At January 1, 2021	(49)	(18)	(67)
Effective portion of cash flow hedge recognized in other comprehensive income	14	37	51
Amount reclassified to profit or loss	30	(24)	6
Related tax	(7)	–	(7)
At December 31, 2021 and January 1, 2022	(12)	(5)	(17)
Effective portion of cash flow hedge recognized in other comprehensive income	95	26	121
Amount reclassified to profit or loss	(21)	(21)	(42)
Related tax	(12)	–	(12)
At December 31, 2022	50	–	50

The investment revaluation reserve comprises the cumulative net change in the fair value of equity investments measured at FVTOCI (Note 1(j)).

The employee share-based compensation reserve comprises the fair value of share options granted which are not yet exercised, as explained in note 1(z).

21 Reserves (Continued)**(b) The Company**

HK\$ Million	Employee share-based compensation reserve	Retained profits	Total reserves
At January 1, 2021	630	23,307	23,937
Profit and total comprehensive income for the year	–	3,383	3,383
Final dividend in respect of previous year	–	(2,653)	(2,653)
Interim dividend in respect of current year	–	(810)	(810)
Issue of shares	(5)	–	(5)
Employee share-based payments	(132)	198	66
At December 31, 2021 and January 1, 2022	493	23,425	23,918
Profit and total comprehensive income for the year	–	3,632	3,632
Final dividend in respect of previous year	–	(2,699)	(2,699)
Interim dividend in respect of current year	–	(810)	(810)
Employee share-based payments	77	11	88
At December 31, 2022	570	23,559	24,129

The aggregate amount of the Company's reserves available for distribution to equity shareholders of the Company at December 31, 2022 was HK\$23,559 million (2021: HK\$23,425 million).

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders, and to secure access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in the light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its leveraging ratio (net debt to equity ratio and debt to equity ratio) and cash flow requirements, taking into account future financial obligations and commitments. Net debt represents bank loans and other borrowings less cash and deposits with banks. Equity comprises shareholders' equity and non-controlling interests.

The Group has a net debt position as of December 31, 2022 (Note 14). Net debt to equity ratio and debt to equity ratio as of December 31, 2022 were 28.1% (2021: 24.4%) and 31.8% (2021: 30.0%), respectively. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

22 Cash Generated from Operations

HK\$ Million	2022	2021
Profit before taxation	5,850	6,888
Adjustments for:		
Gain on disposal of investment properties	–	(17)
Dividend income from equity investments measured at FVTOCI	–	(1)
Loss on disposal of other property, plant and equipment	4	1
Employee share-based payments	88	66
Depreciation	78	61
Decrease/(increase) in fair value of properties	345	(460)
Interest income on bank deposits	(63)	(73)
Finance costs	512	487
Share of profits of joint ventures	(24)	(8)
Increase in properties for sale	(1,017)	(3,408)
Increase in trade and other receivables	(252)	(243)
(Decrease)/increase in creditors and accrued expenses and contract liabilities	(30)	704
Increase in deposits received	7	204
Cash generated from operations	5,498	4,201

23 Reconciliation of Liabilities Arising from Financing Activities

HK\$ Million	Bank loans and other borrowings (Note 17)	Lease liabilities (Note 11)	Total
At January 1, 2021	37,917	328	38,245
Cash flows	7,314	(28)	7,286
Non-cash changes:			
Entering into new leases	–	10	10
Unwind of discount and amortization of transaction costs	86	16	102
Exchange adjustment	378	10	388
At December 31, 2021 and January 1, 2022	45,695	336	46,031
Cash flows	881	(30)	851
Non-cash changes:			
Unwind of discount and amortization of transaction costs	87	15	102
Exchange adjustment	(1,139)	(28)	(1,167)
At December 31, 2022	45,524	293	45,817

24 Commitments

At the end of the reporting period, capital commitments not provided for in the financial statements were as follows:

HK\$ Million	2022	2021
Contracted for	1,830	5,975
Authorized but not contracted for	14,135	13,162
	15,965	19,137

The above commitments include mainly the construction related costs to be incurred in respect of the Group's development of investment properties in various cities in mainland China.

