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This announcement and the listing document referred to herein have been published for information purposes only as required by the Listing Rules (as defined below) 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.

This announcement is for information purposes only, and does not constitute an invitation or solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.

*This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the Issuer making the offer, its management and financial statements. The Issuer does not intend to make any public offering of securities in the United States.*

Notice to Hong Kong investors: *The Issuer confirms that the Notes (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange (as defined below) on that basis. Accordingly, the Issuer confirms 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, SUPPLEMENTAL
OFFERING CIRCULAR AND PRICING SUPPLEMENTS ON THE
STOCK EXCHANGE OF HONG KONG LIMITED**



URBAN RENEWAL AUTHORITY

*(a body corporate established in Hong Kong
under the Urban Renewal Authority Ordinance (Chapter 563 of the laws of Hong Kong))*
(the “Issuer”)

HK\$5,000,000,000 2.95 per cent. Notes due 2031

(Stock Code: 40038)

and

HK\$3,000,000,000 3.48 per cent. Notes due 2036

(Stock Code: 40039)

(together, the “Notes”)

under the U.S.\$4,400,000,000 Medium Term Note Programme

(the “Programme”)

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 23 June 2025 in relation to the Programme (the “**Original Offering Circular**”), the supplemental offering circular dated 10 November 2025 in relation to the Programme (the “**Supplemental Offering Circular**”, and together with the Original Offering Circular, the “**Offering Circular**”) and the pricing supplements dated 7 January 2026 in relation to the Notes (the “**Pricing Supplements**”), each appended hereto (the Offering Circular and the Pricing Supplements together, the “**Listing Documents**”, and each a “**Listing Document**”). As disclosed in the Listing Documents, the Notes are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

The Listing Documents do 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.

Hong Kong, 15 January 2026

*As at the date of this announcement, the Board of Directors of the Issuer comprises: Mr Chow Chung-kong (Chairman)***, Ar Donald Choi Wun-hing (Managing Director)*, Mr Wilfred Au Chun-ho*, Ms Carolin Fong Suet-yuen*, Mr William Chan Fu-keung**, The Honourable Chan Hok-fung**, Dr Chan Ka-kui**, The Honourable Chan Kin-por**, Mr Chiu Kam-kuen**, The Honourable Kwok Wai-keung**, Ir Janice Lai Wai-man**, Sr Alexander Lam Tsan-wing**, Mrs Sylvia Lam Yu Ka-wai**, Ms Lilian Law Suk-kwan**, Ir The Honourable Michael Lee Chun-keung**, Ms Jasmine Lee Shun-yi**, Ms Florence Leung Chi-hang**, The Honourable Tony Tse Wai-chuen**, Ms Yvonne Yeung Kin-ha**, Mr Ho Chun-hung***, Mr Maurice Loo Kam-wah***, Mr Tom Yip Chi-kwai*** and Mr Te Chi-wang***.*

* *Executive directors*

** *Non-executive directors (non-official)*

*** *Non-executive directors (official)*

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APPENDIX 1 – OFFERING CIRCULAR DATED 23 JUNE 2025

IMPORTANT NOTICE

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

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, (THE “**SECURITIES ACT**”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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

Confirmation of the Representation: This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that you are outside the United States. In addition, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

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

The materials relating to any 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 such 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, such offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arrangers and the Dealers (each as defined in this Offering Circular) or any person who controls any Arranger or Dealer or any director, officer, employee or agent of the Issuer, any Arranger or Dealer 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 any of the Arrangers or the Dealers.

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

OFFERING CIRCULAR



URBAN RENEWAL AUTHORITY

(a body corporate established in Hong Kong under the Urban Renewal Authority Ordinance
(Chapter 563 of the Laws of Hong Kong))

U.S.\$3,000,000,000
Medium Term Note Programme

On 14 July 2009, the Urban Renewal Authority (the “URA” or the “Issuer”) established a U.S.\$1,000,000,000 Medium Term Note Programme (the “Programme”). On 24 June 2024, the aggregate nominal amount of the Notes that may be issued under the Programme was increased to U.S.\$3,000,000,000. This Offering Circular describes the Programme. This Offering Circular supersedes all previous offering circulars and any supplement thereto. Any Notes (as defined below) issued under this Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued prior to the date of this Offering Circular.

Under this Programme, the Issuer may from time to time issue Medium Term Notes (the “Notes”) subject to compliance with all relevant laws, regulations and directives. Notes issued by the Issuer will not be guaranteed. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$3,000,000,000 (or the equivalent in other currencies), subject to increase as described herein.

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

Notice to Hong Kong investors: the Issuer confirms that each Tranche (as defined under “Terms and Conditions of the Notes”) of the Notes to be issued under the Programme is intended for purchase by Professional Investors only and, the Programme and the Notes, to the extent that such 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 confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

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

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

The Programme has been rated “AA+” by S&P Global Ratings (“S&P”). These ratings are only correct as at the date of this Offering Circular. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Prospective investors should be aware that there are various other risks relating to the Notes, the Issuer, the Group, their businesses and operations which prospective investors should familiarise themselves with before making an investment in the Notes. See the section headed “Risk Factors” beginning on page 11 in this Offering Circular.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form may be subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States except in certain transactions exempt from the registration requirements of the Securities Act.

Each Series (as defined below) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “Temporary Bearer Global Note”) or a permanent global note in bearer form (each a “Permanent Bearer Global Note”). Notes in registered form will initially be represented by a global note in registered form (each a “Registered Global Note”) and together with any Temporary Bearer Global Notes and Permanent Bearer Global Notes, the “Global Notes”, one Registered Global Note being issued in respect of each Noteholder’s entire holding of Notes in registered form of one Series. Global Notes may be deposited on the issue date with a common depositary on behalf of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Global Notes may also be deposited with a sub-custodian for the Central Moneymarkets Unit Service (the “CMU”) operated by the Hong Kong Monetary Authority (“HKMA”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “Form of the Notes”.

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

PRIIPs/IMPORTANT — UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“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; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. 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.

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

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

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

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

Singapore Securities and Futures Act Product Classification — In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Arrangers				
HSBC			Standard Chartered Bank	
Dealers				
Agricultural Bank of China Limited Hong Kong Branch	ANZ	Bank of China (Hong Kong)	Bank of Communications	Barclays
BNP PARIBAS	BofA Securities	Citigroup	CMB Wing Lung Bank Limited	Crédit Agricole CIB
DBS Bank Ltd.	Goldman Sachs	HSBC	ICBC (Asia)	J.P. Morgan
Mizuho	Morgan Stanley	OCBC	Standard Chartered Bank	UBS

The date of this Offering Circular is 23 June 2025

IMPORTANT NOTICE

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 and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

No person is or has been authorised by the Issuer to give any information or to make any representation other than as contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Arrangers or the Dealers (each as defined in “*Summary of the Programme*”). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer and its Subsidiaries (as defined under “*Terms and Conditions of the Notes*”) taken as a whole (the “Group”) since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Arrangers or the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or any U.S. State securities law and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see “*Subscription and Sale*”.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or invitation in such jurisdiction.

The Arrangers and the Dealers have not separately verified the information contained in this Offering Circular. None of the Arrangers or the Dealers 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, none of the Arrangers or the Dealers accept any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arrangers or the Dealers or on their behalf in connection with the Issuer, the Group, the Programme or the issue and offering of the Notes. Each of the Arrangers and the Dealers accordingly disclaims 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. Neither this Offering Circular nor any other financial statements are 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 Arrangers or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and make its own independent investigation of

the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers or the Dealers undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers or the Dealers.

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

PRIIPs/IMPORTANT — UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“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 (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 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.

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

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

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Singapore Securities and Futures Act Product Classification — In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation 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, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to the Programme (each such offering, a “CMI Offering”), including certain Dealers, may be “capital market intermediaries” (together, the “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” (together, the “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, a CMI or its group companies would be considered under the SFC Code as having an association (“Association”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer 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, 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.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “U.S.\$” and to “U.S. dollars” are to United States dollars; all references to “HK\$” and “Hong Kong dollars” are to Hong Kong dollars; all references to “pounds sterling” and “£” are to the currency of the United Kingdom; all references to “euro” and “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time; all references to “S\$” are to Singapore dollars; all references to “yen” are to Japanese yen; all references to “United States” or “U.S.” are to the United States of America; references to “PRC” are to the People’s Republic of China; references to “Hong Kong” are to the Hong Kong Special Administrative Region of the People’s Republic of China; and all references to “United Kingdom” are to the United Kingdom of Great Britain and Northern Ireland.

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DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited financial statements, and any interim reviewed financial statements published subsequently to such financial statements, of the Issuer from time to time (if any), in each case with the auditor's report thereon, 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. See "*General Information*" for a description of the financial statements currently published by the Issuer.

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 Issuer for the relevant full financial year. Potential investors must exercise caution when using such data to evaluate the Issuer's financial condition and results of operations.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge during normal business hours from the principal office in Hong Kong of the Fiscal Agent (as defined under "*Summary of the Programme*") (or such other Paying Agent for the time being in Hong Kong) for Notes listed on the Hong Kong Stock Exchange. Pricing Supplements relating to unlisted Notes will only be available for inspection by a holder of such Notes and such holder must produce evidence satisfactory to the Issuer or the relevant Paying Agent as to its holding of Notes and identity.

SUPPLEMENTARY OFFERING CIRCULAR

The Issuer has given an undertaking to the Arrangers and the Dealers that, unless the Issuer has notified the Dealers in writing that it does not intend to issue any Notes under the Programme for the time being, in the event of a significant new factor, material mistake or inaccuracy relating to the information included in the Offering Circular which is capable of affecting the assessment of the Notes arising or being noted, or in the event of a change in the condition of the Issuer which is material in the context of the Programme or the issue of any Notes, or if this Offering Circular would otherwise come to contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein not misleading or if it is necessary at any time to amend this Offering Circular to comply with, or reflect changes in, the laws or regulations of Hong Kong and the HKSE Rules, it shall prepare an amendment or supplement to this Offering Circular. If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared. References to this “Offering Circular” shall be taken to mean this document and all the documents from time to time incorporated by reference herein and forming part hereof.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this summary.

Issuer:	Urban Renewal Authority (Legal Entity Identifier: 2549000ADDLTGML9U261)
Description:	Medium Term Note Programme
Size:	Up to U.S.\$3,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Arrangers:	The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank (Hong Kong) Limited
Dealers:	Agricultural Bank of China Limited Hong Kong Branch Australia and New Zealand Banking Group Limited Bank of China (Hong Kong) Limited Bank of Communications Co., Ltd. Hong Kong Branch Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited CMB Wing Lung Bank Limited Crédit Agricole Corporate and Investment Bank DBS Bank Ltd. Goldman Sachs (Asia) L.L.C. The Hongkong and Shanghai Banking Corporation Limited Industrial and Commercial Bank of China (Asia) Limited J.P. Morgan Securities (Asia Pacific) Limited Merrill Lynch (Asia Pacific) Limited Mizuho Securities Asia Limited Morgan Stanley & Co. International plc Oversea-Chinese Banking Corporation Limited Standard Chartered Bank (Hong Kong) Limited UBS AG Hong Kong Branch The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “ Dealers ” are to all persons appointed as a dealer in respect of one or more Tranches or the Programme.
Fiscal Agent:	The Bank of New York Mellon, London Branch.
Registrar:	The Bank of New York Mellon.

CMU Lodging and Paying Agent:	The Bank of New York Mellon, Hong Kong Branch.
Method of Issue:	<p>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 and/or the issue price), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a “Pricing Supplement”).</p>
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes:	<p>The Notes may be issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”). Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i>.</p> <p>Each Tranche of Bearer Notes will be represented on issue by a Temporary Bearer Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “<i>Selling Restrictions</i>” below), otherwise such Tranche will be represented by a Permanent Bearer Global Note.</p> <p>Registered Notes will be represented by Registered Global Notes. Registered Global Notes representing Registered Notes will be registered in the name of a nominee for one or more clearing systems.</p>
Clearing Systems:	CMU, Clearstream, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

Initial Delivery of Notes:	On or before the issue date for each Tranche, the Global Notes may be deposited with a common depositary for Euroclear and Clearstream. Global Notes may also be deposited with a sub-custodian for the CMU or any other clearing system or may be delivered outside any clearing system <i>provided that</i> the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).
Maturities:	Subject to compliance with all relevant laws, regulations and directives, Notes may have any maturity.
Denomination:	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that, unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in pounds 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 FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes:	Fixed interest will be payable at such rate or rates in arrear on such date or dates in each year as specified in the relevant Pricing Supplement.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <p>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating (i) if “2006 ISDA Definitions” is specified in the applicable Pricing Supplement, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) if “2021 ISDA Definitions” is specified in the applicable Pricing Supplement, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA on its website (www.isda.org) as at the Issue Date of the first Tranche of the Notes (together, the “ISDA Definitions”);</p> <p>or</p>

- (ii) by reference to EURIBOR, HIBOR or SOFR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer.

**Fall Back Provisions and
Benchmark Replacement:**

See Conditions 6.2(b)(ii) and 6.2(b)(iii), as applicable.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount and be redeemed at a premium or at a discount to their nominal amount and will not bear interest other than in the case of late payment.

Dual Currency Notes:

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

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the price of securities or commodities or to such other factors as may be specified in the relevant Pricing Supplement.

**Interest Periods and Interest
Rates:**

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

Redemption:

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

Redemption by Instalments:

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

Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Optional Redemption:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and, if so, the terms applicable to such redemption.
Status of Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other present and future unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Negative Pledge:	See Condition 4.
Cross Default:	See Condition 11.
Early Redemption:	Except as provided in “ <i>Optional Redemption</i> ” above, the Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons or at the option of the Noteholders as provided in Condition 8.5.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Hong Kong, subject to customary exceptions, all as described in Condition 9.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Rating:	<p>The Programme has been rated “AA+” by S&P.</p> <p>Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.</p>

Listing:

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange.

Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series.

The Issuer may issue Notes which are neither listed nor admitted to trading on any stock exchange or market.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or market(s). Notes listed on the Hong Kong Stock Exchange are required to have a denomination of at least HK\$500,000 (or its equivalent in other currencies).

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of offering materials in the United States, the European Economic Area, the United Kingdom, Hong Kong, the PRC, Japan and Singapore, see “*Subscription and Sale*”. The Issuer is of Category 1 for the purposes of Regulation S under the Securities Act, as amended (“**Regulation S**”). The Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless (i) the relevant Pricing Supplement states that such Bearer Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or (ii) such Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which such Bearer Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

In connection with the offering and sale of a particular Series of the Notes, additional restrictions may be imposed which will be set out in the relevant Pricing Supplement.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set out certain summary consolidated financial information of the Issuer as at and for the years indicated.

The summary consolidated financial information of the Issuer as of, and for the years ended 31 March 2024 and 2025 set forth below is derived from the Issuer's audited consolidated financial statements as of, and for the year ended 31 March 2025 and should be read in conjunction with the audited consolidated financial statements and the notes thereto in respect of the year ended 31 March 2025 included elsewhere in this Offering Circular.

The audited consolidated financial statements of the Issuer as of, and for the year ended 31 March 2025 were audited by KPMG, Certified Public Accountants, the auditor of the Issuer, and have been prepared and presented in accordance with HKFRS Accounting Standards and the Urban Renewal Authority Ordinance (Chapter 563 of the Laws of Hong Kong) (the “URA Ordinance”).

Summary Consolidated Statement of Comprehensive Income

	For the year ended 31 March	
	2024	2025
	HK\$'000 (Audited)	
Revenue	3,023,922	253,959
Direct costs	(3,599,198)	(131,260)
Gross surplus/(deficit)	(575,276)	122,699
Other income, net	1,023,515	1,144,521
Administrative expenses	(675,779)	(736,042)
Other expenses	(603,490)	(571,689)
Operating deficit before provision for impairment on properties and committed projects	(831,030)	(40,511)
Provision for impairment on properties and committed projects, net	(3,089,252)	(2,678,910)
Operating deficit before income tax	(3,920,282)	(2,719,421)
Deficit and total comprehensive income for the year	(3,920,282)	(2,719,421)

Summary Consolidated Statement of Financial Position

	As at 31 March	
	2024	2025
	HK\$'000 (Audited)	
Non-current assets		
Property, plant and equipment	7,883,903	7,616,116
Properties under development	21,048,425	28,329,072
Building rehabilitation loans	3,354	2,171
Prepayments	604,740	1,415,538
Investments	550,000	–
Bank deposits	–	834,857
	30,090,422	38,197,754
Current assets		
Properties held for sale	517,512	478,464
Properties under development for sale	1,121,976	1,314,801
Amounts due from joint development projects	17,521	35,349
Building rehabilitation loans	2,443	1,701
Trade and other receivables	447,429	571,846
Investments	1,100,000	550,000
Cash and bank balances	16,543,514	19,788,981
	19,750,395	22,741,142
Total assets	49,840,817	60,938,896
Capital and reserve		
Capital	10,000,000	10,000,000
Accumulated surplus	36,359,510	33,640,089
	46,359,510	43,640,089
Non-current liabilities		
Trade and other payables	400,806	366,819
Debt securities issued	499,111	13,461,364
	899,917	13,828,183
Current liabilities		
Amounts due to joint development projects	256,653	280,021
Trade and other payables	2,324,737	2,691,005
Debt securities issued	–	499,598
	2,581,390	3,470,624
Total capital, reserves and liabilities	49,840,817	60,938,896

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 business, financial condition and/or results of operations of the Group could be materially adversely affected by any of these risks described below, as well as additional risks or uncertainties which are not currently known to the Issuer or which the Issuer currently deems to be immaterial. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. The following risk factors should be read in conjunction with the “Description of the Issuer” section in this Offering Circular.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay principal, interest or other amounts or fulfil other obligations on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks in connection with holding the Notes are exhaustive. Terms used in this section and otherwise not defined shall have the meanings given to them in “Terms and Conditions of the Notes”.

Risks relating to the Issuer and its activities and operations

The Issuer’s redevelopment operations are subject to fluctuations in the Hong Kong property market.

The Issuer’s redevelopment operations have significant exposure to the Hong Kong property market. The Hong Kong property market is highly cyclical and property prices in general have been volatile in recent years. Property prices are affected by a number of factors, including the supply of, and the demand for, properties, changes to interest rates, the rate of economic growth or contraction in Hong Kong, government policies, political and economic developments in Hong Kong and the PRC, as well as the relationship of the PRC and Hong Kong with other countries and economies.

Since the outbreak of SARS in 2003, housing prices in Hong Kong have experienced an upward trend, followed by a subsequent downward trend from 2021. The property market in Hong Kong has been unstable in recent years. In response to the overheated market in 2010, the Government implemented several demand-side management measures, including the Special Stamp Duty (“SSD”), Buyer’s Stamp Duty (“BSD”) and *Ad Valorem* Stamp Duty (“AVD”) rates. Additionally, the Hong Kong Monetary Authority (“HKMA”) tightened the mortgage lending regulations, including more strict loan-to-value (“LTV”) ratios, income verification requirements and borrower stress tests in order to curb excessive borrowing and reduce the risk of a housing bubble.

In response to the adjustments in property prices, on 28 February 2024, the Government announced that all demand-side management measures for residential properties, including SSD, BSD, and New Residential Stamp Duty (“NRSD”) would be cancelled with immediate effect. Additionally, the AVD payable has been revised to a uniform rate ranging from HK\$100 to 4.25% of the consideration, applicable to all buyers regardless of the buyers’ residency status in Hong Kong and whether the properties are residential or non-residential. The HKMA has also increased the LTV ratios for residential and non-residential mortgage loans and suspended the interest rate stress test requirement. On 26 February 2025, the Government further raised the maximum value of properties chargeable to \$100 AVD payable from HK\$3 million to HK\$4 million, to further ease the burden of buyers of residential and non-residential properties at lower values.

The measures implemented by the Government and the HKMA may have an impact on housing prices and transaction volumes. These regulatory changes, along with any future measures introduced by the Government, may affect the property market in Hong Kong and, consequently, may have implications on the Issuer's revenue and expenditure and the pace of the Issuer's urban redevelopment initiatives.

Economic developments outside Hong Kong could also 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, with continuing geopolitical and social instability, military conflicts, international trade disputes and imposition of tariffs. In April 2025, the United States introduced sweeping new tariffs on certain imports, causing significant volatility in the global markets. Other countries have and may implement retaliatory tariffs or other measures on United States goods, which may prompt further tariffs, export controls or measures from the United States. Any prolongation or escalation of international trade disputes could result in further volatility, reduced trade volumes, and dampened investment and economic activities between major international economies. These economic developments may significantly impact prospects for gross domestic product growth, international trade and the availability and cost of credit. Continued volatility in the global markets may contribute to a slowdown in the global economy, leading to a decrease in investor confidence and consumer demand, and negatively affecting the Hong Kong property market. This, in turn, could impact the Issuer's business, financial conditions and prospects, and also the pace of its urban redevelopment initiatives.

Conditions in the property market may change between the time the Issuer commences acquisitions for a redevelopment project and when it subsequently tenders that project. Increased property prices at the time of acquisition, or decreased property prices at the time of tender, may increase the Issuer's costs or reduce its revenues for the project and may cause delays in the acquisition and/or tender processes of that project. Due to the lengthy development process from the commencement of the acquisition of a project to the completion of the tender of such project, the Issuer is subject to the risk of property price fluctuations which may have an adverse effect on the Issuer's financial stability.

Furthermore, the terms on which property developers are prepared to bid for the Issuer's redevelopment projects may be affected by the conditions in the property market at the time of tender. Factors such as the adjustments in housing prices, interest rate hikes, and increased construction costs may discourage developers from bidding on tenders or result in submitted tender bids that are well below market prices, or any price deemed satisfactory by the Issuer. Considering that "upfront payments" from development tenders constitute the Issuer's primary revenue stream, a shortfall in the number of tenders awarded or reduced tender prices, and any withdrawal of tender invitations, may have a detrimental effect on the Issuer's financial position. For instance, the tender for the joint venture development of Kai Tak Road / Sa Po Road Development Scheme (the "**KC-015 Project**") was not awarded as additional terms which were proposed in the sole tender submission deviated from the tender terms of the KC-015 Project. In addition, when selling the properties of self-developed projects, the Issuer is also subject to market sentiment, the availability and terms of mortgages and prevailing interest rates in Hong Kong. The Issuer's revenues are therefore, to a large extent, subject to the concentrated industry-specific risk associated with the Hong Kong property market, and fluctuations and volatility in the Hong Kong property market may have an adverse impact on its revenue, operating cash flow and financial condition.

The Issuer incurs substantial cost in the acquisition and clearance of properties.

As part of the Issuer's acquisition strategy to acquire properties for its redevelopment projects, the Issuer offers a Home Purchase Allowance ("HPA") to owner-occupiers of domestic properties within its redevelopment project sites. The HPA is offered in addition to the compensation for incidental costs associated with the disposal of properties. The HPA tops up the market value of the affected properties to the value of a 7-year-old notional property of a similar size and in the vicinity of the redevelopment project. For non-domestic properties, the Issuer's acquisition offers to owner-occupiers consist of the property's market value and other allowances calculated based on factors such as the market value and the years of business operation in the property. The Issuer also offers cash compensation to tenants during the clearance of such properties. As a result, the Issuer incurs significant cost during the acquisition and clearance stage of its redevelopment projects.

In the past, certain projects incurred losses when the "upfront payments" received from the awarded development tenders fell short of the costs of acquisition and clearance and other early site preparation works, which had a material adverse impact on the financial status of such projects. The amount of "upfront payments" received from development tenders is influenced by the prevailing property market conditions at the time of tender and may diminish in a weak market. Despite the Issuer employing various urban planning tools to increase the development volume, maximise flexibility and optimise land resources for redevelopment with the aim of increasing financial returns, there is no assurance that the Issuer will be able to recover the substantial cost incurred during the acquisition and clearance of the properties for its redevelopment projects.

Some of the Issuer's redevelopment operations are conditional upon and subject to the prior approval of the Financial Secretary, approvals from, and amendment by, the Town Planning Board and/or the authorisation of Secretary for Development.

Under the URA Ordinance, the Issuer shall not implement any proposal not included in or covered by the Corporate Plan (as defined below) or the Business Plan (as defined below), whether it is to be implemented by way of a development scheme under section 25 of the URA Ordinance or by way of a development project under section 26 of the URA Ordinance, except with the prior approval of the Financial Secretary of the Government (the "**Financial Secretary**"). The Issuer's development scheme plans prepared under section 25 of the URA Ordinance also require the approval of the Town Planning Board of Hong Kong (the "**TPB**") and are subject to formal public comments, representations and, if necessary, hearings conducted by the TPB in considering the suitability of the relevant projects. The Issuer's development projects under section 26 of the URA Ordinance require the authorisation of the Secretary for Development. The Issuer's redevelopment operations are therefore conditional upon and subject to the prior approval of the Financial Secretary, approvals from and/or amendments by the TPB and/or authorisation of the Secretary for Development, as the case may be. The Issuer's redevelopment operations are also subject to the Chief Executive acting after consultation with the Executive Council (the "**Chief Executive acting in Council**") approving the recommendations made by the Secretary for Development for the resumptions of the pieces of land on which the Issuer's development schemes and development projects are situated. Any failure to obtain or delay in obtaining the necessary approvals for, or any material amendments to, the Issuer's development scheme plans or development project plans could cause delays and changes to the Issuer's redevelopment programme and may adversely affect the Issuer's financial condition, results of operations and the implementation of its urban redevelopment programme. Notwithstanding that the Issuer may halt a redevelopment project if the relevant approvals are not obtained, there is no assurance that the Issuer will find or be able to implement a substitute redevelopment project in a timely manner and this may adversely impact the Issuer's reputation, the implementation of its urban redevelopment programme and financial condition.

The Issuer is exposed to community opposition to its redevelopment projects and a prolonged site assembly process, which could affect the redevelopment programme.

Upon obtaining the necessary planning approval to implement a development scheme or the necessary authorisation to implement development project, the Issuer will make cash offers to acquire affected properties and clear tenants to vacate the site for redevelopment. The redevelopment process involves acquisition of properties and vacation of tenants through private agreements, or if unsuccessful, the Government's resumption of unacquired properties under the Lands Resumption Ordinance (Cap. 124).

The Issuer's redevelopment projects are subject to objections and appeals from affected owners and residents. There is no assurance that the acquisition and clearance process will be carried out smoothly and the Issuer may encounter resistance and opposition from uncooperative owners or occupants, including threats of litigation and protests, which could result in project delays. Disagreements may arise between the Issuer and owners or occupants regarding the adequacy of the compensation offered, as property owners or occupants may perceive the financial compensation as insufficient in reflecting the value of the property or the inconvenience caused by the displacement. Disputes over compensation can lead to protracted negotiations and public relations issues, which may delay redevelopment project timelines and increase the costs of such projects. Legal action may also be taken against uncooperative occupants who refuse to vacate, incurring additional legal costs for the Issuer. Redevelopment projects may also involve sites of cultural and historical significance, resulting in public disapproval and opposition, which may adversely impact the Issuer's reputation. Notwithstanding that the Issuer may halt a redevelopment project if deemed appropriate, any delay or failure to obtain vacant possession of ongoing redevelopment projects may adversely affect the progress of such redevelopment projects, increase project carrying costs, and affect the financial condition of the Issuer.

There is no assurance that the Issuer will be able to acquire a significant portion of the properties involved in a redevelopment project to the extent that the Government would find an application for resuming the remaining properties acceptable. Consequently, the Issuer may not be able to achieve the intended purposes and objectives of its redevelopment programme. For projects that are halted or suspended after properties have been acquired, there is no assurance that the Issuer can effectively repurpose the acquired properties and may result in an adverse impact on the Issuer's financial condition and redevelopment programme.

The Issuer requires significant capital for its redevelopment projects and its primary revenue stream are non-recurring in nature. If the Issuer is unable to obtain adequate funding on acceptable terms when needed, the implementation of its urban renewal programme and its financial position may be adversely affected.

The commencement and implementation of the Issuer's new projects for redevelopment and preservation generally require substantial project costs and capital expenditures. It may take time to generate the necessary operating cash flow, for example from the "upfront payments" from development tenders, sharing surplus sales proceeds from joint development projects, proceeds from property sales of redevelopment projects, or net incomes from leasing operations of preservation projects. Any decrease in the revenue or failure to generate the necessary operating cash flow could adversely affect the Issuer's ability to implement urban renewal projects at a satisfactory pace.

The "upfront payments" received from development tenders, which constitutes the Issuer's primary revenue stream, are non-recurring in nature and the amount received may vary depending on the number of project tenders awarded by the Issuer annually. There is no assurance in the number of projects successfully tendered by the Issuer each year, or that the "upfront payments" from the awarded projects tenders would sufficiently cover the costs of the Issuer's operations and urban renewal programme. The Issuer's share of surplus from joint development projects also depends on their financial profitability, and there is no guarantee that the development projects will generate a financial surplus. In addition, revenue

from the sale of the Issuer's properties is subject to cash conversion risk, due to the uncertainty and time delay in converting the properties into cash. In a volatile property market, the sale of the Issuer's properties may only be realised over an extended period and at lower prices, increasing the Issuer's cash conversion risk. The Issuer's inability to convert its properties into cash in a timely manner could result in cash flow difficulties.

Furthermore, substantial portions of the Issuer's operating cash flows are used to pay for its capital expenditure and project implementation. The Issuer's working capital is mainly financed by the HK\$10 billion capital injection from the Government and the Issuer's accumulated surplus (net of its accumulated deficits). The Issuer has also benefitted from the Government's waiver of land premia for redevelopment and rehousing sites and exemption from taxation under the Inland Revenue Ordinance (Cap. 112) (the "**Inland Revenue Ordinance**"). Up to 31 March 2025, the total land premia waived by the Government when making land grants to the Issuer totalled HK\$25 billion. In June 2025, the Government announced that the Chief Executive in Council approved the recommendation made by the Development Bureau to grant two sites to the Issuer, Bailey Street, Hung Hom and Tseung Kwan O Area 137 ("**TKO Site**"), by private treaty at nominal land premium. However, there is no guarantee that the Government will continue to waive land premia in the future.

If the Issuer is unable to fund capital expenditure and project costs from operating cash flows and external sources on acceptable terms in a timely manner, or if it does not receive further timely capital injection or other additional financial support from the Government, the pace of its urban renewal programme and the results of its operations and financial condition may be adversely affected.

The Issuer may be adversely affected by the progress, increased scale and complexity and profitability of redevelopment projects.

As the Issuer shifts towards a district-based and planning-led approach aimed at achieving greater planning and social gains for the community, the scale of the Issuer's projects will continue to increase, requiring longer period of development and implementation. Although the Issuer's redevelopment projects are implemented in phases, extended timelines for acquiring and clearing redevelopment sites and inviting tenders from joint venture developers could postpone the Issuer's ability to generate revenue from the "upfront payments" from successful development tenders, which may adversely affect the Issuer's operational flexibility.

For redevelopment projects implemented in joint venture with developers, the Issuer transfers a substantial share of redevelopment and operational risks to the joint venture developers upon awarding the tenders. These risks include, but are not limited to, fluctuation in the Hong Kong property market, construction delays due to unpredictable weather conditions and the efficacy of contractors and subcontractors, and increased construction costs arising from project delays, inflation and the complexities of preserving areas of community and historical importance. Despite transferring these risks, the Issuer maintains a financial interest in the redevelopment projects through potential entitlement to surplus sales proceeds as per the joint venture development agreements. Although these sale proceeds do not constitute the Issuer's primary revenue, any shortfall in the profitability of redevelopment projects where the Issuer is entitled to surplus sales proceeds may have an adverse impact on the Issuer's financial condition.