25 Employee Benefits

(a) Retirement benefits

Staff of the Group's entities operating in Hong Kong are offered either an MPF Exempted Occupational Retirement Scheme (the "ORSO Scheme") or a master trust Mandatory Provident Fund Scheme (the "MPF Scheme"). The eligibility for membership of the ORSO and MPF schemes is identical for new employees.

The ORSO Scheme is a defined contribution provident fund scheme, the assets of which are held separately from those of the Group by an independent corporate trustee and managed by professional fund managers. Contributions are made by both the employer and the employees at a certain percentage of employees' basic salaries, the percentage varying with their length of service. When an employee leaves the scheme prior to his or her interest in the Group's contributions being fully vested, forfeited contributions are refunded to the Group. Total contributions made by the Group for the year amounted to HK\$34 million (2021: HK\$34 million) and forfeited sums refunded to the Group amounted to HK\$2 million (2021: HK\$4 million).

The MPF Scheme is operated by an independent service provider. Mandatory contributions are made by both the employer and the employees at 5% of the employees' monthly relevant income, up to a limit of HK\$30,000. The Group's contributions will be fully and immediately vested in the employees' accounts as their accrued benefits in the scheme. Total MPF contributions made by the Group for the year amounted to HK\$8 million (2021: HK\$7 million).

Staff of the Group's mainland China subsidiaries are members of a retirement benefits scheme (the "Mainland RB Scheme") operated by the local municipal government in mainland China. The only obligation of the subsidiaries in mainland China is to contribute a certain percentage of their payroll to Mainland RB Scheme to fund the retirement benefits. The local municipal government in mainland China undertakes to assume the retirement benefits obligations of all existing and future retired employees of subsidiaries in mainland China. Total contributions made by subsidiaries in mainland China for the year amounted to HK\$63 million (2021: HK\$62 million).

25 Employee Benefits (Continued)

(b) Equity compensation benefits

The share option scheme adopted by the Company on April 18, 2012 (the "2012 Share Option Scheme") was terminated upon the adoption of a new share option scheme on April 27, 2022 (the "2022 Share Option Scheme", together with the 2012 Share Option Scheme are referred to as the "Schemes"). The 2022 Share Option Scheme became valid and effective for a period of ten years commencing from the date of adoption. No further share options shall be offered or granted under the 2012 Share Option Scheme but in all other respects the provisions of the 2012 Share Option Scheme shall remain in full force and effect, and all share options granted prior to such termination and not exercised nor forfeited/lapsed at the date of termination shall remain valid.

The purposes of the Schemes are to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group, to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interest in the Company.

Under the Schemes, the board of directors of the Company (the "Board") is authorized to grant options to selected participants, including employees and directors of any company in the Group, subject to the terms and conditions such as performance targets as the Board may specify on a case-by-case basis or generally. The exercise price of the options is determined by the Board at the time of grant, and shall not be less than the higher of the nominal value of the shares, the closing price of the shares at the date of grant and the average closing price of the shares for the five business days immediately preceding the date of grant. The period open for acceptance of the option and amount payable thereon, the vesting period, the exercisable period and the number of shares subject to each option are determined by the Board at the time of grant.

No share options have been granted under the 2022 Share Option Scheme since its adoption, and the share options granted under the 2012 Share Option Scheme to the directors and employees are at nominal consideration and each share option gives the holder the right to subscribe for one share of the Company.

As of the date of this report, the total number of shares available for issue under the 2022 Share Option Scheme is 337,444,550 shares, representing approximately 7.5% of the total number of issued shares of the Company. The total number of shares issued and to be issued upon exercise of options (including both exercised and outstanding) granted to each participant in any 12-month period shall not exceed 1% of the shares of the Company in issue.

25 Employee Benefits (Continued)

(b) Equity compensation benefits (Continued)

The movements of share options during the year are as follows:

(i) 2012 Share Option Scheme

Date granted	Number of share options			Outstanding on December 31, 2022	Period during which options are exercisable	Exercise price (HK\$)
	Outstanding on January 1, 2022	Granted	Forfeited/ Lapsed			
June 4, 2013	22,840,000	–	(580,000)	22,260,000	June 4, 2015 to June 3, 2023	28.20
December 5, 2014	19,820,000	–	(530,000)	19,290,000	December 5, 2016 to December 4, 2024	22.60
August 10, 2017	30,183,000	–	(1,528,000)	28,655,000	August 10, 2019 to August 9, 2027	19.98
May 16, 2018	10,000,000	–	–	10,000,000	May 16, 2020 to May 15, 2028	18.98
June 28, 2019	44,961,900	–	(3,095,200)	41,866,700	June 28, 2021 to June 27, 2029	18.58
May 12, 2021	63,105,000	–	(4,710,000)	58,395,000	May 12, 2023 to May 11, 2031	19.95
October 6, 2021	2,000,000	–	–	2,000,000	October 6, 2023 to October 5, 2031	17.65
February 21, 2022	–	67,070,000	(2,840,000)	64,230,000	February 21, 2024 to February 20, 2032	16.38
Total	192,909,900	67,070,000	(13,283,200)	246,696,700		

All the above options may vest after two to five years of the grant date and are exercisable up to the tenth anniversary of the date of grant, after which they will lapse. No options were exercised or cancelled during the year.

In respect of options granted during the year, the closing share price immediately before the date of grant was HK\$16.32.

During the year, 13,283,200 options (2021: 9,924,100 options) were forfeited upon cessations of the grantees' employments.

25 Employee Benefits (Continued)**(b) Equity compensation benefits** (Continued)**(i) 2012 Share Option Scheme** (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2022		2021	
	Weighted average exercise price (HK\$)	Number of options	Weighted average exercise price (HK\$)	Number of options
Outstanding at January 1	20.81	192,909,900	21.26	136,790,000
Granted	16.38	67,070,000	19.88	67,505,000
Exercised	–	–	19.92	(1,461,000)
Forfeited	19.34	(13,283,200)	20.84	(9,924,100)
Outstanding at December 31	19.69	246,696,700	20.81	192,909,900
Exercisable at December 31	22.34	88,803,650	23.35	68,265,990

The weighted average remaining contractual life of options outstanding at the end of the reporting period was 6.5 years (2021: 6.6 years).

The fair value of share options granted was estimated at the date of grant using the Black-Scholes pricing model taking into account the terms and conditions upon which the options were granted. In respect of the share options granted during the year, the fair value, terms and conditions, and assumptions are as follows:

Fair value at grant date	HK\$2.07
Share price at grant date	HK\$16.32
Exercise price	HK\$16.38
Risk-free interest rate	1.55%
Expected life (in years)	6
Expected volatility	24.79%
Expected dividends per share	HK\$0.78

The expected volatility is based on the historical volatility and the expected dividends per share are based on historical dividends. Changes in the above assumptions could materially affect the fair value estimate.

25 Employee Benefits (Continued)

(b) Equity compensation benefits (Continued)

(ii) In respect of share options granted to the directors, the related charge recognized for the year ended December 31, 2022, estimated in accordance with the Group's accounting policy in note 1(z)(2) was as follows:

- (1) Mr. Ronnie C. Chan, HK\$5.8 million (2021: HK\$4.4 million);
- (2) Mr. Adriel Chan, HK\$4.9 million (2021: HK\$3.4 million);
- (3) Mr. Weber W.P. Lo, HK\$7.9 million (2021: HK\$8.1 million);
- (4) Mr. Kenneth K.K. Chiu, HK\$2.3 million (2021: HK\$0.3 million);
- (5) Mr. Philip N.L. Chen, HK\$0.4 million (2021: HK\$1.0 million); and
- (6) Mr. H.C. Ho, HK\$3.7 million (retired as executive director on March 1, 2022) (2021: HK\$2.8 million).