In relation to the Issuer's self-developed projects, the Issuer may be directly affected by fluctuations in the Hong Kong property market, construction delays due to unpredictable weather conditions and the efficacy of contractors and subcontractors, and increased construction costs arising from project delays, inflation and the complexities of preserving areas of community and historical importance. These factors could affect the profitability of the Issuer's self-developed projects and may adversely impact its

financial condition. Although the Issuer only carries out a small number of self-developed projects, there is no assurance that the self-developed projects would be profitable, which may adversely impact the Issuer's financial condition.

The Issuer may not maintain an accumulated surplus¹.

The volatility of the property market, increased construction overhead costs, lower upfront payments from project tenders, substantial provision for impairment made for committed projects, delays and other extenuating circumstances may adversely affect the Issuer's projects, and in turn affect its results of operations and financial condition.

Since the year ended 31 March 2010, the Issuer has continued to maintain an accumulated surplus. Notwithstanding that the Issuer recorded an operating deficit of HK\$831 million and HK\$41 million for the years ended 31 March 2024 and 31 March 2025 (a net deficit after inclusion of the provision for impairment on properties and committed projects of HK\$3,920 million and HK\$2,719 million for the years ended 31 March 2024 and 31 March 2025), the Issuer maintained an accumulated surplus of HK\$36,360 million and HK\$33,640 million as at 31 March 2024 and 31 March 2025 (excluding the HK\$10,000 million initial capital injection from the Government). However, there is no assurance that the Issuer will not make provisions for loss of a similar or greater amount in the future or continue to record an operating deficit, in which case, the Issuer's financial condition, results of operations and the implementation of its urban renewal programme may be adversely affected. There is also no assurance that the Issuer will continue to maintain an accumulated surplus, which may adversely affect the Issuer's financial condition, results of operations and the implementation of its urban renewal programme.

Furthermore, under the URA Ordinance, if there is a surplus, the Financial Secretary may, after consultation with the Issuer, direct the Issuer to pay the surplus in full or in part to the Government, which may significantly reduce the Issuer's assets and may adversely affect the Issuer's financial condition, results of operations and the implementation of its urban renewal programme.

External financing may expose the Issuer to currency, interest, and exchange rate risk which could affect its financial condition.

The Issuer plans to expand its scale of operation and intends to meet its funding requirements through a combination of bank borrowings, public and private debt issuance, and cash flow from operations. External financing may expose the Issuer to interest rate and currency rate fluctuations. The Issuer may seek to minimise such risks by entering into interest rate or currency swap hedging transactions. There can be no assurance, however, that these hedging transactions will reduce or eliminate the impact of interest rate and foreign currency movements. In the past, interest rate increases by the U.S. Federal Reserve have resulted in corresponding interest rate increases in Hong Kong and/or fluctuations in exchange rates between the Hong Kong dollar and other currencies. Despite the recent interest rate cuts by the U.S. Federal Reserve since September 2024, interest rate levels remain relatively high as compared to February 2022, and there is no assurance that the U.S. Federal Reserve will not raise the interest rate again, which may result in corresponding interest rate increases in Hong Kong. This may increase the Issuer's cost of borrowing and limit the availability or increase the cost of swaps or hedging instruments when the Issuer enters into such arrangements in the future. Notes issued by the Issuer under this Programme may also increase the interest expenses of the Issuer. Accordingly, the impact of such interest rate and foreign currency movements could adversely affect the Issuer's financial condition, results of operations, and the implementation of its urban renewal programme.

¹ Surplus is the amount by which the Issuer's revenue exceeds its total expenditures.

The majority of the Issuer's revenues are generated in Hong Kong dollars. Although the Hong Kong dollar has been linked to the U.S. dollar since 1983, there can be no assurance that such linkage will be maintained. The Government has in the past expressed a commitment to maintain exchange rate stability under the Linked Exchange Rate System, an automatic interest rate adjustment mechanism. Although the Issuer adopts a prudent currency risk management policy to manage its currency risk, there is no assurance that the Issuer's business, financial condition, and results of operations would not be adversely affected by the impact on the Hong Kong economy that may arise if the link between the Hong Kong dollar and the U.S. dollar is discontinued or if there is any devaluation or revaluation of the Hong Kong dollar.

The Issuer is exposed to credit risk which could affect its financial condition and the results of its operations.

The Issuer's credit risk arises from its cash and bank balances, investments, and trade and other receivables. Although the Issuer adopts a risk management procedure to mitigate credit risk on investments at amortised cost and cash and bank balances by investing in issuers with high credit ratings and placing funds with banks who have credit ratings ranging from Aa1 to A3, and having no concentration in any particular bank, the Issuer's financial condition may still be affected by the risk of counterparty defaults and the risk that amounts owing to the Issuer may not be fully recovered.

While the credit risk associated with the Issuer's limited amount of building rehabilitation loans is low, and the Issuer monitors and takes action to recover overdue debts of outstanding building rehabilitation loans and places charges on the relevant properties, there is no assurance that such outstanding building rehabilitation loans will not have an impact on the Issuer's financial condition or such recovery measures will be successful. The effectiveness of the Issuer's recovery measures may be further dampened by the time-consuming recovery process and declining property values, which may have an adverse effect on the Issuer's financial condition.

The Issuer may not be able to detect and prevent fraudulent activities or other misconduct committed by its officers, employees, representatives, agents, contractors, sub-contractors, or other third parties.

The Issuer may be exposed to fraudulent activities or other misconduct committed by its officers, employees, representatives, agents, contractors, sub-contractors, or other third parties that could subject it to financial or other losses, regulatory actions, litigations and reputational harm. Such misconduct may include making or accepting bribes; engaging in corrupt transactions or dealings; money laundering; concealing unauthorised or illegal activities, resulting in unmanaged risks or losses; intentionally concealing material facts or failing to perform necessary due diligence procedures to identify risks which are material to the Issuer's investments and other decisions; improper use or disclosure of confidential information; misappropriation of funds; conducting transactions that exceed authorised limits; engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities; engaging in unauthorised or excessive transactions to the detriment of the Issuer; insider dealing; or not complying with applicable laws, regulations, or the Issuer's internal policies and procedures.

The Issuer's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may not be able to identify all incidents of non-compliance or suspicious transactions in a timely manner, if at all. Furthermore, it is not always possible to detect and prevent fraudulent activities and other misconduct, despite taking precautionary measures. There is no assurance that fraudulent activities or other misconduct will not occur in the future. If such fraudulent activities or other misconduct does occur, it could have a material adverse effect on the Issuer's business, financial condition and results of operations, or may cause negative publicity of and reputational harm to the Issuer as a result.

Accidents, inclement weather, natural disasters, security and cybersecurity incidents could lead to decreased revenues and increased expenditure.

The Issuer's operations could be affected by accidents, inclement weather, natural disasters and security and cybersecurity incidents, including data leakages. These events may result in major equipment, facilities, systems and power failures, closures of construction sites, delays in redevelopment projects, or subject the Issuer to investigations and increased regulatory scrutiny. Such disruptions could adversely affect the Issuer's business operations, resulting in decreased revenues, increased expenditure, heightened liabilities and adverse impact on the Issuer's reputation.

Environmental risks may adversely affect the Issuer's urban renewal programme, development costs and reputation.

The Issuer is exposed to environmental risks that may adversely affect the implementation of the Issuer's urban renewal projects. The Issuer takes into account environmental issues at the project planning stage, and certain redevelopment projects may require approval under the Environmental Impact Assessment Ordinance (Cap. 499). Any delay or setback in securing the relevant approvals could postpone the Issuer's urban renewal projects.

The shift towards sustainable building standards and practices may also lead to higher redevelopment costs for the Issuer's self-developed projects. For redevelopment projects carried out in joint venture with developers, even if the increased development costs are mostly borne by the joint venture developer, the Issuer's share of the revenue surplus may diminish correspondingly, which may have an adverse impact on the Issuer's financial condition.

Any failure by the Issuer to uphold or demonstrate a commitment to sustainable building standards and practices could result in increased scrutiny from environmental groups and the public in Hong Kong, which may have an adverse impact on the Issuer's reputation.

Risks relating to the Issuer's relationship with the Government

There is no Government guarantee in respect of the Programme or the Notes.

Although the URA Ordinance provides that the Legislative Council of Hong Kong ("LegCo") can authorise the Financial Secretary to grant government guarantees in respect of the Issuer's borrowings or other obligations (which would include Notes issued under this Programme), the Government has not provided, and has not expressed an intention to provide, any such guarantee in respect of the Programme or any Notes to be issued under it.

Whilst the Issuer has, in the past, received direct or indirect financial support from the Government, including the capital injection from the Government, waiver of land premia for redevelopment, rehousing sites, and is also exempt from taxation under the Inland Revenue Ordinance, there is no commitment by the Government to provide the Issuer with direct or indirect financial support to meet the Issuer's outstanding debt obligations, including the Notes. There can therefore be no assurance that in the event of default under the Notes, the Government will make any payment of principal or interest thereon in respect of the Notes. The repayment obligations of any Notes issued under this Programme remain the sole obligation of the Issuer.

The influence that may be exerted by the Government on the Issuer does not correlate to or provide any assurance as to the Issuer's financial condition.

Capital injected by the Government may be characterised as indebtedness of the Issuer and may become payable in such manner as the Financial Secretary may direct.

The Government injected five tranches of capital each of HK\$2 billion into the Issuer between the financial years ended 31 March 2003 and 31 March 2007. These injections were approved by the Finance Committee of LegCo and are recorded as an investment in the Capital Investments Fund of the Government's published annual accounts for the year ended 31 March 2025.

The URA Ordinance states that the Issuer shall be indebted to the Government in an amount equal to all money received by the Issuer from the Government and that the indebtedness of the Issuer and any interest thereon shall be discharged in such manner as the Financial Secretary directs. Although the Issuer is not aware of any demand from the Government to repay the capital injections, these may become payable if the Financial Secretary so directs. Any such repayment could adversely affect the Issuer's financial condition, the results of operations and the implementation of its urban renewal programme.

The Government can exert significant influence on the Issuer, and could cause the Issuer to make decisions, modify the scope of its activities, or impose new obligations on the Issuer that may not be in the best interests of investors.

The URA is a statutory body governed by the URA Ordinance. All members of the Board of the Issuer are appointed by the Chief Executive of Hong Kong (the “**Chief Executive**”) who may, in accordance with the URA Ordinance, give directions in relation to the exercise of the Issuer's powers or performance of its duties. Furthermore, the Issuer's business has to be carried out in accordance with the Urban Renewal Strategy (as promulgated from time to time in the manner prescribed in the URA Ordinance, the latest promulgated by the Development Bureau in February 2011 which replaced the preceding Urban Renewal Strategy promulgated by the then Planning and Lands Bureau in November 2001 (the “**URS**”)) which provides broad policy guidance for the work of the Issuer.

By virtue of various control and oversight provisions in the URA Ordinance, the Government is in a position to exert significant influence on the Issuer's major business decisions and strategies, including the scope of its activities and the split between the revenue generating and non-revenue generating businesses undertaken by the Issuer. For example, the Issuer's borrowing limit has to be approved by the Financial Secretary. In 2023, the Financial Secretary granted approval for the Issuer to raise its borrowing limit from HK\$6 billion to HK\$25 billion; however, the Issuer's borrowing limit may be further reviewed or revised by the Government from time to time. The Government may also from time to time drive new policies, including but not limited to, those in relation to urban planning, urban regeneration, building rehabilitation, land and properties, heritage conservation, and other matters, which could affect the role, business activities, financial condition and operations of the Issuer and such new policies may not always result in profitability for the Issuer. For example, in light of the increasing number of aging buildings in Hong Kong, the Issuer has, since 2009, been tasked by the Government and allocated with over HK\$22 billion funding from the Government to administer a number of building rehabilitation subsidy schemes.

The Issuer may need to expand significant resources to implement any new building rehabilitation scheme or any amendment to existing ordinances related to building rehabilitation, on behalf of the Government, which may have an adverse impact on the business operations and financial condition of the Issuer.

The Issuer's decisions and acts are also subject to judicial review that may be sought by persons aggrieved by such decisions and acts. Court rulings on any such judicial review cases could result in increased capital and operating costs for the Issuer and adversely affect the Issuer's reputation, financial position, and its ability to meet the obligations under the Notes, which could, as a consequence, have a negative impact on the value of the Notes.

Risks relating to Hong Kong, the PRC and other Asia Pacific Countries

Political and legal developments in Hong Kong and the PRC could affect the Issuer's financial condition and the results of its operations.

All of the Issuer's assets are located in, and its revenues are derived from activities in Hong Kong. Accordingly, the Issuer's financial condition, the implementation of its urban renewal programme, and operating prospects are subject, to a significant degree, to economic, political and legal developments in Hong Kong.

Hong Kong became a Special Administrative Region of the PRC on 1 July 1997 (the “**Handover**”). Although Hong Kong has thus far enjoyed legislative, judicial and economic autonomy since the Handover, there can be no assurance that there will not be a change in regulatory oversight as a consequence of the PRC exercising its sovereignty over Hong Kong, or should such change occur, the Issuer's business, financial condition and results of operations may not be adversely affected. Future political or economic instability or a sustained slowdown in domestic economic activities, especially in relation to Hong Kong's property sector and market, may adversely affect the Issuer's financial condition.

Adverse economic developments in Hong Kong, the PRC or elsewhere could have a material adverse effect on the Issuer's financial condition.

All of the Issuer's revenues are derived from its activities in Hong Kong, which are directly affected by the performance of Hong Kong's economy and property market. Due to the close business cooperation between Hong Kong, the PRC and neighbouring Asian countries, Hong Kong's economy is in turn mainly affected, directly and indirectly, by the performance of the PRC and the economies of these areas. As a result, adverse economic developments in Hong Kong and the PRC or elsewhere in the Asia region, in particular a sustained slowdown in economic activities and property markets, could have a material adverse effect on the Issuer's financial condition.

The Hong Kong economy and the Hong Kong dollar are also affected, to a significant extent, by the economies of the United States, the United Kingdom and the European Union. The economies of the United States, the United Kingdom and the European Union have been significantly volatile in recent years. The Issuer's financial condition and the implementation of its urban renewal programme may be adversely affected by a sustained downturn in the Hong Kong and the world economies.

Any future outbreak of mass communicable diseases could materially and adversely affect the Issuer's financial condition and the results of its operations.

The outbreak of contagious diseases such as SARS and COVID-19 could be severe and widespread and may result in protracted volatility in international markets and/or result in a global or local recession or depression as a consequence of disruptions to travel and retail segments, tourism, hotel and manufacturing supply chains. Such outbreaks or any material change in the financial markets or global economy as a result of these events may have an adverse effect on Hong Kong and global economy, which in turn may affect the Issuer's business operations, financial condition and operating results.

From time to time, there have been media reports regarding occurrences of various epidemics such as swine influenza, spread of avian influenza among birds and poultry and, in some isolated cases, from animals to human beings. There can be no assurance that there will not be another significant outbreak of a highly contagious disease and any such further outbreak may have a material adverse impact on the Issuer's financial condition, results of operations, and the implementation of its urban renewal programme, notwithstanding that the Issuer had effectively responded and navigated two serious epidemics in 2003 and 2021 in Hong Kong, and that a Corporate Crisis Management Policy is in place to provide guidelines on effective crisis management, aiming to prevent or lessen the impacts of any crisis on the Issuer.

Risks relating to the structure of a particular issue of Notes

The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”.

Interest rates and indices which are deemed to be “benchmarks” (including the EURIBOR), are the subject of national and international regulatory guidance and reform aimed at supporting the transition to robust benchmarks. Most reforms have now reached their planned conclusion (including the transition away from LIBOR), and “benchmarks” remain subject to ongoing monitoring. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the “**EU Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The elimination of any 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 Notes, 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.

With respect to Floating Rate Notes where the Reference Rate is not specified as being SOFR, the Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available. With respect to Floating Rate Notes where the Reference Rate is not specified as being SOFR, the Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined in the Terms and Conditions of the Notes) have occurred. Such fallback arrangements include that 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. 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. There is no guarantee that any Adjustment Spread will be determined or applied. It is possible that the adoption of a Benchmark Replacement may result in any Notes linked to or referencing SOFR performing differently (which may include payment of a lower Rate of Interest) than they would if SOFR were to continue to apply in its current form. There is also a risk that the relevant fallback provisions may not operate as expected or intended at the relevant time. There can be no assurance that a Benchmark Replacement a Benchmark Replacement determined by the Issuer will be set at a level which is on terms commercially acceptable to all Noteholders.

Furthermore, in certain circumstances, the ultimate fallback for the purposes of calculation of Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period or first 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 or previously observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Benchmark Replacement, any determinations that may need to be made by the Issuer, entails a risk that the relevant fallback provisions may not operate as intended at the relevant time. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes.

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

The use of SOFR as a reference rate is subject to important limitations.

The rate of interest on the Floating Rate Notes may be calculated on the basis of SOFR (as further described under Condition 6.2(b)(iii) of the Conditions).

In June 2017, the New York Federal Reserve's Alternative Reference Rates Committee (the "ARRC") announced SOFR as its recommended alternative to U.S. dollar London interbank offered rate ("LIBOR"). However, the composition and characteristics of SOFR are not the same as those of LIBOR. SOFR is a broad U.S. Treasury repo-financing rate that represents overnight secured funding transactions. This means that SOFR is fundamentally different from LIBOR for two key reasons. First, SOFR is a secured rate, while LIBOR is an unsecured rate. Second, SOFR is an overnight rate, while

LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, or regulatory events. For example, since publication of SOFR began in April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or other market rates.

As SOFR is an overnight funding rate, interest on SOFR-based Notes with interest periods longer than overnight will be calculated on the basis of either the arithmetic mean of SOFR over the relevant interest period or compounding SOFR during the relevant interest period. As a consequence of this calculation method, the amount of interest payable on each interest payment date will only be known a short period of time prior to the relevant interest payment date. Noteholders therefore will not know in advance the interest amount which will be payable on such Notes.

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. Although the Federal Reserve Bank of New York has published historical indicative SOFR information going back to 2014, such prepublication of historical data inherently involves assumptions, estimates and approximations. Noteholders should not rely on any historical changes or trends in the SOFR as an indicator of future changes in the SOFR.

The Federal Reserve Bank of New York notes on its publication page for SOFR that use of the SOFR is subject to important limitations and disclaimers, including that the Federal Reserve Bank of New York may alter the methods of calculation, publication schedule, rate revision practices or availability of the SOFR at any time without notice. In addition, SOFR is published by the Federal Reserve Bank of New York based on data received from other sources. The Issuer has no control over its determination, calculation or publication. There can be no guarantee that the SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Noteholders. The Federal Reserve Bank of New York has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate. If the manner in which the SOFR is calculated is changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or elimination of the amount of interest payable on the Notes and a reduction in the trading prices of the Notes which would negatively impact the Noteholders who could lose part of their investment.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a SOFR Benchmark Event occurs, which is based on the ARRC recommended language. There is however no guarantee that the fallback arrangements will operate as intended at the relevant time or operate on terms commercially acceptable to all Noteholders. Any of the fallbacks may result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the Notes if SOFR had been provided by the Federal Reserve Bank of New York in its current form. Investors should consult their own independent advisers and make their own assessment about the potential risks in making any investment decision with respect to any Notes linked to SOFR.

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

Investors should be aware that the market continues to develop in relation to SOFR as a reference in the capital markets and its adoption as an alternative to U.S. dollar LIBOR. Market participants and relevant working groups are exploring alternative reference rates based on SOFR (which seek to measure the market's forward expectation of a SOFR rate over a designated term). The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Terms and Conditions of the Notes. In addition, the manner of adoption or application of SOFR in the bond markets

may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SOFR 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 SOFR. In addition, the development of SOFR as an interest reference rate for the bond markets, as well as continued development of SOFR-based rates, indices and averages for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of Notes referencing SOFR. Similarly, if SOFR do not prove widely used in securities such as the Notes referencing SOFR, investors may not be able to sell such Notes referencing SOFR at all or the trading price of the Notes referencing SOFR may be lower than those of bonds linked to indices that are more widely used.

The use of SOFR as a reference rate for bonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates. Notes referencing SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid which, in turn, may reduce the trading price of such Notes or mean that investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to Notes referencing SOFR.

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

The Notes may be redeemed at the option of the Issuer pursuant to Condition 8.2 (*Redemption for tax reasons*) and Condition 8.3 (*Redemption at the option of the Issuer (Issuer Call)*) of the Terms and Conditions of the Notes. 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 may also 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 such 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:

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

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

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment 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 those features.

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

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

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

Fixed or 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 such Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If such Issuer converts from a fixed rate to a floating rate, the spread on the fixed or floating rate Notes may be less favourable than then prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If such Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

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

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

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

If, in the case of a particular tranche of Notes, the relevant final terms specify that the Notes are index-linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

Risks relating to the Notes generally

No assurance can be given regarding the ability of creditors to institute proceedings for liquidation against and/or prove and/or claim in proceedings for liquidation of the Issuer.

The ability of a creditor to institute proceedings for liquidation against the Issuer is subject to uncertainty due to the nature of the Issuer as a statutory body corporate. The Issuer was established as a statutory

body corporate under Section 3(1) of the URA Ordinance to carry out urban renewal and for connected purposes. For companies formed and registered under the Companies Ordinance (Cap. 622) of the laws of Hong Kong, the Companies (Winding-up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong provides a statutory framework for winding-up of such companies. However, the URA Ordinance does not expressly provide for any statutory process for the winding-up of the Issuer. No assurance can be given that other potential processes (including other statutory frameworks or pursuant to a court's inherent jurisdiction) are available to creditors for the liquidation of the Issuer and as such, there can be no assurance that a creditor will be able to institute proceedings for liquidation against the Issuer in a timely manner, or at all. In addition, even if the Issuer becomes insolvent, there can be no assurance that the Board, the Government of Hong Kong or the Financial Secretary will take action to institute proceedings for liquidation with respect to the Issuer. Therefore, no assurance can be given regarding the ability of creditors to institute proceedings for liquidation against and/or prove and/or claim in proceedings for liquidation of the Issuer.

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:

- (a) 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 and any applicable supplement;
- (b) 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;
- (c) 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;
- (d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) 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 are 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 their 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.

The Terms and Conditions of the Notes may be modified and certain decisions regarding the Notes may be made without the knowledge or consent of individual Noteholders.

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

The Terms and Conditions of the Notes may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series. The Terms and Conditions of the Notes also provide that the Fiscal Agent and the Issuer may, without the consent of the Noteholders, agree to (a) any modification (except certain modifications, including increasing quorum requirements relating to meetings) of the Notes, the Receipts, the Coupons or the Agency Agreement which, in the sole opinion of the Issuer, could not reasonably be expected to be prejudicial to the interests of the Noteholders or (b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law or for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained in the Notes, the Receipts, the Coupons or the Agency Agreement. Any such modifications or decisions made by the Fiscal Agent and the Issuer may be considered to be adverse to the interests of individual or minority Noteholders and in such circumstances, the recourse available to the minority Noteholders may be limited.

A change in English law may adversely affect Noteholders.

The Terms and Conditions of the Notes are based on 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.

As the Global Notes are held by or on behalf of Euroclear and Clearstream or CMU, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

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 a sub-custodian for CMU. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream and CMU 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 Euroclear and Clearstream or, as the case may be, CMU.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream for distribution to their accountholders or in the case of Notes cleared through the CMU to, or to the order of, the person(s) for whose account(s) interests in the relevant Global Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream or, as the case may be, CMU, to receive payments under the relevant Notes. The Issuer has no 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 Euroclear and Clearstream or, as the case may be, CMU, to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade.

Notes may be issued with a minimum denomination. The Pricing Supplement in relation to 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 (a) equal to, or integral multiples of, the minimum denomination, and (b) the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

In the case of Notes which have denominations consisting of a minimum denomination plus one or more higher integral multiples of another smaller amount, it is possible that Notes may be traded in amounts that are not integral multiples of such minimum denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or integral multiples of the minimum denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade.

Noteholders' remedies under the Notes are capable of exercise only in limited circumstances.

Payment of principal and interest thereon in relation to the Notes may be accelerated only if certain circumstances arise or conditions are satisfied. See “*Terms and Conditions of the Notes — Condition 11 (Events of Default)*” for further information.

Risks relating to Renminbi denominated Notes

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

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

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

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

Although the People's Bank of China (“**PBOC**”) has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC Government will liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations 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 internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer 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 centres and cities, including but not limited to Hong Kong, it 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.

The offshore Renminbi market 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. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Renminbi Notes. Payments with respect to the Renminbi Notes may be made only to investors in the manner designated in the Renminbi Notes. 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.

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 Notes held with the common depositary for Clearstream and Euroclear, or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement, (ii) for so long as the Renminbi Notes are represented by Global Notes lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU Rules and procedures or (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement in accordance with prevailing rules and regulations. The Issuer 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).

Investment in Renminbi Notes may be subject to PRC tax.

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

The Notes may have limited liquidity.

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

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. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a

currency or currency unit (the “**Investor’s Currency**”) other than the Currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Currency in which the Notes are denominated 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 Currency in which the Notes are denominated 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.

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

Changes in market interest rates may adversely affect the value of fixed rate Notes.

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

Credit ratings may not reflect all risks relating to the Notes.

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time.

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. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge 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.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons (“**Coupons**”) attached, or registered form, without Coupons attached. Bearer Notes and Registered Notes will be issued outside the United States in reliance on Regulation S.

Notes may be accepted for clearance through Euroclear, Clearstream, the CMU and/or any other clearing system as specified in the applicable Pricing Supplement.

Bearer Notes

Each Tranche of Bearer Notes will initially be issued in the form of either a temporary bearer global note (a “**Temporary Bearer Global Note**”) or a permanent bearer global note (a “**Permanent Bearer Global Note**”) and together with a Temporary Bearer Global Note, the “**Bearer Global Notes**”, and each a “**Bearer Global Note**”) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to either (i) a common depository (the “**Common Depository**”) for Euroclear and Clearstream or (ii) a sub-custodian for the HKMA as operator of the CMU. Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream and/or The Bank of New York Mellon, Hong Kong Branch (the “**CMU Lodging and Paying Agent**”) and (in the case of a Temporary Bearer Global Note delivered to a Common Depository for Euroclear and Clearstream) Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certifications it has received) to the Fiscal Agent.

On and after the date (the “**Exchange Date**”) which, for each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above, unless such certification has already been given, *provided that* purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The CMU may require that any such exchange for a Permanent Global Bearer Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

The holder of a Temporary Bearer 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 Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

In respect of a Bearer Global Note held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (as set out in a CMU Issue Position Report or any other relevant notification

supplied to the CMU Lodging and Paying Agent by the CMU) and, save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons, attached upon the occurrence of an Exchange Event.

For these purposes, “**Exchange Event**” means that (i) an Event of Default (as defined in Condition 11) has occurred and is continuing, (ii) the Issuer has been notified that Euroclear and/or Clearstream and, in the case of Notes cleared through the CMU, the CMU have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes held by a Common Depositary for Euroclear and/or Clearstream, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or, (b) in the case of Notes held through the CMU, the relevant person(s) for whose account(s) interests in the relevant Notes are credited as being held with the CMU in accordance with the CMU Rules at the relevant time, may give notice to the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream or the CMU, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form, without receipts or coupons, (a “**Registered Global Note**” and together with any Bearer Global Note, the “**Global Notes**”).

Registered Global Notes will (i) be deposited with, and registered in the name of a nominee of, a Common Depositary for Euroclear and Clearstream or (ii) be deposited with a sub-custodian for the HKMA as operator of the CMU, as specified in the applicable Pricing Supplement. Persons holding beneficial

interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4 (*Payments in respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4 (*Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that Euroclear and/or Clearstream and, in the case of Notes cleared through the CMU, the CMU have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Notes in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes registered in the name of a nominee for a Common Depositary for Euroclear and/or Clearstream, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Registered Global Note) and/or, (b) in the case of Notes held through the CMU, the relevant person(s) for whose account(s) interests in the relevant Registered Global Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time, may give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or, as the case may be, the CMU Lodging and Paying Agent.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream and the CMU, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a certain point after the Issue Date of the further Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CMU instrument number which are

different from the common code, ISIN and CMU instrument number assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear, Clearstream or the CMU, each person (other than Euroclear, Clearstream or the CMU) who is for the time being shown in the records of Euroclear, Clearstream or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream or the CMU as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made to the relevant person(s) for whose account(s) interests in the relevant Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Issue Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Any reference herein to Euroclear and/or Clearstream and/or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or otherwise approved by the Issuer, the Fiscal Agent and, as applicable, the Registrar.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note, then holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream and/or the CMU, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream and/or the CMU on and subject to the terms of an amended and restated deed of covenant (the “**Deed of Covenant**”) dated 24 June 2024 and executed by the Issuer.

FORM OF PRICING SUPPLEMENT

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

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

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

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer or the Issuer and its subsidiaries (collectively, 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.

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

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

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

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

[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**”); (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; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. 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 — In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), 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”]/[capital markets products other than “prescribed capital markets products”] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]²

[Date]

² For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer. This legend is not necessary if the Notes are only issued to institutional investors or accredited investors in Singapore.

Urban Renewal Authority (the “Issuer”)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the “Notes”) under its U.S.\$3,000,000,000 Medium Term Note Programme (the “Programme”)

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Offering Circular dated 23 June 2025. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Offering Circular dated [date]. This Pricing Supplement contains the pricing supplement of the Notes and must be read in conjunction with the Offering Circular dated [date] (together, the “**Offering Circular**”), 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 directions for completing the Pricing Supplement.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer: Urban Renewal Authority
2. [(i)] Series Number: []
[(ii)] Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
[(i)] Series: []
[(ii)] Tranche: []
5. [(i)] Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
[(ii)] Net Proceeds: []

6. (i) Specified Denominations^{3,4}: []
- (ii) Calculation Amount (and in relation to the calculation of interest for Notes in global form or Registered definitive form, see Conditions): [] *(If there is only one Specified Denomination, insert the Specified Denomination.*
If there is more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: *[Specify date or for Floating Rate Notes — Interest Payment Date falling on or nearest to [specify month and year]]⁵*
[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” or (ii) another applicable exemption from section 19 of the FSMA must be available.]
9. Interest Basis: [[] per cent. Fixed Rate]
 [[EURIBOR/HIBOR/SOFR] +/- [] per cent.
 Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [specify other]
 (further particulars specified below)

³ 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 must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

⁴ If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €100,000 and integral multiples of €1,000 in excess thereof of up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000. 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, €100,000 (or equivalent) and multiples thereof.

⁵ Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
11. Change of Interest Basis or Redemption/Payment Basis: [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*] [Not Applicable]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (i) Date of approval of the Financial Secretary of Hong Kong for issuance of Notes obtained: []
- (ii) Date of [Board] approval for issuance of Notes obtained: [] [and [], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)
14. Listing: [The Stock Exchange of Hong Kong Limited/*specify other*/None]⁶
15. Method of distribution: [Syndicated/Non-syndicated]

⁶ If listing on The Stock Exchange of Hong Kong Limited, specify expected listing date.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [] in each year [up to and including the Maturity Date] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/Not adjusted]⁷ (N.B.: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s) (and in relation to Notes in global form or Registered definitive form, see Conditions): [] per Calculation Amount⁸
- (iv) Broken Amount(s) (and in relation to Notes in global form or Registered definitive form, see Conditions): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on]] [Not Applicable]
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)⁹ or [specify other]]
- (vi) Determination Date(s): [] in each year
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

⁷ Note that for certain Renminbi or Hong Kong dollar denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, "Business Day" means a day, other than a Saturday or a Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and []."

⁸ For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Notes or to the nearest HK\$0.01, HK\$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards."

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

17. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [[]], subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]
 - (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
 - (iii) Additional Business Centre(s): []
 - (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
 - (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [] (“**Calculation Agent**”)
 - (vi) Screen Rate Determination:
 - Reference Rate: []

(Either EURIBOR, HIBOR, SOFR or other, although additional information is required if other — including fallback provisions in the Agency Agreement)

 - [D: [360/[]]] *(Include for SOFR only)*
 - [Observation Method: [Lag/Observation Shift]] *(Include for SOFR only)*
 - o [Lag Period: [5/[] U.S. Government Securities Business Days]] *(Include for SOFR only)*
 - o [Observation Shift Period: [5/[] U.S. Government Securities Business Days]] *(Include for SOFR only)*

- Interest Determination Date(s): []
(first day of each Interest Period if HIBOR and the second day on which T2 is open prior to the start of each Interest Period if EURIBOR. See Condition 6.2(b)(iii) if SOFR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/–] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [[Actual/Actual or Actual/Actual (ISDA)]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360, 360/360 or Bond Basis]
[30E/360 or Eurobond Basis]
30E/360 (ISDA)
Other]]
(See Condition 6 for alternatives)
- (xii) 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: [See Condition 6.2(b)(ii)/6.2(b)(iii)/specify if fallback provisions 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) Accrual Yield: [] per cent. per annum
 - (ii) Reference Price: []
 - (iii) Any other formula/basis of determining amount payable: []
 - (iv) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]
19. Index Linked Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula: [give or annex details]
 - (ii) Calculation Agent: []
 - (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Fiscal Agent): []
 - (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
 - (v) Specified Period(s)/Specified Interest Payment Dates: []
 - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]

- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: []
20. Dual Currency Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Fiscal Agent): [] (the “**Calculation Agent**”)
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part:

- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent.)*
22. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent.)*
23. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
24. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [[] per Calculation Amount/specify other/see Appendix]
- (N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:

[Bearer Notes:

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]*]

[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]*]

**(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in subparagraph 6(i) includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Bearer Notes.)*

[Registered Notes:

[Registered Global Note (U.S.\$[] nominal amount) [registered in the name of a nominee for a common depositary for Euroclear and Clearstream/the Hong Kong Monetary Authority as operator of the CMU]]

26. Additional Financial Centre(s):

[Not Applicable/give details]

References to "principal financial centre" and "Additional Financial Centre(s)" in the "Payment Day" definition for the purposes of the Notes shall be construed to refer to [specify the principal financial centre] as the principal financial centre and [list out all applicable Additional Financial Centre(s)] as the Additional Financial Centre(s)

(Note that this paragraph relates to the date and place of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 17(iii) and 19(vii) 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*]
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 of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details. NB: new forms of Global Note may be required for Partly Paid issues.*]
29. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/*give details*]
- (ii) Instalment Date(s): [Not Applicable/*give details*]
30. Redenomination applicable: Redenomination [not] applicable
(if Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))
31. Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

32. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
33. If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
34. [Total commission and concession: [] per cent. of the Aggregate Nominal Amount]
35. U.S. Selling Restrictions: [Reg. S Category 1; TEFRA D/TEFRA C/TEFRA not applicable]

36. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a KID will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared in the EEA, “Applicable” should be specified.)*
37. Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a KID will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared in the UK, “Applicable” should be specified.)*
38. Additional selling restrictions: [Not Applicable/give details]

OPERATIONAL INFORMATION

39. ISIN Code: []
40. Common Code: []
41. CMU Instrument Number: []
42. Legal Entity Identifier: 2549000ADDLTGLM9U261
43. Any clearing system(s) other than Euroclear, Clearstream or the CMU and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
44. Delivery: Delivery [against/free of] payment
45. Additional Paying Agent(s) (if any): []

46. **HONG KONG SFC CODE OF CONDUCT**

- | | |
|--|--|
| (i) 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 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.]/[Not Applicable] |
| (ii) 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 — Overall Coordinators to provide]/[Not Applicable] |
| (iii) Marketing and investor targeting strategy: | [As indicated in the Offering Circular] or [Describe if different from the Offering Circular] |

[USE OF PROCEEDS]

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

[STABILISATION]

In connection with the issue of the Notes, the Manager or Managers (if any) named as the stabilisation manager(s) (the “**Stabilisation Manager(s)**”) (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 cease 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 must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.]

[LISTING APPLICATION]

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the U.S.\$3,000,000,000 Medium Term Note Programme of the Urban Renewal Authority.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: _____
Duly authorised

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Form of Pricing Supplement” for a description of the contents of the Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by the Urban Renewal Authority (the “**Issuer**”) pursuant to the Agency Agreement (as defined below).

References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note in bearer form (each a “**Bearer Global Note**”);
- (c) any Global Note in registered form (each a “**Registered Global Note**”);
- (d) any definitive Note in bearer form (“**Definitive Bearer Notes**”, together with the Bearer Global Notes, the “**Bearer Notes**”) issued in exchange for a Bearer Global Note; and
- (e) any definitive Note in registered form (“**Definitive Registered Notes**”, together with the Registered Global Notes, the “**Registered Notes**”) (whether or not issued in exchange for a Registered Global Note).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated 24 June 2024 (such amended and restated agency agreement as further amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”), each made between the Issuer, The Bank of New York Mellon, London Branch as issuing and fiscal agent (the “**Fiscal Agent**”, which expression shall include any successor fiscal agent), The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent (the “**CMU Lodging and Paying Agent**”, which expression shall include any successor CMU lodging and paying agent) and the other paying agents named therein (together with the Fiscal Agent and the CMU Lodging and Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents) and The Bank of New York Mellon as registrar (the “**Registrar**”, which expression shall include any successor registrar) and as transfer agent (together with the Registrar and the other transfer agents named therein, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents). For the purposes of these Terms and Conditions (“**Conditions**”), all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU (as defined below), be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. The Fiscal Agent, the Paying Agents, Transfer Agents the Calculation Agent (if any is specified in the applicable Pricing Supplement) and the Registrar together are referred to as “**Agents**”.

Interest bearing Definitive Bearer Notes have interest coupons (“**Coupons**”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Bearer Notes repayable in instalments have receipts (“**Receipts**”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in the Pricing Supplement attached to or endorsed on this Note which supplements these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the “**applicable Pricing Supplement**” are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to “**Noteholders**” or “**holders**” in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “**Receiptholders**” shall mean the holders of the Receipts and any reference herein to “**Couponholders**” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of an amended and restated deed of covenant (such amended and restated deed of covenant as amended and/or supplemented and/or restated from time to time, the “**Deed of Covenant**”) dated 24 June 2024 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream (as defined below).

Copies of the Agency Agreement and the Deed of Covenant (i) are available for inspection upon prior written request and satisfactory proof of holding to the satisfaction of the Paying Agents by Noteholders during normal business hours (being between 9:00 a.m. to 3:00 p.m., Mondays to Fridays excluding public holidays) at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder following their prior written request to any Paying Agents and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent. Copies of the applicable Pricing Supplement are available for viewing during normal business hours at the registered office of the Issuer and of the Fiscal Agent and copies may be obtained from those offices save that, if this Note is neither listed nor admitted to trading, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Pricing Supplement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and *provided that*, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the currency (the “**Specified Currency**”) and the denominations (the “**Specified Denomination(s)**”) specified in the applicable Pricing Supplement. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to Bearer Notes, Receipts and Coupons will pass by delivery and title to Registered Notes will pass upon registration of transfers in the register which is kept by the Registrar in accordance with the provisions of the Agency Agreement. The Issuer and any Agents will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes, but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream**”) and/or the Hong Kong Monetary Authority as operator of the Central Moneymarkets Unit Service (the “**CMU**”), each person (other than Euroclear or Clearstream or the CMU) who is for the time being shown in the records of Euroclear, Clearstream or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream or the CMU as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made to the person(s) for whose account(s) interests in such Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Issue Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream and the CMU, as the case may be.

References to Euroclear and/or Clearstream and/or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear, Clearstream or the CMU, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Registered Notes or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream or the CMU, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

2.2 Transfers of Definitive Registered Notes

Subject as provided in Condition 2.3 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (b) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Registered Note of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 8, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 8.3, (iii) after any such Note has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7.4).

3. STATUS OF THE NOTES

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other present and future unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

So long as any of the Notes and the relative Receipts or Coupons remains outstanding, the Issuer will not create or have outstanding, and will procure that none of its Material Subsidiaries (as defined below) will create or have outstanding, any mortgage, charge, lien (other than a lien arising by operation of law), pledge or other security interest (each a “**Security Interest**”) upon, or with respect to, any of the present or future business, undertaking, assets or revenues of the Issuer or any of its Material Subsidiaries to secure any Relevant Indebtedness (as defined below) (or guarantees or indemnities granted in respect of any Relevant Indebtedness), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes, the Receipts and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (being a resolution duly passed at a meeting of the Noteholders by a majority of not less than three-quarters of the votes cast or, if it is a resolution in

writing, signed by or on behalf of holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, as more particularly defined in the Agency Agreement).

4.2 Interpretation

For the purposes of these Conditions:

“**Material Subsidiary**” means at any time a Subsidiary of the Issuer:

- (a) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated financial statements of the Issuer, *provided that*:
 - (i) in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, for the purpose of applying each of the foregoing tests, the reference to the Issuer’s latest audited consolidated financial statements shall be deemed to be a reference to such audited financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Issuer;
 - (ii) if at any relevant time in relation to the Issuer or any Subsidiary of the Issuer no financial statements are prepared and audited, its total assets (consolidated, if applicable) shall be determined on the basis of *pro forma* consolidated financial statements (consolidated, if applicable) prepared for this purpose; and
 - (iii) if the financial statements of any Subsidiary of the Issuer (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a *pro forma* consolidation of its financial statements (consolidated, if applicable) with the consolidated financial statements (determined on the basis of the foregoing) of the Issuer; or
- (b) to which is transferred all or substantially all of the business, undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, whereupon (a) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (b) the transferee Subsidiary shall immediately become a Material Subsidiary, *provided that* on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of subparagraph (a) above.

A report by any director of the Issuer that in his or her opinion (making such adjustments (if any) as he or she shall deem appropriate) a Subsidiary of the Issuer is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

“Relevant Indebtedness” means any indebtedness (whether being principal, premium, interest or other amounts) in the form of or represented by any notes, bonds, debentures or other similar securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market; and

“Subsidiary” means any entity which is a subsidiary within the meaning of the Companies Ordinance (Cap. 622) of the Hong Kong Special Administrative Region of the People’s Republic of China (**“Hong Kong”**), *provided that* references to a “company” or a “body corporate” in such Ordinance shall be deemed to include the Issuer.

5. REDENOMINATION

5.1 Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Fiscal Agent and Euroclear, Clearstream and/or the CMU, as applicable, and at least 30 days’ prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, *provided that*, if the Issuer determines, with the agreement of the Fiscal Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Notes in the denomination of euro 50,000 and/or such higher amounts as the Fiscal Agent may determine and notify to the Noteholders and any remaining amounts less than euro 50,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 7; and (ii) in the case of Notes which are not Relevant Notes, in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Fiscal Agent may approve) euro 0.01 and such other denominations as the Fiscal Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with

effect from the date on which the Issuer gives notice (the “**Exchange Notice**”) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (*provided that* such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
 - (i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
 - (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding;

- (g) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Fiscal Agent, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

5.2 Definitions

In these Conditions, the following expressions have the following meanings:

“**Established Rate**” means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

“**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

“**Redenomination Date**” means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 5.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

“**Relevant Notes**” means all Notes where the applicable Pricing Supplement provides for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 50,000 and which are admitted to trading on a regulated market in the European Economic Area; and

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

6. INTEREST

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are Bearer Notes in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, “**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 applicable Pricing Supplement, and “**Issue Date**” has the meaning given in the applicable Pricing Supplement.

Except in the case of Bearer Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Registered Notes (or, in each case, if they are Partly Paid Notes, the aggregate amount paid up); or
- (b) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction. The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the Calculation Amount in the case of Fixed Rate Notes which are Bearer

Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

For the purposes of these Conditions:

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

- (a) if **“Actual/Actual (ICMA)”** is specified in the applicable Pricing Supplement:
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **“Accrual Period”**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (b) if **“30/360”** is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (c) if **“Actual/365 (Fixed)”** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365.

In these Conditions:

“Determination Period” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

6.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, “**Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “**Business Day**” means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than T2) specified in the applicable Pricing Supplement; and
- (b) if T2 is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the real-time gross settlement system operated by the Eurosystem or any successor or replacement for that system (“**T2**”) is open; and
- (c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than each Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which T2 is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent under an interest rate swap transaction if the Fiscal Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating (i) if “**2006 ISDA Definitions**” is specified in the applicable Pricing Supplement, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) if “**2021 ISDA Definitions**” is specified in the applicable Pricing Supplement, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA on its website (www.isda.org) as at the Issue Date of the first Tranche of the Notes (together, the “**ISDA Definitions**”) and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

- (B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the Euro-zone interbank offered rate (“**EURIBOR**”) or the Hong Kong interbank offered rate (“**HIBOR**”), the first day of that Interest Period or (b) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

- (ii) *Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as being SOFR*

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate is not specified thereon as being SOFR, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time, in the case of EURIBOR, or Hong Kong time, in the case of HIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

(iii) *Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR:*

- (x) where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified thereon as being SOFR, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the applicable Pricing Supplement) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.

The following defined terms shall have the meanings set out below for purpose of this Condition 6.2(b)(iii) only:

“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 6.2(b)(iii).

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 6.2(b)(iii)(y) below will apply.

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

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

“d” is the number of calendar days in:

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

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

“**D**” is the number specified as such in the applicable Pricing Supplement (or, if no such number is specified, 360);

“**d₀**” is the number of U.S. Government Securities Business Days in:

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

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

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

“**n_i**” 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 Method**” means the Observation Method as specified in the applicable Pricing Supplement;

“**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:

- (i) where “Lag” is specified as the Observation Method in the applicable Pricing Supplement, the number of U.S. Government Securities Business Days specified as the “Lag Period” in the applicable Pricing Supplement; or
- (ii) where “Observation Shift” is specified as the Observation Method in the applicable Pricing Supplement, the number of U.S. Government Securities Business Days specified as the “Observation Shift Period” in the applicable 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 6.2(b)(iii)(y) 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;

“**SOFR_i**” 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 applicable 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.

- (y) 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. At the request of the Issuer, the Fiscal Agent or the Calculation Agent, as applicable shall (at the direction of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with such determination by the Issuer in effecting any Benchmark Replacement Conforming Changes (including, *inter alia*, by the execution of a supplemental agency agreement) and the Fiscal Agent or the Calculation Agent, as applicable shall not be liable to any party for any consequences thereof, provided that the Fiscal Agent or the Calculation Agent, as applicable shall not be obliged to effect any such amendments if, in the opinion of the Fiscal Agent or the Calculation Agent, as applicable, doing so would impose more onerous obligations upon it or 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 (including, for the avoidance of doubt, any supplemental agency agreement) in any way.

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:

- (1) will be conclusive and binding absent manifest error;
- (2) will be made in the sole discretion of the Issuer; and
- (3) 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 separately selected and appointed by the Issuer in writing) 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.

- (z) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under Condition 6.2(b)(iii)(y) above will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, as applicable, the Paying Agents and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

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

- (1) 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 6.2(b)(iii); and
- (2) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 6.2(b)(iii), 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).

(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) *Determination of Rate of Interest and calculation of Interest Amounts*

The Fiscal Agent or the Calculation Agent, as applicable, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Fiscal Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Fiscal Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes or Index Linked Interest Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Notes represented by such Global Note or (B) such Registered Notes (or, in each case, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes or Index Linked Interest Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in

accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

- (i) if **“Actual/Actual (ISDA)”** or **“Actual/Actual”** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if **“Actual/365 (Sterling)”** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if **“Actual/360”** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if **“30/360”**, **“360/360”** or **“Bond Basis”** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

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

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

where:

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

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

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

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

“**D₁**” is the first calendar day, expressed as a number, of the Interest 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 Interest Period, unless such number would be 31, in which case D₂ will be 30; and

- (vii) If “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

“**D₁**” is the first calendar day, expressed as a number, of the Interest 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 Interest 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.

(e) *Notification of Rate of Interest and Interest Amounts*

The Fiscal Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and the Issuer shall notify any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed by no later than the first day of each Interest Period and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified by the Issuer to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2, whether by the Fiscal Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, the Fiscal Agent, the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of negligence, default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Fiscal Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

6.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

6.5 Accrual of interest

Each interest-bearing Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue both before and after judgment in accordance with these Conditions until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15.

7. PAYMENTS

7.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

7.2 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes not held through the CMU will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of Definitive Bearer Notes not held through the CMU, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive

Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form not held through the CMU (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form not held through the CMU becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon *provided that* such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

In the case of Definitive Bearer Notes held through the CMU, payments will be made to the person(s) for whose account(s) interests in the relevant Definitive Bearer Notes are credited as being held with the CMU in accordance with the CMU Rules at the relevant time and such payment shall discharge the obligations of the Issuer in respect of that payment.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

7.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note (i) in the case of a Bearer Global Note lodged with the CMU, to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time, or (ii) in the case of a Bearer Global Note not lodged with the CMU, against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made in respect of any Bearer Global Note, distinguishing

between any payment of principal and any payment of interest, will be made on such Bearer Global Note (in the case of a Bearer Global Note not lodged with the CMU) against presentation by the Paying Agent to which it was presented or (in the case of a Bearer Global Note lodged with the CMU) on withdrawal of such Bearer Global Note by the CMU Lodging and Paying Agent, or in the records of Euroclear, Clearstream or the CMU, as applicable.

7.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “**Register**”) (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, a day on which Euroclear and Clearstream are open for business, and in respect of Notes clearing through the CMU, a day on which the CMU is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, a day on which Euroclear and Clearstream are open for business, and in respect of Notes clearing through the CMU, a day on which the CMU is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “**Record Date**”). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

In the case of Registered Note held through the CMU, payment will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time and such payment shall discharge the obligations of the Issuer in respect of that payment.

None of the Issuer or the Agents 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 Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 General provisions applicable to payments

The holder of a Global Note (if the Global Note is not lodged with the CMU) or to the person(s) for whose account(s) interests in the relevant Global Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time (if the Global Note is lodged with the CMU) shall be the only person(s) entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or such person(s) for whose account(s) interests in the relevant Global Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time (as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream or the CMU as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream or the CMU, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note or such person(s) for whose account(s) interests in the relevant Global Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time (as the case may be).

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer or its Agents are subject, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto.

7.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 10) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than T2) specified in the applicable Pricing Supplement;
- (b) if T2 is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which T2 is open; and
- (c) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which T2 is open.

7.7 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 9;
- (b) the Final Redemption Amount of the Notes; (c) the Early Redemption Amount of the Notes;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8.7); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9.

8. REDEMPTION AND PURCHASE

8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

8.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent (i) a certificate signed by two authorised persons of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 8.2 will be redeemed at their Early Redemption Amount referred to in Condition 8.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

8.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 15; and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Fiscal Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in nominal amount, at their discretion) and/or the CMU (as appropriate). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, *provided that*, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Calculation Amount.

8.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer, in accordance with Condition 15, not less than 15 nor more than 30 days' notice (or such other notice period as is specified in the applicable Pricing Supplement) (which notice shall be irrevocable save as provided in Condition 8.6), the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the relevant Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

8.5 Redemption for Put Event

Upon the occurrence of a Put Event (as defined below), the holder of each Note will have the right, at such holder's option, exercisable during the Change of Ownership Put Period (as defined below) by giving to the Issuer a notice (which notice shall be irrevocable save as provided in Condition 8.6) to require the Issuer to redeem all or some only of such holder's

Notes on the Put Date (as defined below) at the Early Redemption Amount, together with accrued interest up to but excluding the Put Date. Such option shall operate as set out below and in Condition 8.6.

The Issuer shall give notice to Noteholders and the Fiscal Agent in accordance with Condition 15 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Put Event, which notice shall give a brief explanation of the nature of the Put Event and specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 8.5 (a “**Put Event Notice**”).

For the purposes of this Condition 8.5:

a “**Change of Ownership**” occurs when as a result of any action on the part of the Issuer or the Government of the Hong Kong Special Administrative Region of the People’s Republic of China (the “**Hong Kong Government**”) or as a result of any new law or regulation of Hong Kong, the Hong Kong Government and/or any entity of the Hong Kong Government ceases at any time to own, directly or indirectly, more than half in value of the capital of the Issuer (as included in its audited balance sheet) or if the Issuer has issued any voting capital stock, more than half in nominal value of the voting capital stock of the Issuer;

“**Change of Ownership Put Period**” means a period of 60 days following a Put Event, or, if a Put Event Notice is given, a period of 60 days following the date upon which such notice is given;

“**Put Date**” means the fourteenth day after the expiry of the Change of Ownership Put Period; and

“**Put Event**” will be deemed to occur if there is a Change of Ownership.

8.6 Put Notices

To exercise the right to require redemption of the Notes pursuant to Condition 8.4 or 8.5, the holder of each Note must, if such Note is in definitive form and held outside Euroclear, Clearstream and the CMU, deliver at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), at any time during the normal business hours of such Paying Agent or, as the case may be, the Registrar on any Business Day (as defined in Condition 6) falling within the notice period (in the case of Condition 8.4) or Change of Ownership Put Period (in the case of Condition 8.5), a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a “**Put Notice**”) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If such Note is in definitive bearer form, the Put Notice must be accompanied by such Note or evidence satisfactory to the Paying Agent concerned that such Note will, following delivery of the Put Notice, be held to its order or under its control.

If such Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream or the CMU, to exercise the right to require redemption of such Note pursuant to Condition 8.4 or 8.5, the holder of such Note must, within the notice period (in the case of Condition 8.4) or Change of Ownership Put Period (in the case of Condition 8.5),

give notice to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear, Clearstream and the CMU (which may include notice being given on their instruction by Euroclear, Clearstream or any common depositary, as the case may be, for them to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means or notice being given to the CMU Lodging and Paying Agent) in a form acceptable to Euroclear, Clearstream, the CMU and the CMU Lodging and Paying Agent from time to time.

Any Put Notice or other notice given in accordance with this Condition 8.6 and the standard procedures of Euroclear, Clearstream and the CMU by a holder of any Note pursuant to Condition 8.4 or 8.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to Condition 8.4 or 8.5.

8.7 Early Redemption Amounts

For the purpose of Condition 8.2 and Condition 8.5 above and Condition 11:

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount (as specified in the applicable Pricing Supplement); and
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1 + AY)^y$ where:

“RP” means the Reference Price;

“AY” means the Accrual Yield expressed as a decimal; and

“y” is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

or on such other calculation basis as may be specified in the applicable Pricing Supplement.

8.8 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

8.9 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

8.10 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (*provided that*, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

8.11 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.10 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

8.12 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1, 8.2, 8.3, 8.4 or 8.5 above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.7(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 15.

9. TAXATION

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Notes, Receipts and Coupons shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of the Tax Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts (“**Additional Amounts**”) as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of the withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of such Note, Receipt or Coupon by reason of the holder having some connection with the Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon;
- (b) presented for payment by or on behalf of a holder of such Note, Receipt or Coupon who is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder thereof would have been entitled to an additional amount on presenting the same for payment on the thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.6).

As used in these Conditions:

- (i) **“Tax Jurisdiction”** means Hong Kong or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) **“Relevant Date”** means the date on which the payment first becomes due, except that, if the full amount of the money payable has not been duly received by the Fiscal Agent or the Registrar, as the case may be, on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect is duly given to the Noteholders by the Issuer in accordance with Condition 15.

10. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

11. EVENTS OF DEFAULT

If any one or more of the following events (each an **“Event of Default”**) shall occur and be continuing:

- (a) a default is made in the payment of any principal, premium (if any) or interest due in respect of the Notes or any of them and the default continues for a period of seven days; or
- (b) the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or

- (c) (i) the Issuer or any of its Material Subsidiaries shall default in the payment of any principal of or interest on any Borrowed Money beyond any period of grace provided in respect thereof, or (ii) the Issuer or any of its Material Subsidiaries shall fail to honour when due and called upon any guarantee of any Borrowed Money, or (iii) any Borrowed Money of the Issuer or any of its Material Subsidiaries shall become due and payable prior to its specified maturity by reason of any default or event of default (howsoever described), in each case in an aggregate principal amount of at least HK\$400,000,000 or the equivalent thereof in another currency or currencies, or (iv) a general moratorium shall be declared on the payment of the debts of the Issuer or any of its Material Subsidiaries; or
- (d) any order is made by any competent court or effective resolution passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of reorganisation the terms of which have previously been approved by an Extraordinary Resolution or where otherwise so approved; or
- (e) the Issuer or any of its Material Subsidiaries ceases to carry on the whole or a substantial part of its business, save for the purposes of reorganisation the terms of which have previously been approved by an Extraordinary Resolution or where otherwise so approved; or
- (f) (i) a receiver, manager, administrator or other similar official is appointed in relation to the whole or a substantial part of the undertaking or assets of the Issuer or any of its Material Subsidiaries, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of the Issuer or any of its Material Subsidiaries, or a distress or execution is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of the Issuer or any of its Material Subsidiaries and (ii) in any case is not stayed or discharged within 60 days,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 8.7), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

In this Condition:

“Borrowed Money” means any indebtedness for borrowed money, acceptances and the principal amount of any notes (including, for the avoidance of doubt, Notes of any other Series) debentures, bonds, bills of exchange, promissory notes or similar instruments drawn, made, accepted, issued, endorsed or guaranteed by the Issuer or any of its Material Subsidiaries for the purpose of raising money but shall exclude bills of exchange drawn under or in respect of letters of credit or contracts for the provision of goods or services for the purpose of effecting payment and not in connection with the raising of money.

12. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

If any Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or the Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in applicable Pricing Supplement.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, *provided that*:

- (a) there will at all times be a Fiscal Agent and a Registrar; and
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Registrar and Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders by the Issuer in accordance with Condition 15.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15. NOTICES

All notices regarding Bearer Notes will be deemed to be validly given if published in a leading daily newspaper of general circulation in Hong Kong. It is expected that such publication will be made in the South China Morning Post in Hong Kong. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding Registered Notes will be deemed to be validly given if (a) sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the day after mailing and (b) if and for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of (i) Euroclear and/or Clearstream, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream for communication by them to the holders of the Notes or (ii) the CMU, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note and, in addition, in the case of both (i) and (ii) above, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream and/or the CMU.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Fiscal Agent or the Registrar through Euroclear and/or Clearstream, and/or, in the case of Notes lodged with the CMU, by delivery by such holder of such notice to the CMU Lodging and Paying Agent in Hong Kong, as the case may be, in such manner as the Fiscal Agent, the Registrar, the CMU Lodging and Paying Agent and Euroclear and/or Clearstream and/or the CMU, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

16. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS

16.1 Meeting of Noteholders

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a video conference platform) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at

any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than three-quarters in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Principal Paying Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders shall be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

16.2 Modifications

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement which, in the sole opinion of the Issuer, could not reasonably be expected to be prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law or for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained in the Notes, the Receipts, the Coupons or the Agency Agreement.

Any determination as to prejudice to the interests of the Noteholders pursuant to these Conditions (including this Condition 16.2) shall be made by the Issuer and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

17. FURTHER ISSUES

The Issuer shall be at liberty, from time to time, without the consent of the Noteholders, the Receiptholders or the Couponholders, to create and issue further notes having terms and conditions the same as the Notes (or the same in all respects save for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition and forming a single series with the Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes, the Receipts, the Coupons and the Talons are governed by, and construed in accordance with, English law.

19.2 Submission to Jurisdiction

- (a) Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons (a “**Dispute**”) and accordingly each of the Issuer and the Agents and any Noteholders, Receiptholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 19.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Agents, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

19.3 Appointment of Process Agent

The Issuer irrevocably appoints Vistra Trust Company Limited at its registered office at 7th Floor, 50 Broadway, London SW1H 0DB, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Vistra Trust Company Limited being unable or unwilling for any reasons to act, it will as soon as reasonably practicable appoint a substitute process agent as its agent for service of process in England in respect of any Dispute and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

19.4 Waiver of immunity

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Dispute.

19.5 Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the Issuer to fund its capital expenditure on urban renewal projects and for general corporate purposes.

DESCRIPTION OF THE ISSUER

PROFILE AND HISTORY OF THE ISSUER

The Issuer is a statutory body established by the Hong Kong Special Administrative Region Government (the “**Government**”) under the URA Ordinance in May 2001. Pursuant to the URA Ordinance, the purposes of the Issuer are to:

- replace the Land Development Corporation and improve the standard of housing and the built environment of Hong Kong by undertaking, encouraging, promoting, and facilitating urban renewal;
- improve the standard of housing and built environment of Hong Kong and the layout of built-up areas by replacing old and dilapidated areas with new and properly planned developments with adequate transport and other infrastructure and community facilities;
- achieve better utilization of land in the dilapidated areas of Hong Kong and to make land available to meet various development needs;
- prevent the decay of the built environment of Hong Kong by promoting the maintenance and improvement of the structural soundness, external finishes, fire safety, physical appearance, and condition of buildings in Hong Kong;
- preserve buildings, sites, and structures of historical, cultural, or architectural interest; and
- engage in other activities and perform other duties, as the Chief Executive may, after consultation with the Issuer, permit or assign to it.

The Issuer seeks to create a high-quality and vibrant urban environment in Hong Kong. The Issuer works closely with both governmental and non-governmental partners to achieve the above aims.

The Government published the first URS in November 2001 which prescribes guidelines the Issuer is required to follow. On 24 February 2011, the revised URS was promulgated with a comprehensive and holistic approach to rejuvenate older urban areas by way of Redevelopment, Rehabilitation, Revitalisation and heritage pReservation (the “**4R Business Strategy**”). The URS clearly defines Redevelopment and Rehabilitation as the Issuer’s core businesses, while Revitalisation and pReservation only form an ancillary part of its urban renewal projects. The Issuer has adopted an approach that integrates the 4R Business Strategy into its planning framework to create synergy and to improve the overall built environment, thereby achieving holistic urban renewal of the entire old district (the “**Integrated 4R Approach**”).

The following timeline shows some of the major events in the corporate history of the Issuer. For details on the implementation of the Issuer’s redevelopment projects, see “*Description of the Issuer — URA Project Highlights as at 31 March 2025*”:

- | | | |
|------|-------|---|
| 1988 | | Establishment of the Land Development Corporation. |
| 2000 | | Enaction of the URA Ordinance. |
| 2001 | | Set up of URA to replace the Land Development Corporation as the statutory body responsible for urban renewal in Hong Kong. |

The Government published the first URS.

- 2004 Set up of Building Rehabilitation Materials Incentive Scheme (the “**Materials Incentive Scheme**”) and provision of interest-free loans and grants under the Building Rehabilitation Loan Scheme.
- 2007 Commencement of one of the Issuer’s largest-ever redevelopment projects in terms of site area, the Kwun Tong Town Centre Project (“**K7**”).
- 2009 Operation Building Bright (“**OBB**”) was launched in 2009 with a total initial set-up funding of HK\$2 billion. The Government contributed HK\$1.7 billion, and the Issuer and the Hong Kong Housing Society contributed HK\$150 million each. The Issuer was designated as one of the organisations to administer the OBB. All OBB cases were completed and the subsidy scheme ended on 4 April 2023.
- The Issuer launched its debut public bond issuance of HK\$1.5 billion.
- Preliminary revitalisation plans for the Central Market as the Issuer’s largest revitalisation project for reinforced concrete building in terms of floor area.
- 2010 Implementation of the Ma Tau Wai Road/Chun Tin Street redevelopment project for the collapse of a tenement building in Ma Tau Wai Road.
- Further receipt of HK\$500 million into OBB from the Government.
- 2011 Promulgation of the revised URS with a comprehensive and holistic approach to rejuvenate older urban areas with the 4R Business Strategy.
- Launched the flat-for-flat scheme (the “**FFF Scheme**”) and an Integrated Building Maintenance Assistance Scheme (“**IBMAS**”) jointly with the Hong Kong Housing Society (“**HKHS**”).
- LegCo’s Finance Committee approved additional HK\$1 billion into OBB.
- Launched the Demand-led Redevelopment Project Pilot Scheme (the “**Demand-led Scheme**”) and the Facilitating Services Pilot Scheme (the “**Facilitating Scheme**”).
- The Government appointed ten directors to the Board of the Urban Renewal Fund Limited (now known as the Urban Renewal Fund) (“**URF**”) with an initial funding of HK\$500 million from the Issuer.
- 2012 Opened the Issuer’s first one-stop service center, the Urban Renewal Resource Centre (“**URRC**”) at Tai Kok Tsui.
- Commencement of the first industrial building redevelopment pilot scheme project in Kennedy Town, Western District.
- 2013 Commencement of the Issuer’s second industrial building redevelopment pilot scheme project in Cheung Sha Wan, Kowloon.
- The first joint sale of a project site at Lion Rock Road, Kowloon City was successfully completed through public auction under the Facilitating Scheme.