26 Material Related Party Transactions

Except for the emoluments to directors and key management personnel disclosed in notes 6 and 25(b) and the transactions and balances already disclosed elsewhere in the financial statements, the Group did not have any material related party transactions in the ordinary course of business.

None of the above related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided on page 137 in the Report of the Directors.

27 Financial Risk Management Objectives and Policies

Exposure to interest rate, liquidity, credit and currency risks arises in the normal course of the Group's business. The Group has policies and practices approved by management as described below in managing these risks.

(a) Interest rate risk

The Group's interest rate risk arises primarily from deposits with banks and floating rate bank borrowings. Interest rate trends and movements are closely monitored and, if appropriate, existing borrowings will be replaced with new bank facilities when favorable pricing opportunities arise.

The Group enters into floating-for-fixed interest rate swaps to manage its exposure to interest rate risk. In addition, the Group maintains the Medium Term Note Program which facilitates the Group to mitigate future interest rate volatility and re-financing risks.

The Group has designated the interest rate swaps in their entirety as the hedging instruments of the interest rate risk on variability in cash flows arising from certain floating rate bank loans. The table below summarizes the details of hedging instruments as of the end of the reporting period and the effect of the hedge accounting during the year:

HK\$ Million	2022	2021
Notional amount of hedging instruments	4,500	4,500
Carrying amount of hedging instruments		
– Trade and other receivables	59	–
– Trade and other payables	–	(15)
Change in fair value used for measuring hedge ineffectiveness		
– Hedging instruments	95	14
– Hedged items	(95)	(14)
Change in fair value of hedging instruments recognized in other comprehensive income	95	14
Amount reclassified from hedging reserve to profit or loss that are (credited)/charged to finance costs	(21)	30

These interest rate swaps will mature in 2023, of which the Group receives Hong Kong Interbank Offered Rate and pays fixed rates ranging from 0.7% to 0.79%. The hedge ratio is determined to be 1:1 as the Group uses interest rate swaps to match the critical terms of the bank loans, including the notional amounts, benchmark interest rates, interest repricing dates and interest payment/receipt dates. Hedge ineffectiveness is expected to be insignificant.

After taking into account the effect of interest rate swaps, the interest rate risk profile of the Group's borrowings at the end of the reporting period is as follows:

HK\$ Million	2022	2021
Fixed	17,376	21,998
Floating	28,148	23,697
Total borrowings	45,524	45,695

27 Financial Risk Management Objectives and Policies (Continued)

(a) Interest rate risk (Continued)

Based on the simulations performed at year end in relation to the Group's bank deposits as disclosed in note 14 and floating rate borrowings as listed above, it was estimated that the impact of a 100 basis-point increase in market interest rates from the rates applicable at the year end date, with all other variables held constant, would increase the Group's annual net interest payments by approximately HK\$230 million (2021: HK\$153 million).

This analysis is based on a hypothetical situation, as in practice market interest rates rarely change in isolation, and should not be considered a projection of likely future profits or losses. The analysis assumes the following:

- changes in market interest rates affect the interest income and interest expense of floating rate financial instruments and bank loans (after taking into account the effect of interest rate swaps); and
- all other financial assets and liabilities are held constant.

The analysis was performed on the same basis for 2021.

(b) Liquidity risk

The Group manages surplus cash centrally and the liquidity risk of the Company and subsidiaries at the corporate level. The Group maintains adequate amount of cash and undrawn committed bank facilities to meet all funding requirements. Significant flexibility is achieved through diverse sources of committed credit lines for capturing future expansion opportunities.