- 2014 Successful tender of Development Areas 2 and 3 of K7 as a joint venture redevelopment project.
- 2016 The Issuer commenced the Bailey Street/Wing Kwong Street redevelopment project in To Kwa Wan, which was the first district-based project in an integrated package of six adjoining projects, to enhance the local road network and pedestrian environment on a neighborhood scale.
- Launched flat sales under Subsidised Sale Flat Scheme at Kai Tak development.
- Launched the “Smart Tender” Building Rehabilitation Facilitating Services (“**Smart Tender**”).
- 2017 The Government allocated HK\$300 million of funding to Smart Tender.
- Commencement of the District Study for Yau Ma Tei and Mong Kok (the “**YMDS**”) to formulate a holistic and district-based urban renewal plan for the study area.
- The Issuer commenced a study on New Strategy on Building Rehabilitation.
- Formulation of the Issuer’s Urban Renewal Sustainability Framework (“**URSF**”) which consists of five domains (“Society”, “Economy”, “Environment”, “Process”, and “People”) and embraces the Issuer’s 4R Business Strategy.
- 2018 The Issuer took over responsibility for the HKHS’s work under the Mandatory Building Inspection Subsidy Scheme, expanding the scheme’s coverage to the entire Hong Kong area and handling all new applications.
- The Government allocated HK\$3 billion to Operation Building Bright 2.0 (“**OBB 2.0**”) and HK\$2 billion to the Fire Safety Improvement Works Subsidy Scheme (“**FSWS**”), to support owners in complying with the requirements under the Mandatory Building Inspection Scheme and to undertake fire safety enhancement measures as required by the Fire Safety (Buildings) Ordinance (Cap. 572). Applications for OBB 2.0 closed on 30 September 2023.
- 2019 The Government allocated HK\$2.5 billion and HK\$2 billion in the same year to the Lift Modernisation Subsidy Scheme (“**LIMSS**”). Applications closed on 30 September 2020.
- The Issuer completed a Community Making Study of the Staunton Street/Wing Lee Street (“**H19**”) neighbourhood to leverage local community resources to achieve “renewal by the district and for the district”.
- “618 Shanghai Street”, the Shanghai Street/Argyle Street preservation and revitalisation project was completed and opened for operation.
- 2020 The Issuer offered rent relief measures for domestic and commercial tenants in the Issuer’s properties during the COVID-19 pandemic.
- The Issuer initiated two pilot projects in Kowloon City to redevelop low-rise buildings under the Civil Servants’ Co-operative Building Society Scheme, aiming to unleash the development potential of such building sites and to increase housing supply by delivering over 3,000 units.

The Issuer became the sole organisation to administer all Government building rehabilitation subsidy schemes in an integrated manner with the signing of a memorandum of understanding with the Development Bureau.

The Government further injected HK\$3 billion and HK\$3.5 billion into OBB 2.0 and FSWS, and the total budget increased to HK\$6 billion and HK\$5.5 billion respectively.

The Government allocated HK\$2 billion to the Building Maintenance Grant Scheme for Needy Owners (“**BMGSNO**”) to assist needy owner-occupiers of domestic flats to carry out repair and maintenance works for their properties.

2021 Commencement of To Kwa Wan Road/Wing Kwong Street Development Scheme in Kowloon City, being the Issuer’s last district-based project in an integrated package of six adjoining projects.

The Issuer and The Hong Kong Settlers Housing Corporation Limited (“**HKSHCL**”) signed a memorandum of understanding to establish project goals and a cooperation framework for the “Tai Hang Sai Estate Redevelopment” project.

The Yue Man Square (Development Areas 2 and 3 of K7) officially opened.

The Issuer and the Development Bureau signed a memorandum of understanding for the launch of the Building Drainage System Repair Subsidy Scheme (“**DRS**”), which is the fifth subsidy scheme, administered by the Issuer on behalf of the Government and with Government funding of HK\$1 billion. Although the DRS has ceased to accept new applications after 31 May 2024, it continues to process existing cases and release subsidies.

Launched two major redevelopment projects in Sham Shui Po under the planning-led and district-based approach, namely the Kim Shin Lane/Fuk Wa Street Development Project and the Cheung Wah Street/Cheung Sha Wan Road Development Scheme.

2022 Successfully completed the Issuer’s first retrofitting works of a factory building, namely Wing Hong Factory Building in Cheung Sha Wan, transforming the 60-year-old derelict structure into a modernised building.

Completion of the YMDS. Three versions of the Master Urban Renewal Concept Plans were developed, each featuring different development intensities to adapt to changing planning requirements, and identifying strategic opportunity areas and development nodes. A suite of new planning tools was also identified to unleash the redevelopment potential of old districts, with the aim of incentivising greater private market participation in the urban renewal works to expedite the renewal process.

The Issuer extended special rent relief measures for domestic and commercial tenants due to COVID-19’s ongoing economic impact.

Commencement of the Nga Tsin Wai Road/Carpenter Road Development Scheme in Kowloon City under a planning led, district based and Integrated 4R Approach.

Commencement of the Sham Shui Po District Study (“**SSPDS**”) to further explore the application of new planning tools proposed in the YMDS to support and speed up the urban renewal works in Sham Shui Po.

Launched a three-year District-based Rehabilitation Pilot Scheme to promote proper maintenance and building rehabilitation among owners of old building clusters in the vicinity of the Nga Tsin Wai Road/Carpenter Road Development Scheme, with expected beneficiaries of 1,000 residential units.

Commencement of the Tsuen Wan District Study (“**TWDS**”) with the aim of formulating a holistic and district-based urban renewal plan for the area.

The Issuer collaborated with The Hong Kong Institute of Housing to pilot the “Joint Property Management” model under the “District-based Building Rehabilitation Pilot Scheme” in the “Lung Shing” area in Kowloon city.

2023 Yan Oi House in Hung Shui Kiu was completed as part of the Transitional Housing Project.

Submitted a proposal to the Planning Department for zoning amendments that incorporate a “Vertical City” planning concept for Development Areas 4 and 5 of K7.

Launch of the sale of “Starter Homes” units at eResidence Tower 3 in To Kwa Wan. Per the Chief Executive’s 2023 Policy Address, the Government announced its intention to initiate a study to explore the use of part of the reclaimed land outside the Kau Yi Chau central business district to facilitate the implementation of urban redevelopment projects by the Issuer and private sectors.

S&P affirmed the Issuer’s long-term issuer credit and senior unsecured notes rating of “AA+”. The “Likelihood of Extraordinary Government Support” was raised from “Extremely High” to “Almost Certain”, with “Stable” outlook.

2024 The Issuer received the ESG Prize 2023 in recognition of its achievements in enhancing people-centric sustainability goodwill across several projects. The Issuer was the sole ESG recipient in the real estate/public sector in 2023.

Commencement of the Sai Yee Street/Flower Market Road Development Scheme under YMDS, with approximately 89% of the project area being Government land.

Completion of two district-based placemaking projects at K7 and Central District.

Per the Chief Executive’s 2024 Policy Address, to expedite urban redevelopment, the Government announced its intention to examine the use of newly developed land to drive large-scale urban redevelopment projects, including the cross-district transfer of plot ratios and the construction of more dedicated rehousing estates.

Launch of the Preventive Maintenance Subsidy Scheme (“**PMSS**”) to motivate owners of residential and composite properties to carry out preventive maintenance for their buildings.

Commencement of the Ma Tau Wai Road/Lok Shan Road Development Project in Kowloon City under a planning-led and district-based approach.

Issuance of the Issuer’s triple-tranche HK\$12 billion senior bonds under the Programme.

The Support Service Centre for Minority Owners under Compulsory Sale (“**SMOCS**”), a wholly-owned subsidiary of the Issuer, commenced operation to provide comprehensive and targeted support services to minority owners of old buildings affected by compulsory sale applications made under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545).

Commencement of advance works, such as underground utilities diversion works and tree removal works in K7 to expedite the progress of the project.

The Issuer established the Sustainable Finance Framework to integrate sustainable finance elements as part of the funding exercise.

2025 The Issuer signed a five-year Facility Agreement amounting to HK\$13 billion with a consortium of 12 banks.

S&P affirmed the Issuer’s long-term issuer credit and senior unsecured notes rating of “AA+” and the “Likelihood of Extraordinary Government Support” being “Almost Certain”, with “Stable” outlook.

Issuance of acquisition offers to property owners of Kau Pui Lung Road/Chi Kiang Street Development Scheme with over 97% acceptance received from owners.

Launch of Development Facilitation Services for the Shantung Street/Thistle Street Development Scheme (“**YTM-012 Scheme**”) in advance of the tender invitation to provide interested developers with technical information and to gather market feedback for the refinement of tender terms, thereby enhancing tender competitiveness. The tender was awarded in May 2025.

The Issuer commenced superstructure works of the self-developed project at Ash Street (“**DL-11**”).

The Issuer invited design and build tenders for the government entrusted SSP-018 Scheme (Site B) for the construction of a new Joint-user Complex adjacent to the existing Sham Shui Po Sports Ground to optimise lands and facilities use, as well as to achieve more planning gains for the community and public enjoyment in line with the promotion of the “Single Site, Multiple Use” model.

The Issuer introduced a holistic preventive maintenance initiative by publishing the Guidelines and Templates for Preparing the Maintenance Manual for Residential and Composite Buildings (“**GTMM**”), which assists all building owners in preparing their own maintenance manual to plan maintenance actions and financial reserves.

The Issuer and The Hong Kong University of Science and Technology (“**HKUST**”) signed a memorandum of understanding to establish a co-operative intent and framework for the HKUST to expand its off-campus education and research space in the non-domestic portion of K7.

The Chief Executive in Council approved the grant of two sites, Bailey Street in Hung Hom and TKO Site, to the Issuer by private treaty at nominal land premium to provide additional financial support to the Issuer.

RELATIONSHIP WITH THE GOVERNMENT

Under the URA Ordinance, the Government plays a significant role in the governance, finance, business planning, and implementation of redevelopment schemes and projects of the Issuer.

The Government's involvement in the Issuer's business planning and operations

Under the URA Ordinance:

- the Issuer is governed by a board (the “**Board**”) comprising a Chairman and 22 other members appointed by the Chief Executive. As the governing and executive body of the Issuer, the Board exercises and performs the powers and duties conferred and imposed on the Issuer by the URA Ordinance;
- there should be three executive Board members who are not public officers, namely the Managing Director, who is by virtue of holding that office also the Deputy Chairman, and two Executive Directors. The Managing Director is the administrative head of the Issuer. Together with the other two Executive Directors, the Managing Director is responsible, subject to the direction of the Board, for administering the affairs of the Issuer and, subject to that direction, has such other responsibilities as may be assigned by the Board;
- four senior government officials have been appointed as members of the Board, namely the Director of Lands, the Director of Buildings, the Director of Planning, and the Deputy Director of Home Affairs (2);
- the Chief Executive may, after consultation with the Issuer, assign duties to the Issuer;
- the Secretary of Development may prepare an urban renewal strategy from time to time;
- upon request, the Issuer is under an obligation to furnish the Secretary for Development with returns, accounts and other information with respect to the property and affairs of the Issuer;
- the Chief Executive may, if he considers the public interest so requires, give directions in writing to the Issuer in relation to the exercise of the Issuer's powers or the performance of its duties and the Issuer shall comply with those directions;
- the Issuer is required to prepare a draft corporate plan setting out its proposed programme of projects for the next five years (the “**Corporate Plan**”) and a draft business plan setting out the projects to be implemented in the next financial year (the “**Business Plan**”). The Issuer is required to submit its draft Corporate Plan and Business Plan to the Financial Secretary for approval each year;
- the Issuer is required, each financial year, to prepare and submit an annual report on its work together with its audited financial statements to the Financial Secretary who, in turn, is required to arrange for them to be tabled in the LegCo;
- the Chairman, the Managing Director and the Executive Directors of the Issuer are answerable to the LegCo;
- requires the Issuer to seek the prior authorisation of the Secretary for Development before proceeding with a development project;
- requires the Issuer to consult the TPB, seek public comments and obtain the approval of the Chief Executive in Council for each of its development scheme plans; and

- enables the Issuer to write to the Secretary for Development to request him to recommend to the Chief Executive in Council the resumption of properties which the Issuer may not be able to acquire. This distinguishes the Issuer from private developers because it gives Issuer the ability to apply for resumption to acquire all un-acquired interests within any project site and, therefore, gives it greater confidence that the implementation of any of its redevelopment projects will not be held up indefinitely.

Provision of resources and financial support from the Government under the URA Ordinance and URS and the Government's involvement in the Issuer's finances

Under the URA Ordinance:

- the resources of the Issuer consist of all money paid by the Government to the Issuer and appropriated for that purpose by LegCo, and all other money and property received by the Issuer for carrying out its statutory purposes;
- the Issuer owes to the Government all money paid by the Government to the Issuer and appropriated for that purpose by LegCo, and all expenditure incurred by the Government for the benefit of the Issuer. Such indebtedness of the Issuer (and any interest thereon) may be discharged as the Financial Secretary directs;
- the Secretary for Financial Services and the Treasury may give written directions to the Issuer regarding the amount of money which may be expended by the Issuer in any financial year, and the Issuer is obligated to comply with such directions;
- LegCo can authorise the Financial Secretary to grant government guarantees in respect of the Issuer's borrowings or other obligations, including any notes issued by the Issuer;
- the powers of the Issuer to borrow, lend and invest money to meet its obligations and needs or perform its duties are subject to certain statutory requirements concerning prior approvals, authorisations and directions (as the case may be) from the Financial Secretary or the Secretary for Financial Services and the Treasury; and
- the Issuer is exempt from taxation under the Inland Revenue Ordinance.

Under the URS, the Government will provide financial support to the Issuer through the HK\$10 billion equity capital injection, waiver of land premia for redevelopment sites, waiver of land premia for rehousing sites, and loans from the Government.

Other forms of support from the Government to the Issuer and collaboration between the Issuer and the Government

The Government provides various forms of support to the Issuer, and the Issuer also works closely with the Government.

Under-utilised Government land for incorporation into the Issuer's redevelopments

Under-utilised Government land in urban areas and where acquisition of private properties is not required, has been incorporated into the Issuer's redevelopment schemes or projects to improve land resource utilisation and enhance the financial performance of the redevelopment. Since 2020, around 6 hectares of Government land have been included in 12 of the Issuer's redevelopment schemes or projects, with around 5.8 hectares expected to be granted in 4 of the Issuer's redevelopment schemes or projects in the coming 5 years. Land premium for the Government land will be waived by the Government under the URS. Additionally, in June 2025, the Government announced that the Chief Executive in Council

approved the granting of two sites, Bailey Street (about 0.8 hectares) and TKO Site (about 9.2 hectares), to the Issuer at nominal premium of HK\$1,000 to provide additional financial support to the Issuer.

District Studies to support the Government's review of statutory plans which affects redevelopment pace

Co-chaired by the Development Bureau, and in collaboration with different government departments, the Issuer established steering committees to oversee the study process on various district studies. The findings and recommendations endorsed by the steering committees are detailed in master renewal concept plans (“**MRCPs**”) which, along with associated planning tools, will identify potential opportunities for renewal after a baseline review of urban decay, land use, and infrastructure. With the support from the Government, these recommendations will be incorporated as “amendments” into existing statutory plans by the Planning Department to enhance redevelopment pace and to deliver increased planning gains to the community.

For example, amendments to the Mong Kok and Yau Ma Tei Outline Zoning Plans in 2022 and 2023, respectively, had incorporated MRCP's recommendations on upzoning along Nathan Road, introducing “other specified uses” annotated “mixed use” zoning for streets with distinctive characters to create more design flexibility for mixed developments, allowing flexibility in the interchangeability of domestic and non-domestic plot ratios, and relaxing building height restrictions in general. The Issuer will also undertake certain recommended initiatives from the MRCPs, with government backing, to enhance the planning gains and financial return of redevelopment projects. Another example is the Issuer's support to the Government in drafting the Town Planning Board Guidelines for Application for Transfer of Plot Ratio (“**TPR**”) for Yau Ma Tei and Mong Kok to permit TPR in these two districts, a new planning tool intended to increase flexibility and maximise the utilisation of land for redevelopment. TPR allows the transfer of development rights from sites with limited redevelopment potential to sites where growth or increase in intensity is intended, and this tool is anticipated to increase buildable and saleable areas and/or allow a more effective use of the residual plot ratio, thereby increasing the financial return of the Issuer's redevelopment projects, and serving as a buffer against property market volatility.

Cross district land resource support

Under the Chief Executive's 2023 Policy Address, the Government has initiated a study to explore feasible policy measures to deploy part of the reclaimed land outside the Kau Yi Chau central business district to facilitate implementation of urban redevelopment projects by the Issuer. Furthermore, in response to the Government's initiative under the Chief Executive's 2024 Policy Address to examine the use of newly developed land to drive large-scale urban redevelopment projects, including the cross-district TPR and the construction of more dedicated rehousing estates, the Issuer is assisting the Government to assess and formulate possible implementation mechanisms of cross-district TPR to facilitate the use of new land resources to support urban renewal in old areas.

Providing public housing units to tenants affected by the Issuer's redevelopment projects or schemes

The Hong Kong Housing Authority (“**HKHA**”) and HKHS provide eligible tenants (who are affected by the Issuer's redevelopment) with units in public housings, providing crucial support for the Issuer to achieve clearance in redevelopment sites.

Continuous review and revision of policies to streamline redevelopment process

Led by the Development Bureau, the Issuer works with Planning Department, Lands Department, and Buildings Department to identify, develop and implement measures to expedite the redevelopment process and to improve the qualitative and financial outcomes of the Issuer's redevelopment projects. For example, in 2023, the amendment to the Town Planning Ordinance (Cap. 131), amongst others, streamlined the public consultation process for planning applications and streamlined the land grant

approval process for the Issuer's redevelopments, and exempted the gross floor area calculations of above-ground car parks in the Issuer's redevelopments of subsidised housing.

Continuous support to the Government to incentivise urban redevelopment

Riding from the proposals stemmed from the YMDS and in response to the Development Bureau's request, the Issuer has also conducted review of existing Gross Floor Area concession in private developments, and submitted recommendations on possible modifications and / or introduction of new items for the Government's considerations with the aim to incentivise private redevelopments and delivering more planning gain through redevelopments.

THE ISSUER'S FINANCIAL-RELATED OBLIGATIONS AND OBJECTIVES UNDER THE URA ORDINANCE AND URS

Pursuant to the URA Ordinance, the Issuer is obligated to exercise due care and diligence in the handling of its finance. Under the URS, the Issuer's long-term objective is to be self-financing.

URA BUSINESS STRATEGIES

4R Business Strategy and main objectives of urban renewal

The Issuer adopts a comprehensive and holistic approach to rejuvenate older urban areas by way of the 4R Business Strategy in collaboration with all stakeholders so as to achieve a better balance and coordination among the 4Rs.

Under the URS, the main objectives of urban renewal are:

- restructuring and replanning of concerned urban areas;
- designing more effective and environmentally-friendly local transport and road networks within the concerned urban areas;
- rationalising land uses within the concerned urban areas;
- redeveloping dilapidated buildings into new buildings of modern standard and environmentally-friendly design;
- promoting sustainable development in the urban areas;
- promoting the timely maintenance and rehabilitation of buildings in need of repair;
- preserving buildings, sites and structures of historical, cultural or architectural value;
- preserving as far as practicable local characteristics;
- preserving as far as practicable the social networks of the local community;
- providing purpose-built housing for groups with special needs, such as the elderly and the disabled;
- providing more open space and community/welfare facilities; and
- enhancing the townscape with attractive landscape and urban design.

Implementation Strategy

Three-Phase Renewal Concept

First phase: As Hong Kong currently lacks dedicated land and financial reserves for urban renewal, the Issuer has proposed a three-phase renewal concept to effectively address urban decay. The Issuer is currently implementing the first phase, which involves the following three major tasks:

- (i) Extend the service life of “existing aged buildings” which are still in acceptable conditions to create a window for resources to be focused on redeveloping seriously dilapidated old buildings:
 - For buildings still in good or acceptable condition, the Issuer will encourage property owners to carry out building repairs and preventive maintenance to extend the building lifespan buildings to alleviate the pressure of demolition and reconstruction.
 - Advocating the extension of the existing design life of new buildings, which is currently of 50 years, to a longer period to relieve future pressure of redevelopment. From a sustainability perspective, extending the demolition and reconstruction cycle for buildings will also reduce carbon emissions and be conducive to Issuer’s roadmap to achieving carbon neutrality in 2050.
- (ii) Redevelop dilapidated buildings in a properly planned manner:
 - Unleash redevelopment potential through upzoning and applying new planning tools to enhance planning and social benefits, by improving overall living environment, increasing buildable and saleable areas, replenishing insufficient public and community facilities and upgrading existing outdated facilities, and to increase financial return to accommodate the Issuer’s non-revenue generating renewal initiatives, and to counteract the negative impact of any property market volatility.
 - Enhance private market participation by increasing flexibility in the planning regime and introducing new planning tools which will uplift the land value in old urban areas.
- (iii) Collaborate with the Government to create land and financial reserves to support urban renewal works for the second and third renewal phases:
 - The Government will provide suitable land to the Issuers at a nominal land premium to support the Issuer’s works in urban renewal.
 - The Issuer conducts district renewal studies to release the development potential and rationalise land uses in old urban areas, which is similar to the provision of land resources.
 - The Issuer will continue to advocate for the establishment of a financial reserve by the Government for urban renewal works.
 - The Issuer will continue to promote regular contributions from property owners to a maintenance fund, which will form part of the financial reserve of the building for future renewal works.

Second phase: As financial and land resources are being accumulated, and those old buildings, which had their service lives extended in the first phase, approach the end of their service lives, redevelopment of these buildings constitute the bulk of the work in the second phase.

Third phase: When the buildings redeveloped in the first phase are due for another round of redevelopment, the third phase comes into action during which these buildings will be redeveloped for the second time. If strong financial and land reserves have been built up, opportunities arise to reduce the development density in the old urban area to align with the Government's long term planning vision.

“District-based and Planning-led Approach” and “Integrated 4R Approach”

The Issuer has adopted a “district-based and planning-led approach” in urban renewal to secure greater planning and social gains for the wider community and an “Integrated 4R Approach” to maximise the combined effects of the 4R Business Strategy. The Issuer has implemented these approaches by taking up strategic planning studies, including the YMDS, SSPDS and TWDS. Through these studies, the Issuer formulates urban renewal master plans for the Government's consideration and such studies form the basis of the Issuer's “planning reserve”. The Issuer also proposes new planning tools to improve the financial viability and planning gains for its renewal projects, and applies new concepts including “Single Site, Multiple Use” and “Vertical City” to optimise land use efficiency and redevelopment potential of old urban districts.

Under the planning-led approach, district planning studies are undertaken by the Issuer from which projects with restructuring and replanning opportunities are identified. These projects, with different development mixes and scales, will form the “project reserve” of the Issuer. Individual projects will then be further selected from the “project reserve” and recommended for inclusion in the Corporate Plan and Business Plan, subject to the market situation, the Issuer's financial position, and social needs. The scope of the “project reserve” has been expanded to cover area-based rehabilitation projects.

To better integrate the old and new elements of redevelopment areas such as increasing the community facilities whilst retaining local characteristics, the Issuer has begun to adopt the Integrated 4R Approach in urban renewal in Kowloon City. A combination of rehabilitation, revitalisation, place-making, and community-making measures are applied.

Application of New Technologies

As urban renewal is essential for addressing a city's developmental requirements for many years ahead, the Issuer has adopted a forward-looking and data-driven approach in the urban renewal process, and integrating new technologies throughout different stages of urban renewal.

In 2021, the Issuer developed the Urban Renewal Information System, a platform underpinned by the Geo-Information System technology, for cross-divisional data storage and exchange, and external data collection. The Urban Renewal Information System enables precise analysis of urban renewal options, promotes data-driven planning and supports the 4R Business Strategy, and has significantly enhanced operational efficiency by reducing processing time for tasks, such as the preparation of the Issuer's “planning reserves” and “project reserves”, the analysis of design alternatives, the examination of property ownership patterns, and the financial evaluation of projects. It also enables efficient oversight of redevelopment projects, the management of rehousing needs, and the administration of rental leasing.

The applications within the Urban Renewal Information System can process and analyse multiple layers of building-related data to help identify buildings suitable for redevelopment or rehabilitation. It also creates a categorisation framework to prioritise outreach promotions and phased preventive maintenance in alignment with the repair needs of the buildings.

Leveraging the application of Artificial Intelligence (“AI”), the Issuer is in the process of developing an AI-based Generative Design Tool to significantly enhance in-house efficiency and effectiveness in design option analysis, thereby saving outsourced consultancy costs. This advanced tool is designed to automatically generate a variety of conceptual designs as well as architectural perspectives that adhere to key statutory compliance codes.

PRINCIPAL BUSINESS ACTIVITIES

The Issuer's principal business activities are to undertake and promote urban renewal in Hong Kong, the nature, scope, and priority of which may be affected, from time to time, by changes to the URS and Government policies relating to urban renewal.

As at 31 March 2025, the Issuer has directly, or collaboratively with its partners (including the HKHS), undertaken 80 projects since its establishment in 2001, which include 75 redevelopment projects and five preservation/revitalisation/retrofitting projects. Among the 80 projects, 48 are ongoing projects commenced by the Issuer, with 26 completed projects commenced by the Issuer and six completed projects commenced in collaboration with HKHS. The Issuer also completed 10 projects which were commenced by the former Land Development Corporation.

Corporate and Business Plans

Consistent with the URA Ordinance and URS, the Issuer's strategy and work programme are embodied in its Corporate Plan and Business Plan. Urban renewal is a complex exercise that requires the balancing of the Issuer's past commitments and future urban renewal plans, as well as the needs to extricate residents from dire living conditions and improving the built environment in the old districts through the integration of the 4R Business Strategy. The Issuer adopts the following holistic approach to redevelopment and rehabilitation:

Redevelopment ("R1") — District-based and Planning-led Approach

The Issuer has adopted the "district-based and planning-led approach" in redevelopment to secure greater planning and social gains for the wider community. Potential redevelopment projects from the Issuer's "project reserve" will be selected for inclusion in the Business Plan and Corporate Plan for the Financial Secretary's approval.

Rehabilitation ("R2") — Moving Towards an Integrated 4R Approach

Promoting rehabilitation is one of the two core businesses of the Issuer. The Issuer is the primary agent in promoting building rehabilitation in Hong Kong, aiming to curb the accelerating pace of urban decay, extend building life and alleviate imminent need for R1 through the provision of financial assistance, technical advice, and coordination services to owners' corporations of aged buildings and the administration of various building rehabilitation schemes promulgated by the Government or by the Issuer. The Integrated 4R Approach is pursued to create synergy with other "R" initiatives with a view to increasing community benefits.

Preservation ("R3") and Revitalisation ("R4")

The Issuer continues to preserve and revitalise buildings and structures of historical, cultural, and/or architectural value. This is achieved by preserving heritage elements within the Issuer's redevelopment, preservation, and/or revitalisation projects. During this process, the Issuer also leverages the local characteristics, history, and culture of a district while incorporating place-making and community-making concepts. The Integrated 4R Approach is also adopted to improve the overall built environment, thereby achieving holistic urban renewal of the entire old district.

Financial Plan

The Issuer prepares a financial plan to achieve the programme in the Business Plan and Corporate Plan, including the projected income and expenditure, external borrowing, manpower and resources required to finance and implement the programme. The Issuer prepares the financial plan prudently to ensure that the programme in the Business Plan and Corporate Plan is financially sustainable.

R1, R2, R3 and R4 Projects

Preparation of the “planning reserve” and “project reserve”

“Planning Reserve”

The Issuer has adopted a “district-based and planning-led approach” by conducting district studies (such as the YMDS in 2017, SSPDS and TWDS in 2022) and preliminary project feasibility studies (“PPFSs”) to identify restructuring and replanning opportunities and land use optimisation opportunities. These areas will be included in the Issuer’s “planning reserve”.

“Project Reserve”

The Issuer identifies potential R1 projects from the “planning reserve” for inclusion into the “project reserve”. R2, R3 and R4 projects will also be identified and included in the “project reserve”, and compared to R1 projects, R2, R3 and R4 projects are comparatively light on capital and cover a wider area, so the Issuer can leverage the synergy from R1 projects and undertake R2, R3 and R4 projects in a cost-effective manner.

The Issuer will further select R1 projects from the “project reserve” for inclusion in its Business Plan and Corporate Plan according to its financial and urban renewal needs, affording the Issuer with a high level of flexibility when preparing the Business Plan and Corporate Plan each year. The Issuer also adopts a “planning-led approach” when identifying R1 projects for its Business Plan and Corporate Plan. In determining the priority of, and the timing for commencement and making acquisition offers for, R1 projects during the 5-year period of the Corporate Plan, the Issuer will consider factors such as conditions, liveability, and serviceability of buildings, synergetic contribution to other ongoing urban renewal actions, contribution to Government initiatives, implications on manpower, rehousing resources and the Issuer’s financial position.

The role of the Issuer in R1 projects

Under the URS, the Issuer may advance redevelopment projects as an “**implementer**” (self-initiating redevelopment projects) or “**facilitator**” (assisting owners in advancing owner-initiated redevelopment).

There are certain procedural and operational differences depending on whether the Issuer is acting as “implementor” or “facilitator”. For Issuer-implemented projects, the land assembly process, compensation and rehousing requirements contained in the URS will apply. Where the Issuer acts as a facilitator, the Issuer may provide assistance to owners *provided that* the relevant sites meet certain criteria. However, no acquisition, compensation, re-housing or resumption actions will be undertaken by the Issuer.

Furthermore, before a project can be commenced by the Issuer as an “implementer”, it must be included in the Issuer’s Business Plan and Corporate Plan and approved by the Board and the Financial Secretary (see “*Principal Business Activities — Corporate and Business Plans*” above). However, if the Issuer, after considering various aspects of a project already commended, determines that it is unable to or it is not in the public’s interest to proceed with such project, the Issuer may withdraw such project by gazetting a Notification of Withdrawal and the Issuer will no longer continue such project.

Social Impact Assessment

The Issuer has established a two-stage approach when assessing the social impact of R1 projects. At Stage 1, a social impact assessment will be performed before the proposed redevelopment project is published in the Government Gazette. The Stage 1 assessment report provides an initial assessment of the project’s social impact, and it will be available to the public at the time the redevelopment project is published in the Government Gazette.

At Stage 2, a comprehensive social impact assessment will be conducted after the project is published in the Government Gazette. The Stage 2 social impact assessment will collect information through freezing surveys and will propose mitigating measures to the identified social impact. The Stage 2 social impact assessment report will be available to the public on the date specified in the Government Gazette.

Acquisition and clearance strategies

The acquisition of properties for redevelopment projects may only commence upon approval from the Chief Executive in Council or authorisation by the Secretary for Development. Subject to the availability of sufficient funding, the Issuer will make acquisition offers to owners of the affected properties according to the Issuer's acquisition and compensation policies.

Acquisition offers to owners

Owners of domestic and non-domestic properties are offered ex-gratia allowances, in addition to the market value of the affected properties. Aside from receiving compensation of incidental costs associated with the disposal of the property, the HPA forms the main part of the allowance for owner-occupiers of domestic properties. The HPA tops up the market value of the affected properties to the value of a 7-year-old notional property of the similar size and in the vicinity of the redevelopment project. Except for elderly owners who rely on the rental income of their domestic properties to sustain their livelihood, there will be a substantial reduction of the allowances if the owner does not occupy the property.

As an alternative to cash offers, owner-occupiers of domestic properties are also offered the FFF Scheme. Under the FFF Scheme, eligible owner-occupiers of domestic property may choose “*in-situ*” flat-for-flat units in the redevelopment area for which the acquisition is made, or a flat-for-flat unit in the Issuer's completed residential development in other areas. Unit prices for the new flats offered under the FFF Scheme will be determined based on prevailing market conditions at the time of offer.

For non-domestic properties, acquisition offers for owner-occupiers consist of the market value of the property and other allowances calculated based on factors such as the market value and the years of business operation in the property.

The Issuer engages professional valuation consultants to assess the market value of the affected properties, the unit price of the 7-year-old notional property, and the unit prices for flats under the FFF scheme.

All acquisition offers must be approved by the Land, Rehousing, and Compensation Committee (“**LRCC**”) which the Board has delegated authority to. After the LRCC's approval is obtained, offers are made to the registered owners of affected properties for acceptance within a certain period. There may be negotiations between the Issuer and owners, which are conducted in accordance with the internal procedures of the Issuer and the compensation principles and guidelines set out in the URS and the Issuer's acquisition policies (as approved by the Board). Revised offers may be made by the Issuer as appropriate.

Clearance offers to tenants

After the affected properties are acquired by the Issuer, compensation offers are made to tenants. Domestic tenants who meet the eligibility criteria for government subsidised public housing will be offered a rental unit in a public estate of HKHA or HKHS. Those who do not meet the eligibility criteria will be offered cash allowances. For non-domestic tenants, allowances including ex-gratia business allowances are calculated according to the rateable value of the rented premises and the years of business operation. Alternatively, non-domestic tenants may claim for compensation of business loss in lieu of the cash allowances.

Tenants who are evicted by the landlord after the redevelopment project commenced but before the properties are acquired by the Issuer will be offered cash assistance or public rental housing units under the “Domestic Tenants Compassionate Assistance Programme”.

Clearance

Where the Issuer is unable to reach an agreement with affected property owners, or the properties involve defective title or untraceable owners, the Issuer is entitled to request the Secretary for Development to recommend to the Chief Executive in Council to resume property interests under the Lands Resumption Ordinance (Cap. 124). In general, after the Government's resumption and taking of legal actions for vacant possession of occupied units, clearance for redevelopment project or schemes will be achieved.

There were two occasions where the Issuer's acquisition and clearance process terminated. One of the two projects was terminated after considering the views of the public to preserve the affected properties for its local character and historical elements. The other project, which was a redevelopment of an industrial building, was terminated as the owners of the building carried out a major renovation and redevelopment was no longer considered necessary.

Duration from Acquisition Offer to Clearance

Historically, it takes around 36 months from the making of acquisition offers to achieving clearance for demolition. To shorten the clearance period, measures, such as changes in acquisition policies are taken to incentivise occupants to leave the premises early.

Implementation of RI Projects

The Issuer implements redevelopment projects in joint venture with developers or by itself.

Joint Venture Development

In the case of joint ventures, the Issuer invites tenders for the relevant projects, taking into account the estimated timeframe for clearing the project sites by the Issuer. Prospective developers must meet certain pre-qualified criteria related to financial capability and development experience before being shortlisted for tender invitation. The tender will be awarded to the developer according to the tender evaluation criteria, and usually on the basis of the highest upfront payment offered, notwithstanding that the Issuer may adopt other appropriate tender evaluation criteria with regard to different project scale, development complexity, and market conditions.

Recently, with an increasing number of unsold completed units in Hong Kong, developers have adopted a cautious approach to site bidding. In response, the Issuer has initiated the Development Facilitation Services for relevant projects, to provide interested developers with information about upcoming tender sites. The Issuer will gather feedback from the developers on these projects, which may then be incorporated into the tender terms. The Issuer also explored the possibility of subdividing the site for tender to reduce the total capital outlay for developers from a joint venture perspective.

Generally, the Issuer and developer(s) of a project enters into a development agreement where the developer offers an upfront payment for the project's development rights. Such upfront payment serves as the primary financial return for the Issuer and reduces the Issuer's financial exposure to property market risk and the credit risk of the relevant developer(s). Whilst it depends on the terms of the development agreement, the developer is usually solely responsible for the construction costs and the development risk. In return, the developer receives the sale proceeds of the project. In addition to the upfront payment, the Issuer may be entitled to a share of the surplus sales proceeds in accordance with the provisions of the relevant development agreements.

Self-development

The Issuer may also implement redevelopment projects directly, where the Issuer is solely responsible for the construction costs and assumes all development risks. In return, the Issuer receives the sale proceeds

and rental incomes from the project. As at the date of this Offering Circular, the redevelopment projects developed directly by the Issuer are mainly the Starter Homes (“SH”) projects.

Kai Tak SSF Project and eResidence

The Issuer supports the Chief Executive’s policy initiative to increase the supply of subsidised sale flats (“SSF”) as announced in the Chief Executive’s 2015 Policy Address and to help increase housing supply through its SSF projects or SH projects. The development at 3 Muk Chui Street of Kai Tak is the Issuer’s first SSF project, which was completed in June 2016. Among the 484 flats built, 338 flats were allocated for the SSF scheme and 146 flats were allocated for the FFF scheme.

The Issuer’s second SSF project is an SH project named eResidence, which is located at 8 Hok Yuen Street in Hung Hom and was completed in May 2020. eResidence consists of 493 SH units, catering to the housing need of first-time home buyers, who were not able to afford private housing and did not qualify for the Home Ownership Scheme. In the Chief Executive’s 2019 Policy Address, the Government further entrusted the Issuer to provide SH. Since then, eResidence Tower 3 has been designated as another SH project, with 260 units available at discounted prices to accommodate first-time home buyers.

Redevelopment of Tai Hang Sai Estate (“THSE”)

Following the Chief Executive’s 2020 Policy Address, the HKSHCL and the Issuer signed a Memorandum of Understanding in March 2021 to take forward the redevelopment of THSE. In September 2021, the Government approved the joint redevelopment proposal by the HKSHCL and the Issuer on the condition that HKSHCL will provide proper rehousing arrangements for existing tenants. The redevelopment of THSE is being implemented in two sites, providing around 3,000 new flats upon completion. Site 1 will provide around 1,000 units for HKSHCL to rehouse existing residents, while Site 2 will provide around 2,000 SH units to be disposed of by the Issuer. Rehousing offers were issued by the HKSHCL in June 2023. Demolition of one of the existing buildings has been completed. The remaining demolition and construction works will commence after all existing residents have vacated.

Portfolio & Facilities Management

As at 31 March 2025, the Issuer held over 30 rental properties, primarily commercial and retail premises, which were held through joint-venture partnerships with developers or retained from joint-venture development projects and self-developed projects. These rental properties generate recurrent income for the Issuer and will settle a portion of the properties’ recurrent expenditures. Certain properties within the portfolio are to support Government initiatives by providing spaces for community services or facilitating initiatives that align with Government’s development goals, and to enhance the Issuer’s corporate branding by promoting its leadership in placemaking through initiatives which achieve the United Nations Sustainable Development Goals and community engagement. Furthermore, the Issuer is committed to creating cultural landscapes by implementing district-based placemaking programmes which preserve local characteristics and respect historical aspects.

R2 Projects

Under the URS, rehabilitation is another core business of the Issuer. The Issuer works with building owners, the Government, and other parties to slow down the decay of the built environment, extend building life and alleviate imminent need for R1 by promoting and facilitating the proper repair and maintenance of buildings. The Issuer’s business activities in relation to R2 can be categorised into the following areas:

Subsidies for Rehabilitation Works

Since 2018, the Government has allocated significant funding to subsidise eligible owners to carry out inspection and repair for the common parts of old buildings. The Issuer has been assigned by the

Government to manage such subsidies, including OBB 2.0, FSWS, LIMSS, BMGSNO and DRS. The Issuer is responsible for promoting the subsidy schemes to attract applicants, verifying the eligibility of applicants to ensure that they meet the relevant criteria, monitoring the progress of individual applicants, providing technical support, and calculating and releasing subsidy funds to applicants who complete the rehabilitation works. Additionally, the Issuer also provides and manages its own subsidy schemes to supplement the government schemes and cover rehabilitation work items that fall outside the scope of the government programmes.

Developing measures to deter urban decay

The Issuer undertakes research and studies to analyse the legal obligations in building maintenance, property valuation, building design and materials, and property management with the objective of strengthening the regulatory regime of building maintenance and management. To promote preventive maintenance and regular contributions from owners to a special fund, the Issuer has established PMSS, with a start-up fund to encourage owners to continue making regular contributions to the special fund for future maintenance. For property management, the Issuer introduced a new operational model known as “Joint Property Management”, which consolidates the management of two or more single-block buildings without individual management companies to realise economies of scale. Additionally, the Issuer maintains a database which documents the building condition, age and management bodies of 90% of residential and composite buildings in Hong Kong, forming the foundation for identifying focus areas for building rehabilitation.

Support for Rehabilitation Works

The Issuer completed a study in 2020 for the New Strategy for Building Rehabilitation to identify the major challenges faced by building owners in building rehabilitation. In response to these findings, the Issuer implemented specific strategies and measures to assist building owners to overcome those challenges, and to encourage owners to carry out building maintenance and management on their own, while also raising their awareness of preventive maintenance.

Sustainability

Environmental, social, and governance matters, corporate social responsibilities and sustainability have been integral to the Issuer’s operations.

The Urban Renewal Sustainability Framework (the “**URSF**”) was formulated following a sustainability study conducted by the Issuer in 2017. In 2020, the URSF also obtained accreditation from Social Value International. The sustainability performance of the Issuer’s R1, R2, R3, and R4 projects are assessed and monitored in accordance with the URSF.

In November 2024, the Issuer issued its first sustainability report for the year ended 31 March 2024, making reference to the Global Reporting Initiative Standards.

The Issuer has completed the assessment of its carbon emissions in 2021 and is formulating medium- and long-term targets and action plans to achieve carbon neutrality by 2050.

The Issuer also established the Sustainable Finance Framework to integrate sustainable finance elements as part of its funding exercise, serving as a basis for the Issuer to finance or refinance, in whole or in part, eligible green and/or social projects.

OPERATIONAL OVERVIEW

Ongoing District Studies

The SSPDS and TWDS commenced in 2022 to cover a study area of 130 hectares and 236 hectares respectively. The SSPDS focuses on the special characteristics of Sham Shui Po to promote local

businesses and tourist attractions, and the TWDS focuses on the infrastructure and development capacity of Tsuen Wan to assess the potential of uplifting the current plot ratio control under the prevailing statutory plan.

Ongoing major R1 projects

KC-020 Project (Ma Tau Wai Road/Lok Shan Road)

Under the planning-led, district-based urban renewal approach, the KC-020 Project aims to create synergy through integrated planning and design with the adjoining Project CBS-2:KC (Kau Pui Lung Road/Chi Kiang Street) to bring extended planning gains, improved connectivity and accessibility of the area, as well as enhanced overall built environment and cityscape. The KC-020 Project is expected to provide about 230 flats and 2,360 square metres of commercial/retail facilities with ancillary carparking facilities. A study on the sub-division of KC-020 Project together with Project CBS-2:KC was commenced to improve the marketability and tender attractiveness.

YTM-013 Scheme (Sai Yee Street/Flower Market Road)

The YTM-013 Scheme is the first urban renewal project launched in the Yau Tsim Mong District following the completion of the YMDS and is expected to provide about 1,400 flats. The YTM-013 Scheme comprises the Site A cluster (including a main site at Sai Yee Street and four small lots along Flower Market Road and Yuen Ngai Street) and Site B (an existing government facility and public open space at Boundary Street). TPR, as recommended by the YMDS, will be applied to optimise land utilisation of Site A. Under the “Single Site, Multiple Use” model, Site B will consist of a new building complex combining residential and commercial uses such as hotel, office, retail and government, institution and community (“G/IC”) (including reprovisioned sport facilities of the LCSD and a permanent District Health Centre) and recreation facilities. A waterway park will be built for public enjoyment, making up a blue-green amenity feature. The incorporation of Site B (Government land) represents a form of Government assistance to the Issuer through the allocation of land resources. The development scheme plan of the YTM-013 Scheme was approved by the Chief Executive in Council in April 2025.

“5-Streets Project” — KC-018 Scheme (Ming Lun Street/Ma Tau Kok Road) and KC-019 Scheme (To Kwa Wan Road/Ma Tau Kok Road)

The KC-018 and KC-019 Schemes commenced in October 2022 and upon completion, a total of 2,200 new flats and a 20-meter-wide waterfront promenade connecting the Ma Tau Kok waterfront with the Kai Tak Development Area will be provided. The Issuer intends to make acquisition offers for both projects in 2025.

KC-017 Scheme (Nga Tsin Wai Road/Carpenter Road)

The KC-017 Scheme comprises six sites, i.e. Sites A, B, C1, C2a, C2b and C2c in the “Lung Shing” Area of Kowloon City District near Nga Tsin Wai Road. Upon completion, about 4,400 new flats will be provided. Site B at Carpenter Road Park is being replanned for a new G/IC complex, which creates opportunities to provide more community amenities under the “Single Site, Multiple Use” concept. The proposed total G/IC floor area is almost 3 times of the existing area. The inclusion of the G/IC site at Site C2(a) in the project results in a plot ratio gain of over 270% and serves as a form of the Government’s financial support to the Issuer through the provision of land resources. The Issuer began acquisition of properties within the KC-017 Project in April 2024. A study on the sub-division of the KC-017 Scheme was commenced to improve the marketability and tender attractiveness.

SSP-017 Project (Kim Shin Lane/Fuk Wa Street) and SSP-018 Scheme (Cheung Wah Street/Cheung Sha Wan Road)

Under a “planning-led” approach, the Issuer identified areas in Sham Shui Po that require integrated redevelopment and commenced the SSP-017 Project and SSP-018 Scheme in 2021. These projects aim to

provide public facilities such as footbridges and increase public open space, and redevelop existing dilapidated buildings into modern residential developments with podium commercial/retail spaces, and replan and restructure the under-utilised and sub-standard government facilities and lands to release redevelopment potential. The SSP-017 Project is located near Kim Shin Lane and comprises 101 building blocks that are over 50 years old. The congested living environment with many sub-division units demands imminent redevelopment. The Issuer issued acquisition offers in April 2023, and the project was resumed under the Lands Resumption Ordinance (Cap. 124) in February 2025. A study on the sub-division of the SSP-017 Project was commenced to improve the marketability and tender attractiveness.

The SSP-018 Scheme is composed of Sites A and B. Site A mainly includes Government land occupied by the existing Cheung Sha Wan Sports Centre and a private lot granted to CLP Power Hong Kong Limited for an electricity substation. Site B comprises wholly Government land requiring no acquisition. Site A will be optimised for residential use to increase the housing supply and represents the first project where the Government provides financial support through the provision of land resources to facilitate redevelopment, particularly as the SSP-017 Project has low redevelopment potential but warrants imminent redevelopment. Site B will be replanned to provide a G/IC complex with increased community facilities, including the reprovisioning of the existing sports centre at Site A under the concept of “Single Site, Multiple Use”.

Civil Servants’ Co-operative Building Society (“CBS”) Projects

In response to the Chief Executive’s 2018 and 2019 Policy Addresses, two pilot projects, Project CBS-1:KC (Shing Tak Street/Ma Tau Chung Road) and Project CBS-2:KC (Kau Pui Lung Road/Chi Kiang Street), began in May 2020, which aims to maximise the development potential of aged and low-density buildings and to increase housing supply. A joint venture partner was appointed in December 2023 for Project CBS-1:KC, and upon completion, it will provide about 640 new flats.

For Project CBS-2:KC, the Issuer has offered legal and administrative support to facilitate the dissolution of undissolved CBSs. The development scheme plan was approved in February 2024, and the Issuer issued acquisition offers to owners in February 2025. Upon completion, Project CBS-2:KC will provide about 2,300 new flats. Project CBS-2:KC will be integrated with the adjoining KC-020 Project, which commenced in August 2024, for comprehensive planning and design to achieve greater planning and social benefits while enhancing development potential and value. A study on the sub-division of Project CBS-2:KC together with KC-020 Project was commenced to improve the marketability and tender attractiveness.

Projects CBS-1:KC and CBS-2:KC are projected to realise plot ratio gains of about 150% and 220% respectively.

Development Areas 4 and 5 of K7 (Kwun Tong Town Centre)

With 53,500 square metres, K7 is the largest-ever and most complex redevelopment project undertaken by the Issuer. It comprises the main site development scheme plan and the nearby Yuet Wah Street Site development scheme plan. Both development scheme plans were approved and gazetted in September 2008.

Due to its large size, K7 is divided into five development areas for implementation in phases. Redevelopment of development area 1, the Yuet Wah Street Site was completed in July 2014, comprising a residential tower, namely the Park Metropolitan with a government medical clinic and health centre on the lower three levels. Development areas 2 and 3 were completed in April 2021, comprising four residential towers, namely Grand Central, as well as the Yue Man Square shopping mall and the Yue Man Square public transport interchange.

Following the issuance of tender invitations for development areas 4 and 5 in November 2022, the Issuer rejected the tender submission received in February 2023 due to poor market response. To enhance the

appeal of the tender, the Issuer has integrated the “Vertical City” planning concept into the development. The Issuer proposed to repackage development areas 4 and 5 from a purely commercial development to a mixed-use development, introducing domestic use and adopting a vertical development model. To accommodate fluctuating market conditions, the proposed development model allows tenderers the flexibility to adjust the ratio of residential to non-residential uses. This concept embraces multiple land uses and offer opportunities for urban renewal. The development scheme plan for the zoning amendments was approved in September 2024, and the Issuer plans to invite joint venture tenders in 2026. Advance works, such as underground utilities diversion works and tree removal works, have commenced to expedite project progress.

The Issuer and the HKUST signed a memorandum of understanding to establish a co-operative intent and framework for the HKUST to expand its off-campus education and research space in the non-domestic portion of K7.

YTM-012 Scheme (Shantung Street/Thistle Street)

The Issuer initiated the pilot Development Facilitation Services for the project in January 2025 prior to the tendering process. This was done to introduce the features and background information of the project to interested developers, providing them with more time to understand the project details and gather their feedback on the project. The Issuer made improvements to the consortium formation, tender submission requirements and relevant tender terms, and a total of six tenders were received. The tender was awarded in May 2025.

R3 and R4 Projects

The Issuer is committed to preserving and revitalising buildings, sites, and structures that are of historical, cultural or architectural interest, and either within the scope of the Issuer’s redevelopment projects or within project sites supported by the Government. As at 31 March 2025, the Issuer’s preservation and revitalisation efforts cover around 81 historical buildings and various streets in Hong Kong.

pReservation

Heritage preservation continues to be an integral component of the Issuer’s works, particularly when it is incorporated into the Issuer’s urban renewal projects under a “planning-led approach”. In addition, with policy support or upon the Government’s request, the Issuer may engage in heritage preservation projects beyond the confines of its redevelopment projects.

Revitalisation

Revitalisation is the deployment of place-making and other appropriate renewal methods to revive and strengthen the economic and environmental fabric, as well as to enhance the local characteristics of different districts. Major revitalisation projects of the Issuer are described below:

- Central Market is the Issuer's flagship preservation and revitalisation project. The revitalised Central Market Building has been opened to the public since April 2022 and won several awards for balancing the goals of conservation, revitalisation, and maintaining high building quality.
- Other preservation and revitalisation projects completed by the Issuer include the Mallory Street/Burrows Street project, the Pak Tsz Lane project, and the 618 Shanghai Street project. These sites have been revitalised to accentuate their original historical character, while serving community needs. The Issuer also worked closely with the relevant Government departments to enhance the local streetscape, ambience and attractiveness of five themed streets in Mong Kok with due regard to their unique characteristics.
- Repairing and renovating the Western Market will be the next key project in the Issuer's preservation and revitalisation pipeline. In 2021/2022, the Government granted a 5-year "hold-over" of the land lease for the Issuer to undertake repair and renovation works of the site. In June 2023, a consultant was appointed to conduct a detailed condition survey of the building and to formulate revitalisation proposals in conjunction with the Antiquities and Monuments Office. Restorative works are anticipated to commence on-site by the end of 2025.
- The Staunton Street/Wing Lee Street (H19) project is another flagship revitalisation project undertaken by the Issuer. The Issuer implemented the project with a community-making approach and launched a Community Makers' Guide, aiming to promote community making as an area development model. The Issuer also appointed Habyt to launch revitalisation projects in May 2024. Habyt operates three spaces designated for public uses — The Tong Lau Experience, The Common Room and The Community Farm, driving and empowering community engagement to establish a sustainable pilot model of "Community-making driven by the community". H19 is recognised for its excellence and preservation efforts and has received six awards from various professional institutes.
- The Issuer launched a Citywalk programme, recruiting young-old docents aged over 55 with strong ties to the Central District, to introduce to the public the local characteristics and cultures through personal sharing. In collaboration with Salvation Army, over 60 public tours have been organised, engaging over 600 participants. These community making efforts have created synergy with the social and business environment, which in turn enhance the upkeep of the built environment.

R2 activities

The Issuer's R2 activities may be categorised into three major areas: management of government funded subsidy schemes; funding and managing the Issuer's subsidy schemes; and strategic promotions of rehabilitation.

Management of government funded subsidy schemes

The Issuer oversees and manages the administration of the following seven government-funded subsidy schemes, with a total government funding of approximately HK\$23 billion, to support building owners in conducting maintenance and repairs of buildings. The Issuer bears the administrative costs and resources associated with the promotion and management of these schemes.

- *Operation Building Bright ("OBB")* — OBB began in February 2009 with a total funding of HK\$3.5 billion to subsidise owners of domestic flats to carry out inspection and repairs to the common parts of their buildings. All OBB cases were completed and the subsidy scheme ended on 4 April 2023.

- *Smart Tender Building Rehabilitation Facilitating Services (“Smart Tender”)* — The Government allocated \$0.3 billion in 2017 to subsidise owners to join Smart Tender, aiming to minimise the risk of tender-rigging.
- *Operation Building Bright 2.0 (“OBB 2.0”)* — OBB 2.0 began in July 2018 and was allocated HK\$6 billion funding to subsidise eligible owner-occupiers of domestic flats to carry out inspection and repairs to the common parts of their buildings to comply with the requirements of the Mandatory Building Inspection Scheme. Applications closed on 30 September 2023.
- *Fire Safety Improvement Works Subsidy Scheme (“FSWS”)* — FSWS began in July 2018 and was allocated HK\$5.5 billion funding to subsidise eligible owner-occupiers of domestic flats to carry out improvements of the fire services system in their buildings in accordance with statutory notices issued by the Buildings Department or the Fire Services Department. Applications closed on 30 September 2023.
- *Lift Modernisation Subsidy Scheme (“LIMSS”)* — LIMSS began in March 2019 and was allocated HK\$4.5 billion funding to subsidise eligible owner-occupiers of domestic flats to carry out safety improvements to the lifts. Applications closed on 30 September 2020.
- *Building Maintenance Grant Scheme for Needy Owners (“BMGSNO”)* — BMGSNO began in June 2020 and was allocated HK\$2 billion funding to assist needy owner-occupiers of domestic flats to carry out repair and maintenance works for their properties.
- *Building Drainage System Repair Subsidy Scheme (“DRS”)* — DRS began in April 2021 and was allocated HK\$1 billion funding to assist owner-occupiers of domestic flats to carry out investigation, repair, rectification and upgrading works of common drains in eligible aged domestic buildings. Applications closed on 31 May 2024.

Funding and managing the Issuer’s own subsidy schemes

The Issuer funds subsidy schemes to supplement the government subsidies and to promote awareness for building maintenance.

- *Common Area Repair Works Subsidy Scheme (“CAS”)* — CAS was initiated in 2011 to enable eligible building owners to carry out comprehensive maintenance works in the common areas of the buildings, and covers aspects not typically covered by government schemes. Moreover, CAS provides limited subsidies to non-owner-occupiers of buildings that receive government subsidies for rehabilitation works.
- *Preventive Maintenance Subsidy Scheme (“PMSS”)* — PMSS was initiated in April 2024 to incentivise eligible building owners to undertake preventive maintenance in buildings by providing them with subsidies to cover the costs of engaging consultants to prepare the building maintenance plan and for setting up a financial reserve for building rehabilitation.

Strategic promotions of rehabilitation

After completion of the strategic study on building rehabilitation, the Issuer has formulated a Building Rehabilitation Strategy to promote building rehabilitation. This strategy primarily encompasses the creation of a Rehabilitation Index and the offering of assistance to building owners who are carrying out rehabilitation works for their buildings. The Rehabilitation Index is part of the Urban Renewal Information System, which tracks the building condition and rehabilitation cost of 90% of domestic and composite buildings in Hong Kong. This index measures the urgency and financial feasibility of rehabilitation and redevelopment, enabling the Issuer to compare the financial viability to carry out

rehabilitation works of particular buildings. The Issuer is planning another strategic study on building rehabilitation, focusing on extending the service life of existing buildings.

The Issuer also provides the following targeted and direct support to address the building owners' lack of knowledge and experience and financial constraints in undertaking rehabilitation work:

- *Building Rehabilitation Platform (“BRP”)* — The BRP is the Issuer's all-in-one platform providing professional and comprehensive information on building rehabilitation, technical support to building owners, and with sample tender and contract documents for procurement of consultants and contractors available for the public's use and reference. A cost reference centre is also available at the BRP to provide the cost range of typical rehabilitation works items.
- *Building Rehabilitation Company Registration Scheme (“BRCRS”)* — The Issuer maintains the BRCRS, a database of consultants and contractors who are interested in providing building rehabilitation works and have their management systems independently assessed by the Hong Kong Quality Assurance Agency.
- *Building Rehabilitation Resources Centre (“BRRC”)* — The Issuer set up the BRRC in 2023 and is the first multi-purpose centre providing one-stop building rehabilitation information and assistance services in Hong Kong.
- *Smart Tender Online Platform* — The Issuer operates a Smart Tender scheme which enables building owners to invite consultancies and works contract on an online platform, and provide pre-tender estimates, tender collection and opening services to minimise risks of collusion and corruptions that were historically associated with building rehabilitation works.
- *Standardised tender documents* — The Issuer publishes and updates standard tender documents for building rehabilitation consultancy services and works contracts, available for free download to assist building owners in building rehabilitation.
- *Case management system* — The Issuer assigns a dedicated case officer to each building that receives the Government's or the Issuer's subsidies, providing technical supports to owners for the implementation of building rehabilitation projects.

Facilitation Services

In 2011, the Issuer set up the Urban Redevelopment Facilitating Services Company Limited (the “URFSL”), a wholly-owned subsidiary of the Issuer and licensed under the Estate Agents Ordinance (Cap. 511), to facilitate interested property owners in assembling titles for joint sale in the market. The URFSL assists eligible owners, who wishes to jointly sell their properties, in procuring and managing property valuations and legal services, and facilitating the tendering or auctioning process. The URFSL also facilitates the redevelopment of under-utilised sites occupied by non-governmental organisations under the “Single Site, Multiple Use” model. Furthermore, the URFSL provides free facilitation services to members of undissolved CBS in redevelopment scheme, assisting them in obtaining legal titles of their flats through dissolution of the CBS. For shop operators affected by the Issuer's redevelopment, the URFSL also provide a free shop-search service to help such operators locate suitable premises to continue their businesses.

Support Services to Minority Owners affected by Compulsory Sale

In June 2024, SMOCS, was established as the executive arm of the Dedicated Office for Support Service (“DOSS”) under the Development Bureau. The SMOCS executes instructions from the DOSS to provide support to minority owners who are subject to compulsory sale applications by developers under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545). Support services include educational

programmes, subsidies for mediation, access to property valuation reports at a discounted cost, and referrals to professional and counselling services and relocation assistance. The Issuer provides financial support for SMOCS's operations.

Urban Renewal Trust Fund (the “Trust Fund”)

The Trust Fund, established under the URS, aims to provide independent funding source for various activities, including activities to be undertaken by the District Urban Renewal Forum, the social service teams who are providing assistance and advice to residents affected by Issuer-implemented redevelopment projects, applications from non-profit making organizations and other stakeholders involved in heritage preservation and district revitalisation initiatives for non-profit making purposes. The Urban Renewal Fund Limited (“URFL”), a wholly owned subsidiary company of the Issuer was incorporated in August 2011 to act as the trustee of the Trust Fund. On 14 January 2024, URFL was renamed as Urban Renewal Fund (the “URF”). Since 2011, the Trust Fund received HK\$500 million injection from the Issuer. In May 2023, the Issuer set up a funding mechanism for further injections into URF. The Issuer may make annual contributions to URF based on its annual activity plan, funding requirement for the following financial year and overall financial position.