HK\$ Million	Contractual undiscounted cash flow					
	Carrying amount	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Bank loans and other borrowings	45,524	52,195	6,336	9,675	30,080	6,104
Trade and other payables	9,829	9,829	7,786	1,043	917	83
Lease liabilities	293	418	27	28	73	290
At December 31, 2022	55,646	62,442	14,149	10,746	31,070	6,477

HK\$ Million	Contractual undiscounted cash flow					
	Carrying amount	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Bank loans and other borrowings	45,695	50,164	9,272	8,548	25,397	6,947
Trade and other payables	10,895	10,895	8,956	914	872	153
Lease liabilities	336	487	31	29	83	344
At December 31, 2021	56,926	61,546	18,259	9,491	26,352	7,444

27 Financial Risk Management Objectives and Policies (Continued)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables with tenants and deposits held with reputable banks and financial institutions.

The Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly reviewed and closely monitored to minimize any associated credit risk.

Surplus cash is placed with reputable banks and financial institutions in accordance with pre-determined limits based on credit ratings and other factors to minimize concentration risk.

The Group does not provide any financial guarantee which would expose the Group to material credit risk.

There are no significant concentrations of credit risk within the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The Group measures loss allowances for trade receivables with tenants in accordance with note 1(m).

(d) Currency risk

The Group adopts a conservative risk management policy to manage foreign currency exposure. The level of hedge is decided through cost and benefit analysis with reference to prevailing market situation. If appropriate, the Group may use derivative financial instruments solely for hedging purposes. These derivatives reduce the uncertainty of interest payments and principal repayments of foreign currency debts and can be entered into on or after the issuance of a foreign currency debt.

Currency risk arises from assets and liabilities denominated in a currency other than the functional currency of the Group's entities to which they related. The Group has bonds outstanding amounting to US\$50 million (2021: US\$550 million). The currency risk arising from the USD denominated bonds is hedged by back-to-back USD/HKD cross currency swaps, at exchange rate of 7.75 HKD/USD and fixed interest rates at 2.03% (2021: ranging from 2.03% to 4.715%) per annum. These swaps will mature in 2028 (2021: 2022 and 2028).

27 Financial Risk Management Objectives and Policies (Continued)

(d) Currency risk (Continued)

The Group has designated the cross currency swaps in their entirety as the hedging instruments of the foreign currency risk arising from the USD denominated bonds. The table below summarizes the details of hedging instruments as of the end of the reporting period and the effect of the hedge accounting during the year:

HK\$ Million	2022	2021
Notional amount of hedging instruments	388	4,263
Carrying amount of hedging instruments		
– Trade and other receivables	3	26
Change in fair value used for measuring hedge ineffectiveness		
– Hedging instruments	26	37
– Hedged items	(26)	(37)
Change in fair value of hedging instruments recognized in other comprehensive income	26	37
Amount reclassified from hedging reserve to profit or loss that are charged/(credited) to		
– Finance costs	4	9
– Other net income	(25)	(33)

The hedge ratio is determined to be 1:1 as the Group uses cross currency swaps to match the critical terms of the bonds, including the notional amounts, currencies, interest payment/receipt dates and maturity dates. Hedge ineffectiveness is expected to be insignificant.

The Group engages in property development and investments in mainland China through local subsidiaries whose net carrying values are exposed to currency risk. In addition, the Group has Renminbi deposits of RMB2,659 million (2021: RMB2,359 million), for which there are currency risks but which are held to meet ongoing Renminbi payment obligations in relation to development projects in mainland China. Where appropriate, the Group seeks to minimize the exposure to currency risk in mainland China through borrowings denominated in Renminbi.

The Group has designated its Renminbi denominated borrowings outside mainland China as a hedging instrument for the changes in the value of the net investment in mainland China attributable to changes in the HKD/RMB spot rate. It is the Group's policy to monitor the currency risk arising from the net investment in mainland China and to adjust the hedging strategy when necessary. The risk management policy and hedging strategy are reviewed in light of the changes in the value of the Group's total net investment in mainland China.