URA Project Highlights as of 31 March 2025

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m ²	Existing GFA m ²	Building Blocks	Population
1-48 — 48 Ongoing projects commenced by URA									
1 ⁽²⁾	KC-020	Ma Tau Wai Road/Lok Shan Road, Ma Tau Kok	2024/25	August		2,122	7,486	15	380
2 ⁽²⁾	YTM-013	Sai Yee Street/Flower Market Road, Mong Kok	2023/24	March		29,304	17,741	31	580
3 ⁽²⁾	C&W-007	Queen's Road West/Kwai Heung Street, Sai Ying Pun	2022/23	December		1,295	4,908	9	205
4 ^(2,4)	KC-019	To Kwa Wan Road/Ma Tau Kok Road, Ma Tau Kok	2022/23	October		8,759	27,658	2	0
5 ⁽²⁾	KC-018	Ming Lun Street/Ma Tau Kok Road, Ma Tau Kok	2022/23	October		11,430	45,284	101	1,764
6 ^(2,5)	KC-017	Nga Tsin Wai Road/Carpenter Road, Kowloon City	2022/23	May		37,061	73,190	96	1,795
7 ⁽²⁾	SSP-018	Cheung Wah Street/Cheung Sha Wan Road, Sham Shui Po	2021/22	September		19,054	1,168	3	0
8 ⁽²⁾	SSP-017	Kim Shin Lane/Fuk Wa Street, Sham Shui Po	2021/22	September		7,377	50,082	90	3,149
9 ⁽²⁾	KC-016	To Kwa Wan Road/Wing Kwong Street, To Kwa Wan	2020/21	March		6,592	29,132	32	1,701
10 ⁽²⁾	YTM-012	Shantung Street/Thistle Street, Mong Kok	2020/21	October		2,796	9,364	16	608
11 ⁽²⁾	CBS-1-KC	Shing Tak Street/Ma Tau Chung Road, Ma Tau Kok	2020/21	May		5,164	15,446	30	540
12 ⁽²⁾	CBS-2-KC	Kau Pui Lung Road/Chi Kiang Street, Ma Tau Kok	2020/21	May		16,473	43,447	71	1,200

Residential Flats Number	Total GFA m ²	Residential GFA m ²	Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²	Remarks	Status
232	14,202	11,835	2,367	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme Project KC-020 will combine with Project CBS-2:KC for development under a single land grant	Project commencement gazetted on 09-08-24 Submission to SDEV for authorisation made on 07-01-25
1,354	123,872	67,746	36,126	0	20,000	17,000	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme It is the first project under YMDS to materialise the Development Node of “Nullah Road Urban Waterway” in Mong Kok East as proposed in the YMDS. A new building complex with combination of residential and commercial uses such as hotel/office/retail as well as G/IC (including reprovisioned and new sport facilities and a permanent District Health Centre) and recreation facilities will be provided in Site B under the “Single Site, Multiple Use” concept to multiply planning gains.	Project commencement gazetted on 15-03-24 DSP to be approved by CE in C in April 2025
186	10,160	8,925	1,085	0	150	155	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 02-12-22 SDEV authorised URA to proceed on 05-09-23 Objectors lodged two appeals against SDEV’s authorisation Appeal Board decision to dismiss the appeals gazetted on 24-05-24 Resumption application submitted on 03-09-24 Appellants applied to High Court for leave for judicial review against Appeal Board’s decision. A hearing held on 18-03-25
950	59,120	50,804	7,816	0	500	0	Industrial building, Flat-for-Flat scheme is not applicable	Project commencement gazetted on 07-10-22 DSP approved by CE in C on 28-05-24
1,276	79,720	68,224	10,496	0	1,000	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project commencement gazetted on 07-10-22 DSP approved by CE in C on 28-05-24
4,353	275,952	202,416	25,302	0	48,234	10,450	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme A standalone G/IC complex will be built at Site B of KC-017 for reprovisioning community facilities in Kowloon City Municipal Services Building, Kowloon City Lions Clubs Health Centre and Lee Kee Memorial Dispensary	Initial acquisition offers issued on 30-04-24 Resumption application submitted on 03-09-24
838	83,068	38,978	5,197	0	38,893	10,395	SSP-018 Scheme mainly consists of open space and G/IC site. No property acquisition is therefore required A standalone G/IC complex will be built at Site B of SSP-018, which will include indoor sport centre, health service facilities and social welfare facilities	Project commencement gazetted on 24-09-21 DSP approved by CE in C on 07-02-23 Resumption application for the land occupied by CLP Power Hong Kong Limited’s electricity substation submitted on 18-01-24 Construction works for the standalone G/IC complex at Site B to be commenced in Q3/Q4 2025 subject to the Government’s funding approval
995	55,494	46,245	9,249	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Initial acquisition offers issued on 03-04-23 Resumption gazetted on 08-11-24 Site reverted to Government on 08-02-25 Clearance works in progress
900	54,823	41,062	8,213	0	5,548	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Initial acquisition offers issued on 29-06-22 Resumption gazetted on 14-04-23 Site reverted to Government on 15-07-23 Clearance completed on 21-03-25
380	17,799	14,119	831	0	2,850	980	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Initial acquisition offers issued on 10-03-22 Resumption gazetted on 09-12-22 Site reverted to Government on 10-03-23 Clearance completed on 02-12-24 Joint Venture Development tender invited on 27-03-25
638	38,547	32,123	6,424	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme Subsidised sale flats of Dedicated Rehousing Estates being developed and to be managed by HKHS were also offered to eligible domestic owner-occupiers as an alternative option to URA’s Flat-for-Flat units.	Initial acquisition offers issued on 05-08-21 Resumption gazetted on 24-06-22 Site reverted to Government on 25-09-22 Site clearance completed on 20-03-23 Joint Venture Development tender awarded on 14-12-23 Land Grant executed in 18-03-24 Demolition works completed Foundation works in progress
2,324	143,775	123,800	15,475	0	4,500	400	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme Subsidised sale flats of Dedicated Rehousing Estates being developed and to be managed by HKHS are also offered to eligible domestic owner-occupiers as an alternative option to URA’s Flat-for-Flat units. Project CBS-2:KC will combine with Project KC-020 for development under single land grant.	Initial acquisition offers issued on 03-02-25 Resumption application submitted on 04-02-25

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m ²	Existing GFA m ²	Building Blocks	Population
13 ⁽²⁾	KC-015	Kai Tak Road/Sa Po Road, Kowloon City	2018/19	February		6,106	23,204	41	940
14 ⁽²⁾	KC-014	Wing Kwong Street/Sung On Street, To Kwa Wan	2018/19	June		3,016	16,874	36	831
15 ⁽²⁾	YTM-011	Oak Street/Ivy Street, Tai Kok Tsui	2017/18	March		820	2,999	6	205
16 ⁽²⁾	C&W-006	Queen's Road West/In Ku Lane, Sai Ying Pun	2017/18	March		2,046	4,107	6	160
17 ⁽²⁾	C&W-005	Sung Hing Lane/Kwai Heung Street, Sai Ying Pun	2017/18	July		1,120	3,984	9	231
18 ⁽²⁾	KC-013	Kai Ming Street/Wing Kwong Street, To Kwa Wan	2016/17	March		1,749	7,458	12	463
19 ⁽²⁾	KC-012	Wing Kwong Street, To Kwa Wan	2016/17	June		1,258	5,023	14	388
20 ⁽²⁾	KC-011	Hung Fook Street/Kai Ming Street, To Kwa Wan	2016/17	June		2,635	12,628	23	813
21 ⁽²⁾	KC-010	Hung Fook Street/Ngan Hon Street, To Kwa Wan	2016/17	June		4,951	21,495	43	1,468
22 ⁽²⁾	KC-008(A)	Chun Tin Street/Sung Chi Street, To Kwa Wan	2016/17	May	eResidence Tower 3	2,475	3,738	14	179
23 ⁽²⁾	KC-009	Bailey Street/Wing Kwong Street, To Kwa Wan	2015/16	March		8,042	39,644	84	2,640
24 ^(2,3)	DL-11:YTM	Ash Street, Tai Kok Tsui	2015/16	May		474	3,228	5	206
25 ⁽³⁾	DL-10:KT	Hang On Street, Kwun Tong	2014/15	November	Bal Residence	865	5,304	10	387
26	SSP-016	Castle Peak Road/Un Chau Street, Sham Shui Po	2013/14	February	The Harmonie	1,900	7,335	16	476
27 ^(2,3)	DL-8:KC	Kai Ming Street, To Kwa Wan	2013/14	December		553	2,467	6	122
28 ⁽³⁾	DL-6:YTM	Fuk Chak Street/Li Tak Street, Tai Kok Tsui	2013/14	June	Sablier	769	3,461	2	171
29 ⁽³⁾	DL-5:SSP	Tung Chau Street/Kweilin Street, Sham Shui Po	2013/14	April	The Symphonie	1,490	10,313	1	552
30 ⁽³⁾	DL-4:SSP	Kowloon Road/Kiu Yam Street, Sham Shui Po	2013/14	April	Madison Park	599	3,817	1	229
31	SSP-015	Tonkin Street/Fuk Wing Street, Sham Shui Po	2012/13	March	ECHO HOUSE	1,268	4,964	13	270
32 ^(4,8)	IB-2:SSP	Yu Chau West Street, Cheung Sha Wan	2012/13	January		1,393	12,145	1	0

Residential Flats Number	Total GFA m ²	Residential GFA m ²	Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²	Remarks	Status
810	48,563	39,802	7,961	0	800	1,000	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Initial acquisition offers issued on 19-10-20 Resumption gazetted on 06-05-22 Site reverted to Government on 07-08-22 Site clearance completed on 30-11-23 Joint Venture Development tender invited on 12-08-24 but unsuccessful award Demolition works completed Design and statutory submission for self-development ongoing.
506	25,884	21,570	4,314	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Foundation works completed Main contract works to be commenced
122	5,565	4,641	924	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Main contract works in progress
231	11,992	10,381	432	0	1,178	538	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Foundation works in progress
210	8,739	8,479	260	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Foundation works completed ELS works in progress
472	22,419	18,682	3,737	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Foundation works in progress
See Remarks							Project KC-013 has combined with Project KC-012 for development under a single land grant Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Foundation works in progress
							Project KC-012 has combined with Project KC-013 for development under a single land grant (please refer to Project KC-013 for the details of development parameters)	
564	26,523	22,102	3,871	0	550	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Foundation works in progress
							Project KC-011 has combined with Project DL-8:KC for development under a single land grant	
669	41,229	34,357	6,872	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Main contract works in progress
260	13,894	12,270	1,624	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Main contract works in progress Starter Homes Flat selection completed on 28-03-24 and 173 flats sold
							The project is developed by URA and all 260 flats will be sold as "Starter Homes"	
1,296	66,654	55,545	11,109	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Main contract works in progress
63	2,923	2,849	0	74	0	3	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Main contract works in progress
							The project is developed by URA	
156	6,661	5,920	222	0	519	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 26-10-23 Certificate of Compliance issued on 22-03-24 Sale of remaining flats in progress
337	14,841	12,367	2,474	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 03-11-22 Certificate of Compliance issued on 12-06-23 Sale of remaining flats in progress
See Remarks							Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Foundation works in progress
							Project DL-8:KC has combined with Project KC-011 for development under a single land grant (Please refer to Project KC-011 for the details of development parameters)	
144	5,738	5,101	637	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 20-05-21 Certificate of Compliance issued on 28-09-21 Sale of remaining flats in progress
262	13,409	9,355	4,054	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Pre-sale consent issued on 16-05-22 Occupation Permit issued on 12-06-23 Certificate of Compliance issued on 29-11-23 The commercial portion leased to Hong Kong Design Centre
100	4,884	4,070	814	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 20-05-20 Certificate of Compliance issued on 09-11-20 Leasing of shops in progress
198	9,675	8,062	1,613	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Pre-sale consent issued on 27-02-24 Occupation Permit issued on 15-08-24 Flat sale launched on 27-10-24 and all flats sold Certificate of Compliance to be issued in Apr 2025
0	12,145	0	12,145	0	0	0	The project is switched from redevelopment to retrofitting	Retrofitting works for acquired properties and common areas of the project completed in 11-21 The refurbished premises occupied by URA, a social enterprise and NGOs Notification of Withdrawal of IB-2:SSP gazetted on 26-08-22

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m ²	Existing GFA m ²	Building Blocks	Population
33 ⁽³⁾	DL-3-YTM	Pine Street/Oak Street, Tai Kok Tsui	2012/13	April	L • Living 23	865	5,105	11	330
34	YTM-010	Reclamation Street/Shantung Street, Mong Kok	2011/12	February	One Soho	1,640	10,024	20	637
35	KC-006	Pak Tai Street/San Shan Road, Ma Tau Kok	2010/11	March	Downtown 38	1,277	6,389	12	296
36	SSP/3/001	Shun Ning Road, Sham Shui Po	2009/10	June	The Ascent	825	3,820	8	130
37 ⁽⁴⁾	MK/01	Shanghai Street/Argyle Street, Mong Kok	2008/09	September	618 Shanghai Street	1,128	3,944	14	157
38 ⁽⁴⁾	MK/02	Prince Edward Road West/Yuen Ngai Street, Mong Kok	2008/09	September		1,440	4,334	10	31
39	TKW/1/001	Chi Kiang Street/Ha Heung Road, Ma Tau Kok	2007/08	February	City Hub	931	5,226	10	302
40 ^(2,5)	K1	Nga Tsin Wai Village, Wong Tai Sin	2007/08	October		6,013	2,051	116	124
41 ^(2,5)	H18	Peel Street/Graham Street, Sheung Wan	2007/08	July	One Central Place (Site A) My Central (Site B)	5,267	20,219	47	740
42 ⁽²⁾	K7	Kwun Tong Town Centre, Kwun Tong	2006/07	March	Park Metropolitan (DA 1) Grand Central (DAs 2&3)	53,500	96,104	63	3,139

Residential Flats Number	Total GFA m ²	Residential GFA m ²	Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²	Remarks	Status
142	6,597	5,608	989	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 30-09-21 Certificate of Compliance obtained on 22-12-21 Sale of remaining flats in progress
322	12,507	10,422	2,085	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 14-03-23 Certificate of Compliance issued on 20-07-23 All flats sold, leasing of shops in progress
228	9,783	8,152	1,631	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Occupation Permit issued on 12-07-19 Certificate of Compliance issued on 24-03-20 All flats and shops sold
157	7,159	5,959	1,200	0	0	0		Occupation Permit issued on 08-03-18 Certificate of Compliance issued on 27-07-18 Sale of shops in progress
0	5,223	0	5,223	0	0	0	Rezoned 'Other Specified Uses' annotated 'Historic Buildings Preserved for Commercial and/or Cultural Uses'	Occupation Permit issued on 07-05-19 Certificate of Compliance issued on 05-07-19 Operation commenced in November 2019
0	4,334	0	4,334	0	0	0	Rezoned 'Other Specified Uses' annotated 'Historic Buildings Preserved for Commercial and/or Cultural Uses'	Renovation works of acquired properties completed Renovated units leased out
175	8,378	6,980	1,398	0	0	0		Occupation Permit issued on 25-05-17 Certificate of Compliance issued on 15-01-18 Sale of remaining flats in progress
750	37,097	34,778	2,319	0	0	0	At-grade Conservation Park accessible to public will be provided	Site clearance completed on 26-01-16
							The village gatehouse, the embedded stone tablet and the Tin Hau Temple, as well as the central axis that connects them, and the foundation remains of old village walls and watchtowers will be preserved	An enhanced conservation proposal reported to AAB in 12-22 with support obtained Land Grant executed on 21-06-23 Drainage diversion works in progress Archaeological Rescue Excavation works in progress
306	67,392	22,638	43,303	191	1,260	2,146	A 1,260m ² multi-purpose activity hall for community use will be provided at Site A. Commercial space includes a Market Block at Site B.	Site A Pre-sale consent issued on 22-11-21 Occupation Permit issued on 11-03-25 Fitting-out works in progress Site B Occupation Permit obtained on 28-12-18 Certificate of Compliance obtained on 20-06-19 Completed in 2020-21 Site C Main contract works in progress
4,048	468,330	270,710	157,904	0	39,716	18,376	Commercial GFA include 66,000m ² for offices and 10,000m ² for hotel G/IC includes 6,200m ² for Kwun Tong Jockey Club Health Centre in YWS Site and 17,200m ² for Government uses in Main Site and 16,316m ² for Public Transport Interchange (PTI) in Main Site. Commercial Space includes 1,300m ² for social enterprises. Residential flats include 299 flats in Yuet Wah Street site, 1,999 flats in the Main Site (DAs 2 & 3) and 1,750 in the Main Site (DAs 4 & 5) Public space includes a minimum of 9,600m ² at-grade public open space and 8,776m ² podium public open space.	YWS Site (DA 1) Occupation Permit obtained on 08-07-14 Certificate of Compliance obtained on 29-10-14 Completed in 2021-22 Main Site (DAs 2 & 3) Occupation Permit issued on 26-11-20 Certificate of Compliance issued on 28-04-21 All flats sold Main Site (DAs 4 & 5) Site clearance of DA 4 completed on 31-03-21 Site clearance of DA 5 completed on 17-05-21 Demolition works completed A revised DSP based on 'Vertical City' planning concept gazetted on 08-12-23 for a 2-month public consultation TPB hearing for comments on revised DSP held on 26-04-24 The revised DSP approved by CE in C on 17-09-24 The area at DA 4, temporarily used for sports and other community activities, was closed in Q4 2024. CLP cable and telecom diversion and associated works commenced at the end of 2024 The major underground utilities diversion works to be commenced in Q3 2025

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m ²	Existing GFA m ²	Building Blocks	Population
43 44 45	SSP/1/003-005	Hai Tan Street/Kweilin Street & Pei Ho Street, Sham Shui Po	2005/06	February	Seaside Sonata	7,507	25,344	70	1,589
46 ⁽⁷⁾	WC/001	Mallory Street/Burrows Street, Wan Chai	2004/05	March	M7	780	2,687	10	122
47	K32	Pine Street/Anchor Street, Tai Kok Tsui	2004/05	December	Park Summit	2,328	11,802	30	518
48 ⁽⁷⁾	H19	Staunton Street/Wing Lee Street, Sheung Wan	2002/03	March		1,997	3,049	24	98
1-48 Ongoing Sub-Total (A)						276,454	719,192	1,284	30,866
0 Ongoing project commenced by HKHS									
All projects were completed by HKHS						0	0	0	0
Nil Ongoing Sub-total (B)						0	0	0	0
0 Ongoing project taken over from ex-LDC									
All projects were completed						0	0	0	0
Nil Ongoing Sub-Total (C)						0	0	0	0
Ongoing Total (A) + (B) + (C)						276,454	719,192	1,284	30,866
49-74 — 26 Completed projects commenced by URA ⁽⁸⁾									
49	H14	Sai Wan Ho Street, Shau Kei Wan	2005/06	September	Monti	710	3,796	2	21
50 ⁽⁹⁾	DL-1:SSP	229A-G, Hai Tan Street, Sham Shui Po	2012/13	April	Astoria Crest	483	2,547	1	172
51 ⁽⁹⁾	DL-2:SSP	205-211A, Hai Tan Street, Sham Shui Po	2012/13	April	Hyde Park	470	2,952	1	222
52	KC-007	Kowloon City Road/Sheung Heung Road, Ma Tau Kok	2011/12	November	Artisan Garden	1,622	7,258	16	475
53	SSP-014	Fuk Wing Street, Sham Shui Po	2010/11	March	The Amused	649	2,456	6	194
54	TKW/1/002	Ma Tau Wai Road/Chun Tin Street, To Kwa Wan	2009/10	February	eResidence	3,377	10,393	33	660
55	MTK/1/002	San Shan Road/Pau Chung Street, Ma Tau Kok	2009/10	May	93 Pau Chung Street	1,171	6,046	14	290
56	TKT/2/002	Anchor Street/Fuk Tsun Street, Tai Kok Tsui	2007/08	March	iclub Mong Kok Hotel	726	3,855	11	245
57	MTK/1/001	Pak Tai Street/Mok Cheong Street, Ma Tau Kok	2007/08	February	My Place	772	3,772	9	229
58	K28	Sai Yee Street, Mong Kok	2007/08	December	Skypark	2,478	14,434	25	431
59	K9	MacPherson Stadium, Mong Kok	2005/06	March	MacPherson Place	2,400	2,788	1	0
60	TKT/2/001	Fuk Tsun Street/Pine Street, Tai Kok Tsui	2005/06	December	Park Ivy	560	4,071	4	273
61 ⁽⁹⁾	SYP/1/001	Third Street/Yu Lok Lane/Centre Street, Sai Ying Pun	2005/06	December	The Nova	2,150	4,140	22	213
62 63	SSP/1/001-002	Lai Chi Kok Road/Kweilin Street & Yee Kuk Street, Sham Shui Po	2004/05	March	Trinity Towers	3,339	13,197	33	551
64	K31	Larch Street/Fir Street, Tai Kok Tsui	2004/05	December	Lime Stardom	2,195	10,332	29	474
65 ⁽⁹⁾	H15	Lee Tung Street/McGregor Street, Wan Chai	2003/04	October	The Avenue	8,236	36,534	88	1,613

Residential Flats Number	Total GFA m ²	Residential GFA m ²	Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²	Remarks	Status
876	57,399	50,024	5,317	0	2,058	1,500	Three projects taken forward as one G/IC includes 1,900m ² for Special Child Care Centre cum Early Education Centre, Day Care Centre for Elderly and Sub-base for a Neighbourhood Elderly Centre; 150m ² for either social enterprise or non-domestic use	Occupation Permit (Site A) issued on 07-06-21 Occupation Permit (Site B) issued on 10-06-21 Occupation Permit (Site C) issued on 06-07-21 Certificate of Compliance issued on 26-10-21 Sale of shops in progress
0	2,435	0	0	2,435	0	300	Rezoned 'Other Specified Uses' annotated 'Open Space and Historical Buildings Preserved for Cultural and Commercial Uses' GFA includes retained façade at Burrows Street and two elevated walkways	Occupation Permit issued on 20-05-13 Certificate of Compliance issued on 04-08-17 URA took over the management and operation of the project in August 2018
462	20,952	17,460	3,492	0	0	450	Public Open Space not required under lease	Occupation Permit issued on 20-09-12 Certificate of Compliance issued on 27-12-12 Sale of shops in progress
0	1,828	1,097	331	400	0	135	The project is switched from redevelopment to revitalisation	Notification of Withdrawal of H19 gazetted on 13-11-20 Revitalisation works completed Co-living operator appointed to operate and manage the revitalised buildings and the community farm
28,292	2,007,684	1,415,658	421,169	3,100	167,756	63,828		
0	0	0	0	0	0	0		
0	0	0	0	0	0	0		
0	0	0	0	0	0	0		
0	0	0	0	0	0	0		
28,292	2,007,684	1,415,658	421,169	3,100	167,756	63,828		
144	5,680	5,680	0	0	0	0		Project completed in 2023-24
87	3,640	3,235	405	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project completed in 2022-23
76	3,600	3,132	468	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project completed in 2022-23
294	12,456	10,380	2,076	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project completed in 2022-23
136	5,030	4,471	559	0	0	0	Eligible domestic owner-occupiers can join the Flat-for-Flat scheme	Project completed in 2021-22
493	24,398	20,332	3,114	952	0	500	Project commenced at request of Government following collapse of one building and demolition of damaged adjacent one The project was developed by URA All 493 flats were assigned for sale as "Starter Homes" A new Building Rehabilitation Resources Centre is set up at the project	Project completed in 2021-22
209	10,345	8,778	1,567	0	0	0		Project completed in 2019-20
0	6,529	0	6,529	0	0	0	Commercial space is for hotel with 288 rooms	Project completed in 2019-20
168	6,944	5,787	1,157	0	0	0		Project completed in 2016-17
439	22,301	17,346	4,955	0	0	0		Project completed in 2017-18
293	24,767	16,705	2,443	0	5,619	0	Land grantee is Hong Kong Playground Association G/IC is for Indoor Stadium and Youth Centre	Project completed in 2018-19
113	4,843	4,003	840	0	0	0		Project completed in 2015-16
255	16,463	16,218	245	0	0	1,304	Commercial space includes 24.9m ² for shop and 84.4m ² other covered areas and 135.5m ² like preserved buildings and covered public open space	Project completed in 2016-17
402	29,720	24,780	4,940	0	0	580	Two projects taken forward as one Commercial space includes some space for social enterprises	Project completed in 2015-16
377	19,735	16,425	3,310	0	0	0	Commercial space includes the Urban Renewal Resource Centre	Project completed in 2017-18
1,275	79,932	67,939	9,405	0	2,588	3,972	Commercial space includes some space for social enterprises and three historical buildings G/IC includes Residential Care Home for Elderly/Community Service Support Centre, Refuse Collection Point and Public Toilet	Project completed in 2017-18

	Project Code	Project Name	Launch Year	Launch Month	Development Name	Project Site Area m ²	Existing GFA m ²	Building Blocks	Population
66	K33	Baker Court, Hung Hom	2003/04	July	Baker Residences	277	834	3	9
67	K30	Bedford Road/Larch Street, Tai Kok Tsui	2003/04	July	i-home	1,229	6,313	13	280
68	H17	Queen's Road East, Wan Chai	2002/03	March	Queen's Cube	378	1,806	6	25
69	H20	First Street/Second Street, Sai Ying Pun	2002/03	November	Island Crest	3,536	15,690	41	777
70	K27	Reclamation Street, Mong Kok	2002/03	October	MOD 595	535	2,411	7	122
71	K19	Po On Road/Shun Ning Road, Sham Shui Po	2002/03	July	Beacon Lodge	1,394	4,898	14	327
72	K26	Fuk Wing Street/Fuk Wa Street, Sham Shui Po	2001/02	January	Vista	1,384	5,129	13	246
73 ⁽⁹⁾	H16	Johnston Road, Wan Chai	2001/02	January	J Residence	1,970	7,640	28	333
74	K3	Cherry Street, Tai Kok Tsui	2001/02	January	Florient Rise	4,510	14,416	64	1,020
49-74 Completed Sub-Total (D)						46,551	187,708	484	9,202
75-80 — 6 Completed projects commenced by HKHS ⁽⁹⁾									
75	K20	Castle Peak Road/Cheung Wah Street, Sham Shui Po	2004/05	April	Heya Delight	1,003	5,935	10	158
76	K21	Castle Peak Road/Un Chau Street, Sham Shui Po	2004/05	April	Heya Crystal	2,614	14,193	24	496
77	K22	Un Chau Street/Fuk Wing Street, Sham Shui Po	2004/05	April	Heya Aqua	2,134	10,114	22	362
78	K23	Castle Peak Road/Hing Wah Street, Sham Shui Po	2004/05	April	Heya Star	1,399	8,286	11	344
79	H21	Shau Kei Wan Road/Nam On Street, Shau Kei Wan	2003/04	November	Harmony Place	1,871	9,834	17	400
80	K25	Po On Road/Wai Wai Road, Sham Shui Po	2003/04	July	Heya Green	2,592	9,923	19	528
75-80 Completed Sub-Total (E)						11,613	58,285	103	2,288
81-90 — 10 Completed projects commenced by ex-LDC and completed by URA ⁽⁹⁾									
81	K11	Hanoi Road, Tsim Sha Tsui	(10)		The Masterpiece	8,299	27,309	35	220
82 ⁽⁹⁾	H9	Wanchai Road/Tai Yuen Street, Wan Chai	(10)		The Zenith/ One Wanchai	6,793	12,555	41	975
83	K17	Yeung Uk Road, Tsuen Wan	(10)		The Dynasty	7,230	0	0	0
84	K13	Tsuen Wan Town Centre, Tsuen Wan	(10)		Vision City	20,300	56,851	96	7,119
85	H12	New Praya Kennedy Town, Kennedy Town	(10)		The Merton	6,075	24,808	65	1,683
86	H13	Ka Wai Man Road, Kennedy Town	(10)		Mount Davis 33	728	4,000	1	0
87	K10	Waterloo Road/Yunnan Lane, Yau Ma Tei	(10)		8 Waterloo Road	3,869	6,610	27	444
88	H1	Queen Street, Sheung Wan	(10)		Queen's Terrace	7,964	25,792	86	648
89	K2	Argyle Street/Shanghai Street, Mong Kok	(10)		Langham Place	11,976	40,810	108	2,603
90	K8	Kwong Yung Street, Mong Kok	(10)		Paradise Square	1,607	4,190	19	178
81-90 Completed Sub-Total (F)						74,841	202,925	478	13,870
Completed Total (D) + (E) + (F)						133,005	448,918	1,065	25,360
Commenced + Completed						409,458	1,168,110	2,349	56,226

Residential Flats Number	Total GFA m ²	Residential GFA m ²	Commercial GFA m ²	Other Uses GFA m ²	G/IC GFA m ²	Public Open Space ⁽¹⁾ m ²	Remarks	Status
68	2,338	2,077	261	0	0	0		Project completed in 2011-12
182	10,363	9,215	1,148	0	0	0		Project completed in 2010-11
96	3,984	3,543	441	0	0	0		Project completed in 2011-12
488	38,178	34,259	1,722	0	2,197	700	G/IC is for Residential Care Home for Elderly	Project completed in 2012-13
85	4,921	4,119	802	0	0	0		Project completed in 2009-10
166	12,534	10,451	2,083	0	0	251		Project completed in 2010-11
173	12,453	10,378	2,075	0	0	255		Project completed in 2010-11
381	20,567	17,967	2,600	0	0	0		Project completed in 2008-09
522	43,231	36,466	4,916	0	1,849	0	G/IC is for Residential Care Home for Elderly	Project completed in 2014-15
6,922	424,952	353,686	58,061	952	12,253	7,562		
130	9,030	7,525	1,505	0	0	0		Occupation Permit issued on 20-05-15 Certificate of Compliance issued on 30-09-15
350	23,526	19,605	3,921	0	0	150		Occupation Permit issued on 23-08-16 Certificate of Compliance issued on 07-12-16
275	19,206	16,005	448	0	2,753	150	G/IC is for Residential Care Home for the Elderly	Occupation Permit issued on 12-09-16 Certificate of Compliance issued on 01-03-17
175	12,585	10,487	2,098	0	0	0		Occupation Permit issued on 26-08-15 Certificate of Compliance issued on 22-01-16
274	19,555	16,338	3,217	0	0	0		Occupation Permit issued on 13-11-14 Certificate of Compliance issued on 11-02-15
327	21,214	17,680	957	0	2,577	0	G/IC is for Residential Care Home for the Elderly	Occupation Permit issued on 15-10-13 Certificate of Compliance issued on 30-12-13
1,531	105,116	87,640	12,146	0	5,330	300		
345	102,625	45,600	57,025	0	0	1,219	Commercial space includes 25,816m ² for 381 room hotel	Project completed in 2018-19
889	62,310	52,539	3,453	0	6,318	0	G/IC includes Market, Day Nursery, Refuse Collection Point and Public Toilet	Project completed in 2017-18
256	44,404	27,031	17,373	0	0	0		Project completed in 2010-11
1,466	134,185	107,884	23,221	0	3,080	3,700	G/IC is for transport and community facilities	Project completed in 2010-11
1,182	62,904	62,794	0	0	110	2,300	G/IC is for public toilet	Project completed in 2007-08
89	7,280	7,280	0	0	0	0		Project completed in 2007-08
576	32,012	32,012	0	0	0	1,650		Project completed in 2007-08
1,148	66,233	60,579	400	0	5,254	1,200	G/IC includes Single-person Hostel, Care & Attention Home, Day Nursery, Social Centre for the Elderly, Hostel for Moderately Mentally Handicapped and Cooked Food Centre	Project completed in 2007-08
0	167,414	0	160,866	0	6,548	1,100	Commercial space includes 41,933m ² for 665 room hotel, 65,793m ² for offices and 53,140m ² for retail G/IC includes Cooked Food Centre and transport and community facilities	Project completed in 2005-06
272	15,160	12,746	2,414	0	0	0		Project completed in 2005-06
6,223	694,527	408,465	264,752	0	21,310	11,169		
14,676	1,224,595	849,791	334,959	952	38,893	19,031		
42,968	3,232,279	2,265,449	756,128	4,052	206,649	82,859		

Notes:

- (1) This table includes only Public Open Space and not any private open space
- (2) The details of project is yet to be finalised and are still subject to change during the statutory, planning and land grant approval processes
- (3) Demand-led project
- (4) Industrial Building
- (5) Redevelopment project contains some preservation elements
- (6) Preservation project
- (7) Revitalisation project
- (8) Retrofitting project
- (9) In this table, a project is deemed to be fully completed once all residential units have been sold and all commercial and other accommodation, apart from car and motor cycle parking spaces, have been sold or substantially leased out
- (10) The project was commenced by ex-LDC

Project Numbers Reconciliation

- + 48 Ongoing projects commenced by URA
- + 0 Ongoing projects commenced by HKHS
- + 0 Ongoing projects commenced by ex-LDC
- + 26 projects commenced and completed by URA
- + 6 projects completed by HKHS
- + 10 projects commenced by ex-LDC and completed by URA
- 90 projects in total

Glossary of Terms

AAB	=	Antiquities Advisory Board	LDC	=	Land Development Corporation
CE in C	=	Chief Executive in Council	NGO	=	Non-governmental Organisation
DA	=	Development Area	SDEV	=	Secretary for Development
DSP	=	Development Scheme Plan	TPB	=	Town Planning Board
ELS	=	Excavation and Lateral Support	URA	=	Urban Renewal Authority
GFA	=	Gross Floor Area	YMDS	=	Yau Mong District Study
G/IC	=	Government/Institution and Community	YWS	=	Yuet Wah Street
HKHS	=	Hong Kong Housing Society			

Corporate Governance

The Issuer places high priority on the standard of corporate governance to ensure accountability, openness, and transparency in the work of its Board and Committees.

The Issuer is open, transparent, and publicly accountable in its operations. The Issuer is governed by the Board, members of which are appointed by the Chief Executive. Under the URA Ordinance, the Board shall comprise a Non-Executive Chairman, three Executive Directors including a Managing Director, not less than seven other non-official non-executive directors and four other non-executive directors who are public officers. In addition, there are various committees with delegated authority given by the Board to perform specific areas of work. These committees also play an important role in corporate governance.

Under the URA Ordinance, members of the Board are required to declare interests and a register of declared interests is made available for public inspection. An online version of the register is available for access by the public. In addition, summaries of the minutes of Board meetings are also posted online after each meeting. The Issuer is required to further submit an annual report with audited financial statements and an auditor's report to the Financial Secretary who will arrange it to be tabled in the LegCo. The Issuer's annual reports including its audited financial statements are available on its website at www.ura.org.hk.

Under section 9 of the URA Ordinance, the Issuer's Chairman, Managing Director, and Executive Directors are required to attend meetings of the committees and subcommittees of the LegCo to answer questions raised by the LegCo members.

Board & Committees

The Issuer's Board comprises a Chairman and 22 other members. All members of the Board, including the Chairman, are appointed by the Chief Executive under section 4 of the URA Ordinance, for a term not exceeding three years. There are three executive Board members who are not public officers, namely the Managing Director, who is by law also the Deputy Chairman, and the two Executive Directors. The Director of Lands, the Director of Planning, the Director of Buildings and the Deputy Director of Home Affairs (2) are Board members who are non-executive directors and public officers. In addition, the current Board includes five legislative councillors, professionals and academics from various fields, including law, accounting, finance, social work and different construction professions who are non-executive directors and not public officers. The Board met six times in the financial year ended 31 March 2025.

The Board has established eight standing committees to pursue the purposes of the Issuer. Each committee operates within its specific terms of reference. Details of the committees are as follows:

- Audit Committee;
- Development Project Objection Consideration Committee;
- Land, Rehousing and Compensation Committee;
- Finance Committee;
- Planning, Development and Conservation Committee;
- Human Resources and Remuneration Committee;
- Review Committee; and

- Sustainability Committee.

Audit Committee

The main functions of the Audit Committee are:

- to endorse for the Board's approval new appointment, re-appointment and removal of statutory auditors;
- to approve the statutory auditors' remuneration;
- to review and discuss with the statutory auditors the scope of their audit; and any salient matters arising from the audit;
- to review and endorse for the Board's approval significant accounting policies;
- to review and endorse for the Board's approval the audited annual financial statements, including the statutory auditors' report;
- to approve the engagement of service provider(s) to provide internal audit services on a contract basis;
- to approve the engagement of a statutory auditor to perform non-audit consultancy services within the delegated authority by the Board;
- to review and endorse for the Board's approval the engagement of a statutory auditor to perform non-audit consultancy services above the delegated authority by the Board;
- to review internal audit policies and work programme;
- to receive and consider internal audit reports and management's responses to the recommendations made in these reports, and, as or when deemed necessary, to submit such reports and/or responses to the Board;
- to receive and consider the management's report on the effectiveness of the financial reporting system, internal control systems, risk management procedures and processes, as well as compliance with applicable laws, regulations and internal policies; and
- to conduct or assign and oversee any *ad hoc* projects referred to it by the Board.

The Audit Committee holds regular meetings with the senior management, the general manager, internal audit and external auditors of the Issuer. Special meetings may also be called to review significant control or financial issues.

The Audit Committee met three times in the financial year ended 31 March 2025.

Development Project Objection Consideration Committee

The main functions of the Development Project Objection Consideration Committee are:

- to consider the legitimacy of submissions received at a preliminary consideration;

- if submissions were found to be legitimate, to consider and deliberate on the merits, or otherwise, of the submissions; and
- to prepare the deliberation on the objections which will be submitted to Secretary for Development in accordance with section 24(3)(b) of the URA Ordinance.

The Development Project Objection Consideration Committee met once in the financial year ended 31 March 2025.

Land, Rehousing, and Compensation Committee

The main functions of the Land, Rehousing and Compensation Committee are:

- to review and endorse for the Board's approval:
 - policies and matters relating to land grants and acquisition of property by negotiation or resumption;
 - policies and matters relating to compensation;
 - policies and matters relating to rehousing; and
 - the policy and terms and conditions of loans to persons under section 12 of the URA Ordinance;
- to review and approve acquisition strategies, approaches and offers for individual projects; and
- to receive reports from management on the progress and oversee the effectiveness of implementation of the above matters.

The Land, Rehousing and Compensation Committee met twice in the financial year ended 31 March 2025.

Finance Committee

The main functions of the Finance Committee are:

- to review the funding requirements and funding methods for the Issuer, its redevelopment projects and other works;
- to review and approve the terms and conditions of borrowing from all sources;
- to review and approve addition and deletion of the Issuer's bank list based on the approved selection criteria;
- to review and endorse for the Board's approval the investment objectives and investment categories of surplus funds and to approve any changes to the detailed investment guidelines;
- to review and endorse for the Board's approval financial and treasury policies;
- to review and endorse for the Board's approval the financial aspects of the Annual Business Plan and the Five-year Corporate Plan as well as the annual budgets;

- to review and approve the minimum average market selling prices and target rents of development projects and to approve other sales and leasing terms including sales and leasing strategies;
- to review and approve any revisions or variations to the terms of committed development agreements other than those having significant financial implications; and
- to review any other *ad hoc* situation that may have financial implications.

The Finance Committee met four times in the financial year ended 31 March 2025, of which one meeting was jointly held with the Planning, Development and Conservation Committee.

Planning, Development and Conservation Committee

The main functions of the Planning, Development and Conservation Committee are:

- to review and endorse for the Board's approval:
 - (a) selection of redevelopment projects including those with conservation elements for inclusion into the Corporate Plans and Business Plans;
 - (b) submission of a development scheme plan prepared under section 25(3)(a) of the URA Ordinance to the TPB under section 25(5) of the URA Ordinance; and
 - (c) proposals for the conservation of buildings, sites and structures of historical, cultural or architectural interest;
- to review and approve planning and development parameters of development projects; and
- to consider and advise on general planning, design and conservation issues including those of Government policy and statutory nature.

The Planning, Development and Conservation Committee met three times in the financial year ended 31 March 2025, of which one meeting was jointly held with the Finance Committee.

Human Resources and Remuneration Committee

The main functions of the Human Resources and Remuneration Committee are:

- to review and endorse for Board's approval the guiding principles for the remuneration arrangements for the senior executives and general staff of the Issuer, with reference to practices in the private sector and relevant statutory bodies. Remuneration arrangements shall include:
 - remuneration policies (level and mix); and
 - determination of adjustments in salary and variable pay;
- to review and endorse for Board's approval ways and means to enhance organisation effectiveness;
- to assess the human resources management needs of the Issuer under the prevailing corporate environment; and
- in the light of the above assessment, to review and endorse for Board's approval necessary policy measures to meet any identified gaps and challenges.

The Human Resources and Remuneration Committee met twice in the financial year ended 31 March 2025.

Review Committee

The Review Panels empanelled from the Review Committee review and determine cases from affected owners or occupiers arising out of the execution of policies approved by the Board in regard to:

- the eligibility of domestic occupiers for rehousing, including compassionate rehousing;
- the eligibility of domestic tenants for cash compensation;
- the eligibility of owners for Home Purchase Allowance and other ex-gratia allowances;
- the application of the Issuer's concessionary rental policy, if any;
- matters relating to tenancies or licences granted to domestic occupiers rehoused in premises owned by the Issuer, or the renewal or termination of such tenancies or licences;
- the eligibility of non-domestic occupiers for ex-gratia allowances; and
- any other matters arising out of the clearance or rehousing of occupiers affected by the Issuer's projects or those projects entrusted to the HKHS by the Issuer.

However, the Review Committee does not consider matters relating to the valuation of interests in property, business loss or any other related matters.

No case was referred to the Review Committee in the financial year ended 31 March 2025.

Sustainability Committee

The main functions of the Sustainability Committee are:

- to review and endorse for the Board's approval the Issuer's sustainability frameworks, strategy, plans and targets;
- to oversee the execution of the approved sustainability strategy, plans and targets;
- to review and report to the Board on sustainability risks and opportunities, trends in applicable laws and regulations and policies set forth by the Government that are considered material to the Issuer;
- to endorse the Issuer's sustainability policies and practices based on recommendations from the Sustainability Development Committee at management level;
- to review the framework of sustainability-related disclosures and publications including the Sustainability Report; and
- to provide updates to the Board on matters falling within the Sustainability Committee's remit as required.

The Sustainability Committee met once in the financial year ended 31 March 2025.

Human Resources

The Issuer employed 718 staff as of 31 March 2025. The human resources function is to equip the organisation with appropriate manpower to take on the increases in workload due to the implementation of new or expansion of existing initiatives. In parallel with recruiting additional manpower on both standard and contractual terms, regular reviews are performed on the Issuer's human resources infrastructure and programmes to ensure that the organisation is able to attract the requisite personnel and to integrate and motivate them.

The Issuer's remuneration policies include performance-based salary adjustments and are regularly reviewed to ensure that they are appropriate in light of both internal and external comparators.

To maintain a motivated workforce, the Issuer has, amongst other things, established various channels to enhance communications with its staff, including regular town hall staff briefings, regular updates and information sharing sessions and meetings with senior management. An Employee Assistance Program is also in place to provide assistance wherever needed to alleviate stress and pressure faced by staff.

The Issuer does not have any collective action agreements in place with any of its employees or any trade union or labour organisation.

Legal Proceedings

The Issuer is not involved in any legal proceedings which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer.

Regulatory Status

The Issuer is a "public sector entity" under the Banking (Capital) Rules (Cap. 155L of the Laws of Hong Kong) (the "**Banking (Capital) Rules**"). Accordingly, debt securities issued or guaranteed by the Issuer carry a 20 per cent. risk weighting for the purposes of calculating the capital adequacy ratio of authorized institutions under the standardised (credit risk) approach of the Banking (Capital) Rules. In addition, debt securities issued by the Issuer qualify as "high quality liquid assets" or "liquefiable assets" for the purposes of the Banking (Liquidity) Rules (Cap. 155Q of the Laws of Hong Kong) (Banking (Liquidity) Rules) subject to satisfaction of the relevant conditions.

Funding Strategy

Historically, the Issuer's primary source of funding has been the injection of HK\$10 billion in capital by the Government. This capital was injected in five HK\$2 billion tranches between the financial years ended 31 March 2003 and 31 March 2007. The Issuer's borrowing powers are regulated by the URA Ordinance, which provides that, in addition to the approval of the Board, the approval of the Financial Secretary is required for borrowings by the Issuer (other than overdraft facilities) from sources other than the Government. In July 2023, the Financial Secretary approved the Issuer's proposition to raise its borrowing limit from HK\$6 billion to HK\$25 billion, including utilised banking facilities and outstanding bonds issued under the Programme. The borrowing limit is reviewed periodically as needed to support the Issuer's operational and financing plan.

During the financial year 2024/25, the Issuer raised HK\$13.5 billion in bonds under the Programme via public and private placements and signed a banking facility of HK\$13 billion which remains undrawn. As at 31 March 2025, the Issuer's total borrowings amounted to HK\$14 billion. The Issuer's cash and bank balances together with the fair value of the investments totalled HK\$21 billion. In May 2025, the Issuer issued notes of HK\$1,900 million with a coupon rate of 3.10 per cent. for a term of five and a half years.

For the five-year period from 2025/26 to 2029/30, the Issuer estimates a total five-year cash outlay of approximately HK\$46 billion, excluding operational overheads, will be required to meet the costs of both

its currently outstanding commitments and its forthcoming expenditure on implementation of new projects contained in the latest Corporate Plan. This amount covers the works in redevelopment, rehabilitation, preservation, and revitalisation.

The Issuer plans to fulfill its future funding requirements through diverse channels, including cash reserves, bank borrowings, public and private debt issues, and cash flow from operations. As at 31 March 2025, the Issuer's net assets amounted to HK\$43.6 billion. Together with the two sites granted by the Government in Bailey Street in Hung Hom and TKO Site recently, it will further enhance the Issuer's financial capability to support urban renewal in Hong Kong.

Investment Policy

Under the URA Ordinance, the Issuer may invest amounts in such forms of investment as the Financial Secretary may approve. As at 31 March 2025, the Issuer had placed HK\$20.5 billion as fixed deposits with a number of approved banks having a credit rating of A3 or better from Moody's Investors Service, Inc. ("**Moody's**"). The Issuer's deposits are subject to a counterparty limit, which is approved for each bank in accordance with its credit rating (see further "*Credit Risk Management*" below). In addition, as at 31 March 2025, the Issuer's investment portfolio, comprising Hong Kong dollar bonds with a credit rating of A1 from Moody's, managed by in-house treasury team, amounted to HK\$0.6 billion.

Risk Management Policies

The Issuer's activities expose it to a variety of financial risks, in particular credit risk and liquidity risk. The Issuer's overall risk management policies focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on its financial performance.

Cash Flow and Interest Rate Risk Management

The Issuer has bank deposits and other investments, bank borrowings, public and private debt securities, and is therefore exposed to interest rate risk due to the fluctuation of the prevailing market interest rate. However, the Issuer's interest-bearing assets and liabilities are insignificant in the context of its total assets and the Issuer's other income and operating cash flows may not be significantly affected by moderate changes in market interest rates. The Issuer may seek to minimise the impact of market interest rates by entering into interest rate hedging transactions.

Credit Risk Management

Credit risk is managed on a group basis. Credit risk arises from cash and bank balances, building rehabilitation loans, and trade and other receivables. The credit risk on cash and bank balances is limited because all the funds are placed in banks with high credit ratings, ranging from Aa1 to A3 assigned by Moody's and a counterparty limit is approved for each bank in accordance with its credit rating category.

The credit risk on outstanding building rehabilitation loans is limited through the Issuer's monitoring procedures to ensure that follow-up action is taken to recover overdue debts and its reservation of the right to impose legal charges over the properties for loans of amounts between HK\$25,001 and HK\$100,000.

The Issuer has no significant concentrations of credit risk with respect to trade and other receivables relative to total assets as rental deposits are usually received from tenants in the form of cash.

Liquidity Risk Management

Liquidity risk is managed by maintaining sufficient cash and the availability of funding through committed credit facilities to meet payment obligations, as well as by monitoring the rolling forecast of the Issuer's cash balances and expected cash flows.

Crisis Management

The Issuer has guidelines on corporate crisis management to mitigate a number of crisis situations. Each division or department maintains a contingency plan which is reviewed and updated from time to time and arrangements are made to maintain essential services to meet operating needs.

Business Environment

Overview of Hong Kong

The Hong Kong Special Administrative Region of the People's Republic of China was established on 1 July 1997. The Basic Law of Hong Kong came into effect on the same day. The Basic Law prescribes the economic, legal and other systems to be practised in Hong Kong.

The Basic Law provides, amongst other things, that under the "One Country, Two Systems" principle, Hong Kong will exercise a high degree of autonomy except in defence and foreign affairs. Under the Basic Law, Hong Kong is vested with executive, legislative and independent judicial powers, including that of final adjudication. Hong Kong's executive authorities and legislature are composed of permanent residents of Hong Kong. Hong Kong remains a free port, a separate customs territory and an international financial centre. It may, on its own, using the name "Hong Kong, China", maintain and develop relations, and conclude and implement agreements, with foreign states and regions and international organisations in appropriate fields, including the economic, trade, financial and monetary, shipping, communications, tourism, cultural and sports fields.

The Basic Law provides that the Hong Kong dollar, as the legal tender of Hong Kong, shall continue to circulate. It also provides that no foreign exchange control policies shall be applied to Hong Kong and that the Hong Kong dollar shall remain freely convertible.

The tax regime in Hong Kong is characterised by low rates, territorial source principle of taxation, and the absence of several types of taxes. Hong Kong imposes a low personal income tax and corporate tax for companies conducting business in Hong Kong. Moreover, Hong Kong does not levy taxes on capital gains (subject to certain exceptions), dividends, or inheritance, which further enhances its appeal as a tax-efficient jurisdiction.

The continuous enhancement and expansion of the Individual Visit Scheme is instrumental in supporting Hong Kong's economy. By allowing more individual travelers from an increasing number of cities in Mainland China to visit Hong Kong, it continues to bolster the recovery of Hong Kong's tourism industry following the COVID-19 pandemic.

Hong Kong Property Market

The Issuer's redevelopment activities mean that it has exposure to the residential and commercial sectors of the Hong Kong property market as both a purchaser and a seller. This exposure is spread across a substantial portfolio of redevelopment projects, which are typically at different stages of development. As a consequence, the Issuer may be simultaneously seeking to purchase properties and seeking to sell properties/project sites for urban renewal purposes. A general decline in value in the property market may negatively impact the Issuer as a seller of properties/project sites but may at the same time bring benefits in its acquisition of other properties, and *vice versa*, an increase in value in the property market may benefit the Issuer as a seller of certain projects but may negatively impact its financial commitment to acquire properties for redevelopment. Due to the lengthy development process between acquisitions and land sales, the balance between the Issuer's positions as purchaser and seller may not always be sustainable, and some mismatching between its positions is unavoidable. In general, the Issuer has longer lead times for the acquisition of properties for redevelopment projects than for sale of the properties in its development projects.

For the past decade, nearly half of the population of Hong Kong has lived in private housing. The housing population is set forth in the following table:

Population¹

	Population		
	2014	2019	2024
	Thousands		
Year-end Population	7,253	7,521	7,534

Distribution of Population by Type of Housing

	2013	2018	2023
		% ⁵	
Public Permanent Housing ²	45.8	44.6	45.3
— Public Rental Housing	29.3	29.0	29.8
— Subsidised Home Ownership Housing	16.4	15.6	15.5
Private Permanent Housing ³	53.7	54.7	53.8
Temporary Housing ⁴	0.5	0.6	0.9

Notes:

1. Mid-year Population figures are supplied by Demographic Statistics Section of Census & Statistics Department (“C&SD”). As for Distribution of Population by Type of Housing, figures are compiled based on the data collected in the General Household Survey (“GHS”) from January to December of the year concerned as well as the mid-year population estimates by District Council compiled jointly by C&SD and an inter-departmental Working Group on Population Distribution Projections. The GHS covers the land-based non-institutional population of Hong Kong. Land-based non-institutional population covers Hong Kong Resident Population (including usual residents, home-based and non-home-based mobile residents) but excludes inmates of institutions and persons living on board vessels.
2. The proportion of population in **Public Permanent Housing** includes those in (i) public rental housing (“PRH”) flats and interim housing (“IH”) provided by the Hong Kong Housing Authority (“HA”); (ii) public rental housing flats and Senior Citizen Residences Scheme (“SEN”) flats provided by the HKHS (SEN flats are offered on a “Long Term Lease” basis and a lump sum consideration is payable for each SEN flat by the applicant); (iii) HA sale flats sold under the Tenants Purchase Scheme (“TPS”); (iv) HA sale flats under the Home Ownership Scheme (“HOS”), Private Sector Participation Scheme (“PSPS”), Middle Income Housing Scheme (“MIHS”), Buy or Rent Option Scheme (“BRO”) and Mortgage Subsidy Scheme (“MSS”); (v) HA sale flats under the Green Form Subsidised Home Ownership Scheme (GSH) and (vi) HS sale flats under the Flat-For-Sale Scheme (“FFSS”), Sandwich Class Housing Scheme (“SCHS”), and flats under the Subsidised Sale Flats Project (“SSFP”). HOS/PSPS/MIHS/BRO/MSS/GSH/TPS/FFSS/SCHS/SSFP flats that can be traded in open market (i.e. flats sold prior to HOS Phase 3B or flats having paid off premiums) are classified as private permanent housing and are excluded from Subsidised Home Ownership Housing.
3. **Private Permanent Housing** includes (i) private flats and apartments in multi-storey blocks or houses built mainly for residential purposes; (ii) HS Urban Improvement Scheme flats (“UIS”); (iii) flats of Hong Kong Settlers Housing Corporation Limited; (iv) staff quarters purposely built/provided by government, hospitals, universities, schools and private companies, etc.; (v) villas, bungalows/modern village houses; (vi) simple stone structures/traditional village houses; and (vii) HOS/PSPS/MIHS/BRO/MSS/GSH/TPS/FFSS/SCHS/SSFP flats that can be traded in the open market.
4. **Temporary Housing** includes such temporary structures as roof-top structures, huts and places not intended for residential purposes (e.g. staircases, corridors).
5. Figures may not add up due to rounding.

(Source: Housing Authority; General Housing Survey, Census and Statistics Department)

Since the establishment of URA in May 2001, the residential property market was in general on the up cycle between 2003 and 2018, with prices surging around 5.8 times¹ during the period. The market sentiment weakened in the latter half of 2018 and moved up and down within a single-digit percentage change until the third quarter of 2021, when residential property prices began to decline, with minor corrections during the period.

In response to the years of soaring housing prices in 2000s, the Government introduced several rounds of cooling measures to ensure the healthy and stable development of the residential market. These measures were targeted to combat property speculation and to cool down the overheated market, prevent excessive expansion in mortgage lending, enhance transparency in the market and increase flat supply. In 2010, the Government amended the Stamp Duty Ordinance (Cap. 117) (the “**SDO**”) by introducing, on top of the current ADV, an SSD on residential properties for resale within 24 months at progressive rates depending on the resale period, the maximum rate being 15% for resale within 6 months. The overheated market condition persisted, and in 2012, the SSD rates were further increased to a maximum rate of 20% for resale within 6 months and extended the resale period to 36 months. Additionally, the Financial Secretary of Hong Kong introduced a BSD on residential properties; any residential property acquired by any person (including a company) except a Hong Kong permanent resident will be subject to the BSD. BSD is to be charged at a flat rate of 15% on all residential properties, on top of the existing stamp duty and SSD. In 2014, the AVD rates were increased for second home buyers and non-residential property transactions. The HKMA also carried out several rounds of prudential measures, including the lowering of the maximum LTV ratio and imposing of a stress test to further tighten the mortgage lending to borrowers.

Despite all these measures, the residential property prices continued to climb, reaching historical highs by mid-2015, and the number of transactions gradually declined. By then, the market saw a correction phase with prices dipping due to economic uncertainties and local stock market volatility, in particular, concerns over China’s economic slowdown and the impact of potential US interest rate hikes.

Nonetheless, the residential market revived rapidly in the second half of 2016 following some market consolidation. On 5 November 2016, the Government had further increased the AVD (also referred to as the NRSD) on residential property transactions to a new flat rate of 15% applicable to all buyers, except for Hong Kong permanent residents who do not own any residential property in Hong Kong. This was aimed to cool down the overheated property market and guard against the risks of a housing bubble.

Despite the newly imposed NRSD, residential market prices continued to climb under the improved economic sentiment, relatively low-interest rates and a tight housing demand-supply balance. In June 2018, the Government introduced six new housing initiatives, which were aimed to make subsidised sale flats more affordable, increase the supply of subsidised housing units, enhance support for transitional housing and encourage a timely supply of new private flats. To address the land supply shortage, the Government also committed to identifying and producing land to build an ample land reserve, and such strategies included the Kai Yi Chau Artificial Inlands, development of brownfield sites, land sharing and revitalisation of industrial buildings. In August 2018, a downturn in flat prices began, coupled by weakened market sentiment in the latter half of 2018. Flat prices had a slight pick up between late 2018 to May 2019, after which residential prices retreated as market sentiment was dampened by the weakening global economy, US-China trade tensions and local social incidents. The downward trend persisted throughout the rest of 2019.

¹ According to the residential property price index (all classes) published by the Rating and Valuation Department, residential price index was 397.8 in July 2018 and 57.9 in July 2003.

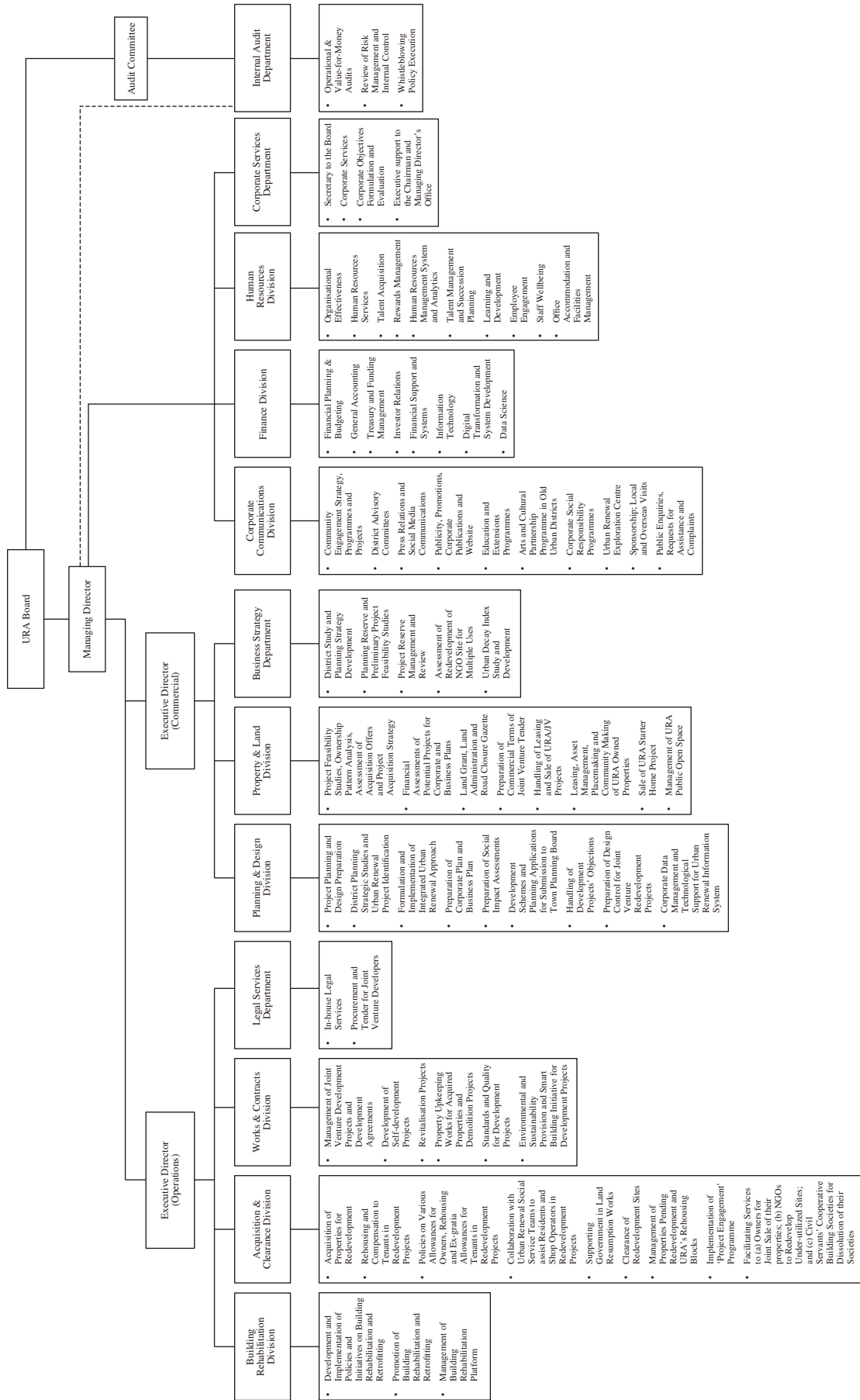
In early 2020, during the initial months of the COVID-19 pandemic, there was a further slowdown in the market, with cautious buyer sentiment and disrupted sales activities. However, the market started to show signs of stabilisation and recovery towards the latter part of 2020. Despite ongoing global uncertainties, the residential market in 2021 has shown resilience with a rebound in demand and prices supported by the recovery of local economy and low interest rate. In the Chief Executive's 2021 Policy Address, the Chief Executive mapped out the Government's Northern Metropolis Development Strategy, aiming to provide over 900,000 residential units in the long run and to transform the northern part of Hong Kong.

However, in 2022, the property prices have been dampened by the fifth wave of the COVID-19 pandemic, the outbreak of the Russia-Ukraine conflict and escalating geopolitical tensions. From March 2022 to July 2023, the US Federal Reserve started the interest rate hikes and raised the rate eleven times to 5.25%. These further tightened global financial conditions and the Hong Kong's Prime Rate also followed suit; HSBC raised the Prime Rate five times by a total of 0.875% since September 2022. Given the tightened capital liquidity, sluggish local demand due to uncertain global economic conditions and interest rate hikes, the residential market started to weaken in 2022. Cautious market sentiment led to the residential property prices dipping by 7% year-on-year by the end of 2023. In contrast, the rental market was upbeat, driven by the influx of talent via a newly introduced talent admission schemes, with the domestic rents recorded a year-on-year growth of 6% by end of 2023. The HKMA also made two rounds of increase to the LTV ratio, aiding first-time homebuyers via the Mortgage Insurance Programme in October 2019 and February 2022.

Subsequently, on 25 October 2023, the Government announced the adjustment of demand-side management measures for residential properties. The relevant adjustments included shortening the applicable period of the SSD from 36 months to 24 months, reducing the rates of the BSD and the NRSD by half, and introducing a stamp duty suspension arrangement for those talents from the talent admission schemes. Despite the aforesaid adjustments, the property price further slipped by 6% in February 2024. In response to market conditions and to further revive the property market, on 28 February 2024, the Government announced the removal of all demand-side management measures for residential properties, including SSD, BSD, and NRSD, with immediate effect. At the same time, the HKMA relaxed the LTV ratios for residential and non-residential mortgage loans and suspended the interest rate stress test requirement. A positive impact on the residential property price and transaction volume was initially observed. However, the impetus injected to the domestic sales market due to the cancellation of all demand-side management measures appeared short-lived, as prices thereafter resumed their downward trend during the year amid cautious sentiments due to uncertain economic outlook and tight financial liquidity. Nevertheless, the sales market was stabilised in the last quarter of 2024 due to successive interest rate cuts and adjustments to the loan-to-value and debt servicing ratios. Despite a 7.1% year-on-year decrease in domestic prices by December 2024, overall transaction volume comprising first-hand and second-hand transactions surged by 23% in 2024 from the preceding year. Especially, first-hand transaction volume boosted by 57% from the preceding year due to competitive pricing strategies by developers. The rental market outperformed the sales market, with rents growing by 3.3% year-on-year by December 2024, driven by an influx of talent from various talent admission schemes implement by the Government and a shift from home purchase to leasing.

In May 2025, the Government passed the Stamp Duty (Amendment) Bill 2025, which raises the maximum value of properties chargeable to the HK\$100 stamp duty from HK\$3 million to HK\$4 million. This adjustment aims to lessen the burden on buyers of lower priced properties.

Organisation Structure of the Urban Renewal Authority



MEMBERS OF THE BOARD AND MANAGEMENT

Members of the Board

The URA is governed by a Board appointed by the Chief Executive, currently comprising a Chairman and 22 other members including five legislative councillors, professionals and academics from various fields. The Managing Director, who is also the Deputy Chairman, and the two Executive Directors are Board members as are the Director of Buildings, the Director of Lands, the Director of Planning and the Deputy Director of Home Affairs (2). As the governing and executive body of the URA, the Board exercises and performs the powers and duties conferred and imposed on the URA by the URA Ordinance.

For the better carrying out of the purposes and powers of the URA, the Board has established eight standing committees, each chaired by a Board member and comprising other Board members and co-opted members with the relevant expertise and experience. These committees are the Audit Committee, the Development Project Objection Consideration Committee, the Finance Committee, the Land, Redhousing and Compensation Committee, the Planning, Development and Conservation Committee, the Human Resources and Remuneration Committee, the Review Committee and the Sustainability Committee.