The carrying amount of the Renminbi denominated borrowings designated as hedging instruments at December 31, 2022 was HK\$90 million (2021: HK\$98 million). The hedge was determined to be fully effective as the carrying value of the hedged item did not drop below the carrying amount of the hedging instrument throughout the hedging period. A foreign exchange gain of HK\$9 million (2021: loss of HK\$9 million) was recognized in the Group's other comprehensive income for the year on translation of the Renminbi denominated borrowings to Hong Kong dollars.

27 Financial Risk Management Objectives and Policies (Continued)

(d) Currency risk (Continued)

Management estimated that a 5% (2021: 5%) appreciation/depreciation of Renminbi against Hong Kong dollar would increase/decrease the Group's equity attributable to shareholders by HK\$4,771 million (2021: HK\$5,083 million).

The above analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2021.

(e) Fair value

The fair value of the Group's financial instruments are measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique is as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

(i) Financial assets and liabilities measured at fair value

(1) *The level of fair value hierarchy within which the fair value measurements are categorized and analyzed below:*

HK\$ Million	Fair value		Fair value measurements categorized into
	2022	2021	
Financial assets			
Trade and other receivables			
Cross currency swaps (cash flow hedges)	3	26	Level 2
Interest rate swaps (cash flow hedges)	59	–	Level 2
Other assets			
Investment in equity instruments	77	78	Level 3
Financial liabilities			
Trade and other payables			
Interest rate swaps (cash flow hedges)	–	(15)	Level 2

27 Financial Risk Management Objectives and Policies (Continued)

(e) Fair value (Continued)

(i) *Financial assets and liabilities measured at fair value (Continued)*

The fair value of the cross currency swaps and interest rate swaps is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period taking into account current interest rates and current creditworthiness of the swap counter-parties.

The fair value of non-publicly traded equity investments is determined by reference to the net asset value of these investments.

(2) *Transfers of instruments between the three-level fair value hierarchy*

During the year, there were no transfers of instruments between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as of the end of the reporting period in which they occur.

(ii) *Fair value of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at amortized cost were not materially different from their fair values as of December 31, 2021 and 2022.

28 Significant Accounting Estimates and Judgments

Key sources of estimation uncertainty

Note 10(b) contains information about the assumptions and the risk relating to valuation of investment properties and investment properties under development.

Besides, the Group determines the net realizable value of properties for sale based on estimation of future selling price less estimated costs of completion and costs to be incurred in relation to the sale, with reference to the prevailing market data and market survey reports available from independent property valuers.

29 Company-Level Statement of Financial Position

At December 31, 2022

HK\$ Million	Note	2022	2021
Non-current assets			
Interests in subsidiaries	30	65,760	64,971
Current assets			
Cash and deposits with banks		1	1
Trade and other receivables		4	5
		5	6
Current liability			
Trade and other payables		21	23
Net current liabilities			
		16	17
Total assets less current liabilities			
		65,744	64,954
Non-current liabilities			
Amounts due to subsidiaries	30(c)	1,665	1,086
NET ASSETS			
		64,079	63,868
Capital and reserves			
Share capital	20	39,950	39,950
Reserves	21(b)	24,129	23,918
TOTAL EQUITY			
		64,079	63,868

Weber W.P. Lo
Chief Executive Officer

Kenneth K.K. Chiu
Chief Financial Officer

30 Interests in Subsidiaries and Amounts due to Subsidiaries

HK\$ Million	2022	2021
Unlisted shares, at cost	8	8
Amounts due from subsidiaries (Note 30(b))	65,752	64,963
	65,760	64,971

- (a) Details of principal subsidiaries are set out in note 34.
- (b) Amounts due from subsidiaries are unsecured, interest-free with no fixed terms of repayment and classified as non-current assets as they are not expected to be recoverable within the next 12 months.
- (c) Amounts due to subsidiaries are unsecured, interest-free with no fixed terms of repayment and classified as non-current liabilities as they are not expected to be repaid within the next 12 months.

31 Ultimate Holding Company

The ultimate holding company is Hang Lung Group Limited, a company incorporated in Hong Kong.

32 Possible Impact of Amendments, New Standards and Interpretations Issued but not yet Effective for the Year Ended December 31, 2022

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 December 31, 2022 and which have not been adopted in these financial statements.

The Group 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 it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial statements.

33 Approval of Financial Statements

The financial statements were approved and authorized for issue by the Board of Directors on January 31, 2023.

34 Principal Subsidiaries

At December 31, 2022

Company	Issued Share Capital (HK\$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Antonis Limited*	10,000	100	100	Property leasing	Hong Kong
AP City Limited	2	100	–	Property leasing	Hong Kong
AP Joy Limited	2	100	–	Property leasing	Hong Kong
AP Properties Limited				Property leasing	Hong Kong
'A' shares	34	100	–		
'B' shares	6	100	–		
AP Star Limited*	2	100	–	Investment holding	Hong Kong
AP Success Limited	2	100	–	Property leasing	Hong Kong
AP Universal Limited*	2	100	–	Property leasing	Hong Kong
AP Win Limited*	1,000,000	100	–	Property leasing	Hong Kong
AP World Limited	2	100	100	Property leasing	Hong Kong
Bonna Estates Company Limited	1,000,000	100	100	Property leasing	Hong Kong
Caddo Enterprises, Limited*	4,000,000	100	–	Property leasing	Hong Kong
Country Bond Development Limited				Investment holding	Hong Kong
'A' shares	990	79.8	–		
'B' share	1	100	–		
Dokay Limited*	2	100	–	Property leasing	Hong Kong
Easegood Enterprises Limited*	2	100	–	Investment holding	Hong Kong
Fu Yik Company Limited*	3	100	–	Property leasing	Hong Kong
Gala Ruby Limited*	2	100	100	Investment holding	Hong Kong
Grand Centre Limited	4	100	–	Property leasing	Hong Kong
Grand Hotel Group Limited	10,200	100	–	Apartment operating & management	Hong Kong
Grand Hotel Holdings Limited*				Investment holding	Hong Kong
'A' shares	1,004,834,694	100	–		
'B' shares	6,000,000	100	–		
Hang Chui Company Limited	2	100	–	Property leasing	Hong Kong
Hang Far Company Limited*	2	100	–	Investment holding	Hong Kong
Hang Fine Company Limited	200	100	–	Property leasing	Hong Kong
Hang Kwok Company Limited*	10,000	100	–	Property leasing	Hong Kong
Hang Lung (Administration) Limited	10,000	100	100	Management services	Hong Kong
Hang Lung (Dalian) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung (Jiangsu) Limited*	1	100	–	Investment holding	Hong Kong

34 Principal Subsidiaries (Continued)

At December 31, 2022

Company	Issued Share Capital (HK\$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Hang Lung (Jinan) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung (Kunming) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung (Liaoning) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung (Shenyang) Limited*	2	100	–	Investment holding	Hong Kong
Hang Lung (Tianjin) Limited*	2	100	–	Investment holding	Hong Kong
Hang Lung (Wuhan) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung (Wuxi) Limited*	1	100	–	Investment holding	Hong Kong
Hang Lung Gala Place Limited	2	100	–	Property leasing	Hong Kong
Hang Lung Project Management Limited*	10,000	100	100	Project management	Hong Kong
Hang Lung Property Management Limited*	100,000	100	–	Property management	Hong Kong
Hang Lung Real Estate Agency Limited*	2	100	100	Property agencies	Hong Kong
Hang Top Limited*	3	66.7	–	Investment holding	Hong Kong
Hang Wise Company Limited*	200	66.7	–	Property development	Hong Kong
HLP (China) Administrative Limited	1	100	–	Management services	Hong Kong
HLP (China) Limited*	2	100	100	Investment holding	Hong Kong
HLP Finance Limited#	US\$1	100	100	Financial services	British Virgin Islands
HLP Financial Services Limited	RMB1	100	–	Financial services	Hong Kong
HLP Treasury Limited	2	100	100	Financial services	Hong Kong
HLP Treasury Services Limited*	2	100	–	Financial services	Hong Kong
Hoi Sang Limited*	2	100	–	Investment holding	Hong Kong
Lockoo Limited*	1,000,002	100	–	Property development	Hong Kong
Mansita Limited*	2	100	–	Property leasing	Hong Kong
Modalton Limited	2	100	–	Property leasing	Hong Kong
Palex Limited*	2	100	–	Property leasing	Hong Kong
Passion Success Limited*	1	100	–	Investment holding	Hong Kong
Pocaliton Limited	2	100	–	Property leasing	Hong Kong
Rago Star Limited	2	100	–	Property leasing	Hong Kong
Stocket Limited	2	100	100	Property leasing	Hong Kong
Superlane Development Limited	1,000	66.7	–	Property development	Hong Kong
Tegraton Limited	2	100	–	Property leasing	Hong Kong
Total Select Limited	1	100	–	Property development	Hong Kong
Wai Luen Investment Company, Limited*	100,000	100	–	Property leasing	Hong Kong
Yangli Limited*	2	100	–	Property leasing	Hong Kong

34 Principal Subsidiaries (Continued)

At December 31, 2022

Wholly Foreign Owned Enterprises in Mainland China	Registered Capital	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Dalian Hang Lung Properties Ltd.	RMB5,586,877,355	100	–	Property development & leasing	Mainland China
Hangzhou Hang Lung Properties Ltd.	RMB11,767,500,000	100	–	Property development	Mainland China
Hubei Hang Lung Property Development Co., Ltd.	RMB7,900,000,000	100	–	Property development & leasing	Mainland China
Kunming Hang Ying Properties Ltd.	RMB8,055,634,575	100	–	Property development & leasing	Mainland China
Liaoning Hang Lung Properties Ltd.	RMB8,040,096,324	100	–	Property development & leasing	Mainland China
Shandong Hang Lung Properties Ltd.	US\$385,000,000	100	–	Property development & leasing	Mainland China
Shenyang Hang Lung Properties Ltd.	US\$349,990,000	100	–	Property development & leasing	Mainland China
Tianjin Hang Lung Properties Ltd.	HK\$5,329,600,000	100	–	Property development & leasing	Mainland China
Wuxi Hang Lung Properties Ltd.	RMB4,691,746,261	100	–	Property development & leasing	Mainland China
Wuxi Hang Ying Properties Ltd.	RMB960,716,180	100	–	Property development	Mainland China

Equity Joint Ventures in Mainland China	Registered Capital (US\$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Shanghai Hang Bond Property Development Co., Ltd.	167,004,736	82	–	Property development & leasing	Mainland China
Shanghai Kong Hui Property Development Co., Ltd.	165,000,000	69.3 [^]	–	Property development & leasing	Mainland China

Operated in Hong Kong

* Not audited by KPMG

[^] Represents the Group's attributable interest in the commercial portion of the properties held either directly or indirectly by the subsidiary

The above list gives the principal subsidiaries of the Group which in the opinion of the directors, principally affect the profit and assets of the Group.

35 Joint Ventures

At December 31, 2022

Company	Issued Share Capital (HK\$)	% Held by the Group	% Held by the Company	Activity	Place of Incorporation and Operations
Country Link Enterprises Limited	5,000,000	36.8	–	Investment holding	Hong Kong
Ease Smart Development Limited				Investment holding	Hong Kong
'A' share	1	–	–		
'B' share	1	100	–		
Star Play Development Limited*	3	33.3	–	Property leasing	Hong Kong

* Not audited by KPMG

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