Members	Positions in URA
Mr Chow Chung-kong, GBM, GBS, JP	Chairman; Chairperson of the Finance Committee; Chairperson of the Human Resources and Remuneration Committee
Mr Donald Choi Wun-hing, BBS JP	Managing Director; Deputy Chairman
Mr Wilfred Au Chun-ho	Executive Director
Ms Carolin Fong Suet-yuen	Executive Director
Mr William Chan Fu-keung, BBS	Non-Executive Director (Non-Official); Chairperson of the Review Committee
The Honourable Chan Hok-fung, MH, JP	Non-Executive Director (Non-Official)
Dr Chan Ka-kui, GBS, JP	Non-Executive Director (Non-Official); Chairperson of the Land, Redhousing and Compensation Committee
The Honourable Chan Kin-por, GBS, JP	Non-Executive Director (Non-Official)
Mr Chiu Kam-kuen	Non-Executive Director (Non-Official)
The Honourable Kwok Wai-keung, BBS, JP	Non-Executive Director (Non-Official)
Ir Janice Lai Wai-man	Non-Executive Director (Non-Official); Chairperson of the Audit Committee
Sr Alexander Lam Tsan-wing	Non-Executive Director (Non-Official); Chairperson of the Development Project Objection Consideration Committee
Mrs Sylvia Lam Yu Ka-wai, SBS	Non-Executive Director (Non-Official); Chairperson of the Planning, Development and Conservation Committee
Ms Lilian Law Suk-kwan, MH, JP	Non-Executive Director (Non-Official)
Ir The Honourable Michael Lee Chun-keung, JP	Non-Executive Director (Non-Official)
Ms Jasmine Lee Shun-yi	Non-Executive Director (Non-Official)
Ms Florence Leung Chi-hang	Non-Executive Director (Non-Official)
The Honourable Tony Tse Wai-chuen, BBS, JP	Non-Executive Director (Non-Official)
Ms Yvonne Yeung Kin-ha	Non-Executive Director (Non-Official); Chairperson of the Sustainability Committee

Members

Mr Ho Chun-hung, Director of Buildings
Mr Maurice Loo Kam-wah, JP, Director of Lands
Mr Tom Yip Chi-kwai, JP, Director of Planning
Mr Te Chi-wang, JP, Deputy Director of
Home Affairs (2)

Positions in URA

Non-Executive Director (Official)
Non-Executive Director (Official)
Non-Executive Director (Official)
Non-Executive Director (Official)

Mr Chow Chung-kong, GBM, GBS, JP

Mr Chow Chung-kong is Chairman of the Advisory Committee on Admission of Quality Migrants and Professionals of the Hong Kong Special Administrative Region, and an independent non-executive director of AIA Group Limited.

Mr Chow was previously a non-official member of the Executive Council of the Hong Kong Special Administrative Region (2012-2022), Chairman of the Board of the Hong Kong Exchanges and Clearing Limited (2012-2018), Chief Executive Officer of the MTR Corporation Limited (2003-2011) and Steward of the Hong Kong Jockey Club (2011-2020). Prior to his return to Hong Kong in 2003, Mr Chow was a global corporate executive managing companies in the United Kingdom, United States, Japan and Australia. He also served as an independent non-executive director of a number of large global corporations.

Mr Chow is a Chartered Engineer, with a Bachelor of Science degree and a Master of Science degree from the University of Wisconsin and the University of California respectively. He holds an MBA degree from the Chinese University of Hong Kong and attended the Advanced Management Program of Harvard Business School. He was awarded Honorary Doctor of Engineering degree by the University of Bath. He was knighted in the United Kingdom in 2000, and was awarded the Gold Bauhinia Star in 2015 and the Grand Bauhinia Medal in 2021.

Ar Donald Choi Wun-hing, BBS JP

Ar Donald Choi Wun-hing is a Registered Architect and Authorized Person. He was appointed as the Managing Director and Deputy Chairman of the URA with effect from June 2025.

Ar Choi was previously the Chief Executive Officer of Chinachem Group from 2018 to 2024. Prior to his retirement, Ar Choi was the Managing Director of the Nan Fung Group and a Director at Foster + Partners. He was the Authorized Person for the CLK HK International Airport and previously served as the Board Vice President of the Real Estate Developers Association of Hong Kong, Honorary Advisor of the Hong Kong PropTech Association, a Member of the Council for Carbon Neutrality and Sustainable Development, Advisory Committee Member of the HKTDC Infrastructure Development, Advisory Committee Member of PolyU Jockey Club Design Institute for Social Innovation, Member of the HKU Campus Development and Planning Committee, Land and Development Advisory Committee, Past President of the Hong Kong Institute of Architects, the Hong Kong Institute of Urban Design and the Hong Kong Institute of Real Estate Administrators. He also served as the Chairperson of the Construction Innovation and Technology Application Centre for six years and a Board Member of Business Environment Council, Habitat of Humanity Hong Kong, Hong Kong Green Building Council, Hong Kong Design Centre and the Hong Kong Science and Technology Parks Corporation.

Currently, Ar Choi is a Trustee of Rhode Island School of Design (RISD), an Adjunct Professor at both the University of Hong Kong and Hong Kong Polytechnic University and Professor of Practice at the School of Design. He is also an Advisor of Our Hong Kong Foundation, Urban Land Institute Asia Pacific Housing Council Member, a Member of the Antiquity Advisory Board, a member of the Hospital Governing Committee (HGC) of Hong Kong Eye Hospital & Kowloon Hospital and the Chairman of Sub-committee on Capital Works of the HGC of North District Hospital and an Honorary Advisor of Hong Kong Workers' Health Centre.

Mr Wilfred Au Chun-ho

Mr Wilfred Au is a Registered Architect and Authorized Person. He joined the URA in 2008 and assumed the position of Director (Planning and Design) in 2017 to oversee planning strategy and design development of urban renewal projects as well as Urban Renewal Information System development. He was appointed as Executive Director of URA with effect from July 2023.

Mr Au obtained his master's degrees in Architecture from the University of Hong Kong, and Construction and Real Estate from the Hong Kong Polytechnic University. Other than a qualified architect, he is also a professional member of the Hong Kong Institute of Architectural Conservationists.

Ms Carolin Fong Suet-yuen

Ms Carolin Fong Suet-yuen is a professional architect. She was appointed as Executive Director of the URA with effect from October 2022. Before joining the URA, she was the Director of Estates of the Hong Kong Baptist University from 2019 to 2022, the Director and Head of Sustainability of DLN Architects (HK) Ltd. from 2009 to 2019, and an Assistant Professor in the Department of Architecture of the University of Hong Kong from 2007 to 2009.

Ms Fong obtained her master's degree in Environmental Design in Architecture from the University of Cambridge. She is a fellow of the Hong Kong Institute of Architects, Registered Architect and Authorized Person, and holds the qualification of the PRC Class 1 Registered Architect.

Mr William Chan Fu-keung, BBS

Mr William Chan was a member of the Executive Directorate and the Human Resources Director of MTR Corporation Limited. He was responsible for human resource management, training and development, talent management for over 30,000 employees in Hong Kong and overseas. Prior to joining MTR, he held senior management positions in the public, commercial and utility sectors, including the Government, the Hong Kong Productivity Council, Hutchison Whampoa Limited and Hong Kong Telecommunications Limited.

During his employment, Mr Chan had served in a number of Government Statutory and Advisory Committees, including the Standing Committee on Disciplined Services Salaries and Conditions of Service, Pension Appeal Panel and Committee on Labour Relations under Labour Advisory Board.

Having worked for MTR for 23 years, Mr Chan retired in 2012. After retirement, Mr Chan was still active in community service. He was a Board Member of Hospital Authority from 2012 to 2018, the Chairman of Tuen Mun Hospital Governing Committee from 2014 to 2020, and Director of CUHK Medical Centre from 2020 to March 2025.

Currently, Mr Chan is the Independent Non-Executive Director of two listed companies, Stella International Holdings Limited and Analogue Holdings Limited. He is a member of Grantham Hospital Governing Committee. Mr Chan obtained a Bachelor of Social Science degree from the University of Hong Kong in 1971. He received the Bronze Bauhinia Star Award in 2014 for his meritorious community service and enhancement of professional human resource management standard in Hong Kong.

The Honourable Chan Hok-fung, MH, JP

Hon. Chan Hok-fung is currently a member of the LegCo for the geographical constituency of Hong Kong Island West. He is now the vice-chairman of Democratic Alliance for the Betterment and Progress of Hong Kong, as well as a member of the Court of the University of Hong Kong. Hon. Chan Hok-fung has previously served as a member of Appeal Panel (Housing) and a member of Harbourfront Commission. Hon. Chan has been an elected member of the Central and Western District Council for nine years and he was the vice-chairman of Central & Western District Council.

Dr Chan Ka-kui, GBS, JP

Dr Chan Ka-kui is the Immediate Past Chairman of the Construction Industry Council (“CIC”). He is a fellow member of the Hong Kong Institute of Surveyors with over 40 years of experience in the construction field.

During the tenure of his chairmanship between the years of 2016-2022, the CIC had successfully implemented various initiatives to improve the overall performance of the construction industry. It set up the Construction Industry Innovation and Technology Application Centre to promote adoption of advanced technology and to nurture a culture of innovation within the industry.

Dr Chan was appointed as the first Honorary Supervisor of the Hong Kong Construction Association in 2021 and conferred the degree of Doctor of Social Sciences honoris causa from the Hong Kong Metropolitan University in 2022 for his outstanding contribution to the Hong Kong construction industry.

The Honourable Chan Kin-por, GBS, JP

Hon. Chan Kin-por is currently a Member of the Executive Council of the Government, a LegCo Member (Insurance Functional Constituency) and the Deputy Chairman of the LegCo House Committee. He served as the Chairman of the LegCo Financial Committee for almost seven years and was formerly the Chairman of the LegCo Panel on Financial Affairs.

Hon. Chan has been appointed by the Government to many public roles. He currently serves as an Independent Non-Executive Director of the Hong Kong Exchanges and Clearing Limited; the Chairman of the Advisory Committee on Corruption, ICAC; a member of Honour and Non-official Justices of the Peace Selection Committee; a member of the Committee of the Presidium of the HKSAR of the 14th National People’s Congress. He also serves as a Director of the Chinese University of Hong Kong Medical Centre.

Hon. Chan was the first Chinese Chief Executive Officer of Munich Reinsurance Company’s Hong Kong Branch between 2005 and 2009. Before joining Munich Reinsurance Company, he had served Hang Seng Bank for 31 years in the businesses of retail banking, planning & development and Insurance business and his last position was the Assistant General Manager and Head of Insurance Group of Hang Seng Bank, responsible for the Bank’s General Insurance, Life Insurance and MPF businesses. Hon. Chan was an Independent Non-Executive Director of Bank of East Asia and the Chief Executive of Well Link Insurance Group Holdings Limited.

Hon. Chan. has been serving the insurance industry for long years. He was the Chairman of the Hong Kong Federation of Insurers, the Chairman of the Employees Compensation Insurer Insolvency Bureau, the Chairman of the General Insurance Council and the Chairman of the Chinese Insurance Association of Hong Kong. Hon. Chan is actively involved in public service. He was appointed as the Vice-Chairman of the Independent Police Complaints Council, a member of the Greater Pearl River Delta Business Council, a non-official member to the Commission on Strategic Development, the Director of the Hong Kong Mortgage Corporation Limited and a member of the Insurance Advisory Committee.

In 2005, Hon. Chan was appointed as a Justice of the Peace and was awarded the Gold Bauhinia Star in 2017 by the Government.

Hon. Chan is a Chartered Insurance Practitioner and an Associate of the Chartered Insurance Institute, UK.

Mr Chiu Kam-kuen

Mr Chiu Kam-kuen is the Chief Executive of Greater China at Cushman & Wakefield with over 40 years' experience in the real estate industry. He is the Past President and currently the Chairman of Housing Policy Panel and co-Chair of Working Group on Sustainability as well as the Vice Chairman of Mainland Affairs Committee of The Hong Kong Institute of Surveyors. He is also the Hong Kong representative at the International Valuation Standards Council. He was the non-executive member of the Royal Institute of Chartered Surveyors (RICS) APAC World Regional Board and now the Chair of RICS China Regional Advisory Board.

Appointed by the Government, Mr Chiu is currently a member of the Sub-committee on Planning, Land and Conservation of the Advisory Committee on the Northern Metropolis, a panel member of the Appeal Board Panel of Town Planning under Town Planning Ordinance, a member of the Estate Agents Authority under the Estate Agents Ordinance, a member of Antiquities Advisory Board, a committee member of Real Estate Investment Trusts of Securities and Futures Commission under the Securities and Futures Ordinance and Infrastructure Development Advisory Committee under Hong Kong Trade Development Council. In addition, he was a member of the Land and Development Advisory Committee under the Development Bureau (2021-2024) and a panel member of the Private Columbaria Appeal Board under the Private Columbaria Ordinance (2017-2023).

The Honourable Kwok Wai-keung, BBS, JP

Hon. Kwok Wai-keung is currently a member of LegCo representing the Labour Constituency. Hon. Kwok was a member of the LegCo representing Hong Kong Island Constituency from 2016 to 2021 and Labour Constituency from 2012 to 2016. He has also been a member of the Eastern District Council from 2008 to 2023. Hon. Kwok was also a member of Hong Kong Housing Authority from 2015 to 2021.

Hon. Kwok is now a member of the Lantau Development Advisory Committee, a member of Security and Guarding Service Industry Authority and the Chairman of Hong Kong Youth Power Association.

Ir Janice Lai Wai-man

Ir Janice Lai is a Member of the Hong Kong Institution of Engineers' Civil Discipline and Chartered Civil Engineer. She graduated from the University of California, Berkeley with a Bachelor's Degree and Master's Degree in Civil and Environmental Engineering.

Ir Lai has served on various Hong Kong Government's advisory and statutory bodies including Energy Advisory Committee, Town Planning Board, Harbourfront Commission, Land and Development Advisory Committee and Transport Advisory Committee since 2010. She currently is also the Chairperson of the Works and Development Committee of the Board of Management of the Chinese Permanent Cemeteries and Director of the Board of the Urban Renewal Fund.

Sr Alexander Lam Tsan-wing

Sr Alexander Lam is a professional General Practice Surveyor and holds a number of local and international professional qualifications, including Registered Professional Surveyor (General Practice), Fellow Member of The Hong Kong Institute of Surveyors, Fellow Member of The Royal Institution of Chartered Surveyors, Member of The Chartered Institute of Arbitrators, Registered China Real Estate Appraisers and Member of China Institute of Real Estate Appraisers and Agents. Sr Lam has extensive experience in real estate development. He set up ATWL International Consultancy Ltd in 2003 and has been focusing on retail planning for mixed-use development projects in China for many years.

Sr Lam has been actively serving the Hong Kong Institute of Surveyors (HKIS). He has been elected as Council Member of General Council (2017-2025), Honorary Treasurer (2023-2025), Committee Member of Surveyors Registration Board (2017-2025), Assessment of Professional Competence Assessor of General Practice Division (GPD). He was the Chairman of GPD Annual Conference 2022 Organizing Committee, Chairman of HKIS Best Development and Conservation Awards 2021 Organizing Committee, Honorary Secretary of HKIS General Council (2018-2019), China Institute of Real Estate Appraisers and Agents (2003-2021). He is also a Member of HKSAR Appeal Tribunal Panel (Buildings), External Examiner of SPEED of The Hong Kong Polytechnic University and Fellow Member of Institute of Shopping Centre Management.

He is also the Honorary Advisor of Property and Works Committee of Po Leung Kuk (since 2019) and a Committee Member of The Chinese General Chamber of Commerce (1994-2023).

Mrs Sylvia Lam Yu Ka-wai, SBS

Born and educated in Hong Kong, Mrs Lam is an architect by profession and is the former Director of the Architectural Services Department of the Hong Kong Government.

After her retirement, Mrs Lam continues to link up with the professional circle, the construction industry and the community in other capacities. Besides being one of the Board Members for the URA, she is also a Board Member for the Hospital Authority, the Vice-Chairperson of the Maryknoll Convent School Foundation, the Honorary Architect of the Chinese University of Hong Kong and the Honorary Auditor of the Hong Kong Institute of Architects.

Ms Lilian Law Suk-kwan, MH, JP

Ms Lilian Law is currently serving as a member in various statutory and government advisory committees including Town Planning Board, Community Investment & Inclusion Fund, Urban Renewal Fund, Community Care Fund Task Force, Commission on Poverty and convenor of Sub-committee on Promotion of Student & Youth Volunteering of Social Welfare Department.

Before Ms Law's retirement, she was the Executive Director of the Boys' & Girls' Clubs Association of Hong Kong which has been serving Hong Kong for more than 80 years with approximately 1,000 staff. She was also an Adjunct Associate Professor for the Master course on Social Service Management of the University of Hong Kong in the Department of Social Work and Social Administration.

Ms Jasmine Lee Shun-yi

Ms Jasmine Lee is the Managing Partner for EY Hong Kong and Macau and has previously led EY's Financial Services practice in Hong Kong and managed numerous significant business development initiatives for financial institutions in Hong Kong and Macau. Ms Lee is currently the Vice President of the Hong Kong Institute of Certified Public Accountants, the President of the Association of Women Accountants (Hong Kong), the Chair of the Professional Accounting Sector of the Guangdong-Hong Kong-Macau Bay Area Economic and Trade Association and the Chair of the Finance Task Force at the Golden Age Foundation. She also holds council member positions at the Hong Kong Association of Registered Public Interest Entity Auditors and the Hong Kong Management Association.

Ms Lee also holds various position in public service including the Executive Committee Member of the Guangdong Provincial Women's Federation, an appointed member of the Government's Securities and Futures Commission Process Review Panel, the Mandatory Provident Fund Schemes Authority Process Review Panel, the Air Transport Licensing Authority, the Resolution Compensation Tribunal and the Investment Task Force of the Construction Industry Council. She is also the Chairman of the Accountancy Training Board of the Vocational Training Council.

Ir The Honourable Michael Lee Chun-keung, JP

Ir Hon. Michael Lee has been a member of the LegCo of the Hong Kong Special Administrative Region for the constituency of Election Committee since 2022. Ir Hon. Lee has been appointed as member of the 14th National Committee of the Chinese People's Political Consultative Conference and a Justice of the Peace in 2023.

Ir Hon. Lee is serving various public services, including a Member of Appeal Board (Bedspace Apartments) of the Home and Youth Affairs Bureau, a Member of Appeal Panel (Property Management Services) of the Home Affairs Department, a Member of the Committee on Taxi Service Quality and the Consultant of the Hong Kong Taxi Council. He had previously served as an elected member of the Eastern District Council for 8 years.

Ms Florence Leung Chi-hang

Ms Florence Leung had worked for over 26 years with Hong Kong Exchanges and Clearing Limited before retiring in 2024. During her employment with the Hong Kong Exchanges and Clearing Limited, she had served as Deputy General Counsel and Head of the Legal Services Department. Prior to becoming an in-house counsel, she had worked as an associate at Baker McKenzie.

Ms Leung holds a Bachelor of Science Degree in Nutritional Sciences from the University of Toronto and a Postgraduate Certificate in Laws from the University of Hong Kong. She was admitted as a solicitor in Hong Kong and in England and Wales in 1994 and 1995 respectively.

Ms Leung is also currently a member of the Board of Governors of Hong Kong Sinfonietta Limited.

The Honourable Tony Tse Wai-chuen, BBS, JP

Hon. Tony Tse Wai-chuen is currently a member of the LegCo for the Architectural, Surveying, Planning and Landscape functional constituency. He is a Fellow of the Hong Kong Institute of Surveyors, Founding President of Hong Kong Property and Facilities Management Association of the Greater Bay Area, the Standing Committee on Disciplined Services Salaries and Conditions of Service and member of Advisory Committee on the Northern Metropolis. Hon. Tse has been awarded the Bronze Bauhinia Star in 2014 and has been appointed as member of the 13th National Committee of the Chinese People's Political Consultative Conference in 2018 and a Justice of the Peace in 2020.

After graduating from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in 1976, Hon. Tse joined the Hong Kong Government's then Public Works Department as Estate Surveyor Graduate and had served in the Department for 12 years. His last position held was Senior Estate Surveyor. Thereafter, he has held senior positions in several public organisations and private enterprises in Hong Kong. He has set up property development consultant companies in recent years and is now the Founder and Director of Brand Star Ltd.

Hon. Tse has been engaged in the property development field for almost 50 years. Besides being active in the development circle, he participates enthusiastically in public affairs and has been appointed to public services by the Hong Kong Government on many occasions, including Chairperson of the Property Management Services Authority, member of the Land and Building Advisory Committee and Town Planning Board, Vice-Chairman of the Independent Police Complaints Council, Chairman of VTC Real Estate Services Training Board, the Court of Lingnan University and Chairman of HKTDC Infrastructure Development Advisory Committee, etc. He has also been appointed Chairman of the Surveyors Registration Board in 2002-2003, elected as President of the Hong Kong Institute of Surveyors in 2003-2004, and member of the 5th LegCo for the Architectural, Surveying and Planning functional constituency in 2012.

Ms Yvonne Yeung Kin-ha

Ms Yvonne Yeung is the Chief Executive of Hong Kong Young Women's Christian Association ("YWCA"), and proactively explores innovative services to meet with the ever-changing social needs. Services provided by Hong Kong YWCA include youth development, women service & family service, Christian ministry, membership service, aged care, primary and community health service, early childhood education, career development & continuing education, social business & hospitality etc.

Previously she had worked as a Financial Consultant in banking industry and later established a social enterprise to create job opportunities for disadvantaged people. She has been actively engaging in enhancing social impact via cross-sector collaboration. Her volunteer services include Chairperson of Standing Committee on Sector Development & Finance and Strategy Committee on Talent Development of the Hong Kong Council of Social Service, Council Member of Hong Kong Social Welfare Sector Heart to Heart Joint Action, Non-Official Non-Executive Director of the Board of URA, Member of the District Health Centre Scheme Liaison Committee, Advisor of Our Hong Kong Foundation, Panel Member of Human Organ Transplant Board, Department of Health, Ex-officio Member of Advisory Committee for the PHARM+ Community Medication Service Network, Carer Space Project, Community eHealth Care Project and JoyAge Project of the Hong Kong Jockey Club Charities Trust. She was also Associate Member of the Central Policy Unit, Member of the Women's Commission, Member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption and Member of Advisory Committee on Enhancing Self-Reliance Through District Partnership Programme of Home Affairs Department. She was awarded as the JESSICA Most Successful Women 2022.

Ms Yeung holds a Master's degree in Business Administration, a Bachelor's degree in Business Administration and a Bachelor's degree in Psychology. Afterwards she completed Executive Education programmes at Harvard Business School, Harvard University and Singapore National University Business School.

Mr Ho Chun-hung, JP

Mr Ho has been working in the Buildings Department for over 30 years administering the Buildings Ordinance for the control of new private developments and existing private buildings. Mr Ho is a professional building surveyor. He holds a Bachelor of Science Degree in Building Surveying and a Masters Degree in Public Administration.

Mr Maurice Loo Kam-wah, JP

Mr Maurice Loo joined the Administrative Service in July 1996. He has served in various bureaux and departments, including the former Home Affairs Branch, the former Transport Branch, the Home Affairs Department, the former Planning, Environment and Lands Bureau, the former Environment and Food Bureau, the Civil Service Bureau, the Innovation and Technology Commission, the former Commerce, Industry and Technology Bureau and the Hong Kong Economic and Trade Office in Washington D.C.

He was Principal Assistant Secretary (Financial Services) from April 2011 to June 2014, Deputy Secretary for Development (Planning and Lands) from July 2015 to August 2020, and Deputy Secretary for Financial Services and the Treasury (Treasury) from August 2020 to September 2024. Mr Loo has been serving as Director of Lands since 5 September 2024.

Mr Tom Yip Chi-kwai, JP

Mr Tom Yip is a professional town planner and a member of the Hong Kong Institute of Planners. He has been working in the Government for over 30 years. He leads the Planning Department to formulate territorial planning policies and development strategies and provide a rational pattern of land use to guide the developments in Hong Kong.

Mr Te Chi-wang, JP

Mr Te Chi-wang joined the Administrative Service of the Government of the Hong Kong Special Administrative Region in 2002. He served in various Government bureaux and departments, including the Chief Executive's Office, the Financial Secretary's Office, the Financial Services and the Treasury Bureau, the then Commerce and Industry Bureau, the Transport and Logistics Bureau, the Constitutional and Mainland Affairs Bureau and the Civil Service Bureau. He was seconded to the European Commission in 2009.

Mr Te took up the present post of Deputy Director of Home Affairs in November 2022. His major responsibilities include overseeing the policy on district governance and supervising the work of nine district offices in the urban districts.

Management

Members of the Issuer's senior management team are:

Mr Donald CHOI Wun-hing	Managing Director
Mr Wilfred AU Chun-Ho	Executive Director, Commercial
Ms Carolin FONG Suet-yuen	Executive Director, Operations
Mr Christopher Ian HUI	Director, Finance
Ms Winnie KOO Wai-yee	Director, Property & Land
Mr Anderson LEUNG Tak-ming	Director, Works & Contracts
Ms Carmen LOK Wai-man	Director, Corporate Communications
Mr Lawrence MAK Chung-kit	Director, Planning & Design
Ms Janet TANG Kit-ching	Director, Legal Services
Mr Kelvin CHUNG Kin-keung	Director, Acquisition & Clearance
Ms Patricia YEUNG Lai-wah	Director, Human Resources
Mr Peter WONG Se-king	Director, Building Rehabilitation

CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

The following table sets forth the Issuer's consolidated capitalisation and indebtedness as derived from its audited consolidated financial statements as at and for the year ended 31 March 2025:

	As at 31 March 2025
	HK\$'000
Capital and surplus	
Capital	10,000,000
Accumulated surplus	33,640,089
Total capital and surplus	43,640,089
Non-current liabilities	
Debt securities issued	13,461,364
Total Capitalisation⁽¹⁾	57,101,453

Note:

(1) Total capitalisation includes non-current liabilities and total capital and surplus.

Save for the issue on 16 May 2025 of HK\$1,900,000,000 3.10 per cent. Notes due 2030, there has been no material change in the Issuer's total capitalisation and indebtedness since 31 March 2025.

BOOK-ENTRY CLEARANCE SYSTEMS

*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 believe to be reliable, but none of the Issuer, any Dealer nor any Arrangers 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. None of 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. Information in this section has been derived from the Clearing Systems.*

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

Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are world-wide are financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

CMU

The CMU is a central depositary 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 Instruments**”) which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available for CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to financial institutions regulated by the HKMA, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU’s custodial services, please refer to the CMU Reference Manual.

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

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

Book-Entry Ownership

Bearer Notes

The Issuer has made 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 Bearer Global Note and/or a Permanent Bearer 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 Bearer Global Note or a Permanent Bearer Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream.

Registered Notes

The Issuer has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Registered Global Note. Each Series of Registered Notes will have an International Securities Identification Number (“**ISIN**”) and a Common Code, or a CMU Instrument Number. Investors in Notes of such Series may hold their interests in a Registered Global Note through Euroclear or Clearstream. Registered Global Notes may also be deposited with a sub-custodian for the HKMA as operator of the CMU.

TAXATION

The following is a general description of certain tax considerations relating to the Notes 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 or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those jurisdictions or elsewhere.

Prospective purchasers of the Notes should consult their own tax advisers as to which jurisdiction's tax laws could be relevant to acquiring, holding and disposing of the 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 jurisdictions. It is emphasised that neither the Issuer, the Group, the Dealers nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the “**Amendment Ordinance**”) came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the 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.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

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

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

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes *provided that* either:

- (i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Registered Notes constitute loan capital (as defined in the SDO).

With effect from 17 November 2023, if stamp duty applies to the transfer of Registered Notes require to be registered in Hong Kong and which are not otherwise exempt it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under “*Terms and Conditions of the Notes — Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the previously issued Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Summary of Programme Agreement

The Dealers have, in an amended and restated programme agreement dated 24 June 2024 (as further amended and/or supplemented and/or restated from time to time, the “**Programme Agreement**”), agreed with the Issuer a basis on 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*”. Under the terms of the Programme Agreement, the Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Dealers for certain of its expenses incurred and certain of their activities in connection with the update of the Programme.

The Issuer 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.

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 and certain of their respective affiliates may have performed, and may in the future perform, certain investment banking and advisory services for the Issuer and/or its 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 and/or its affiliates in the ordinary course of their business.

In the ordinary course of their various business activities, the relevant Dealers and/or their respective affiliates may enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). The relevant Dealers and/or their respective affiliates may place orders for, purchase and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution (and such order, purchase and allocation may represent a substantial or significant portion of the total orders or total amount of Notes issued). Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Notice to Capital Market Intermediaries and Prospective Investors pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct — 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, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, 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 or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIIs 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.

CMIIs 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 CMIIs). CMIIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIIs 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. CMIIs should not place “X-orders” into the order book.

CMIIs 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.

CMIIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIIs 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 CMIIs.

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 Dealer(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, CMIIs (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:

- (a) The name of each underlying investor;
- (b) A unique identification number for each investor;
- (c) Whether an underlying investor has any “Associations” (as used in the SFC Code);
- (d) Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- (e) Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Dealers 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, 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 CMIs (including private banks) are required to provide the relevant Dealers with such evidence within the timeline requested.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

The Notes are being offered and sold only outside the United States in reliance on, and in compliance with, Regulation S.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme 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:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) *Approved prospectus*: if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified Investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

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

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any 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 “**Prospectus Regulation**” means Regulation (EU) 2017/1129, as amended.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) 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; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) *Approved prospectus*: if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the Financial Conduct Authority, provided that any such prospectus has subsequently been completed by Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or the Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) *Qualified Investors*: at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) *Other exempt offers*: at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision the expression an “**offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other UK regulatory restrictions

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

(a) *No deposit-taking*: in relation to any Notes having 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:

(A) 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

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) *Financial promotion*: 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; and

(c) *General compliance*: 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

In relation to each Tranche of Notes to be issued by the Issuer under the Programme, 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) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”), other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

The People’s Republic of China

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan) or to residents of the PRC as part of the initial distribution of the Notes unless such offer or sale is made in compliance with all applicable laws and regulations of the PRC.

Japan

Each Dealer has understood, and each further Dealer appointed under the Programme will be required to understand, that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No 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 and each further Dealer appointed under the Programme will be required to agree that it will, to the best of its knowledge and belief, comply with all applicable securities laws, regulations and directives in force in each jurisdiction in which it purchases, offers, sells or delivers Notes or possesses and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries or distributes this Offering Circular, any other offering material or any Pricing Supplement and neither the Issuer, nor any other Dealer shall have responsibility therefor.

Neither the Issuer nor any of 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.

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, such offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the establishment of the Programme and the issue of the Notes thereunder. The establishment of the Programme have been duly authorised by resolutions of the Board of the Issuer dated 23 June 2009. The update of the Programme, the issue of the Notes thereunder and the issue of this Offering Circular have been duly authorised by resolutions of the Board of the Issuer dated 25 April 2024 and the approval of the Financial Secretary which was notified to the Issuer in a letter dated 13 July 2023.
- (2) Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer or of the Group since 31 March 2025 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 March 2025.
- (3) The Issuer is not and has not been involved in any litigation or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer or the Group.
- (4) Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (5) 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 for the 12-month period after the date of this Offering Circular 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. Notes to be listed on the Hong Kong Stock Exchange are required to have a denomination of at least HK\$500,000 (or equivalent in other currencies).
- (6) For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be (a) available during normal business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday, other than public holidays) for inspection from the specified office of the Paying Agent for the time being in Hong Kong following prior written request and proof of holding and identity to the satisfaction of the Paying Agent; or (b) provided by the Paying Agent via email to the relevant Noteholders following prior written request and proof of holding and identity satisfactory to the Paying Agent, and in each case, provided that the Paying Agent has been supplied with the relevant documents by the Issuer. The items listed at (iv), (v), (vi) and (vii) are also available at the headquarters of the URA:
 - (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Notes, the Coupons, the Receipts and the Talons);
 - (ii) the Programme Agreement;
 - (iii) the Deed of Covenant;

- (iv) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 March 2024 and 31 March 2025 (the Issuer currently prepares audited consolidated financial statements on an annual basis and does not prepare annual non-consolidated financial statements other than the balance sheet);
 - (v) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements of the Issuer (if any) from time to time;
 - (vi) a copy of this Offering Circular; and
 - (vii) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer or the relevant Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.
- (7) Notes have been accepted for clearance through the Euroclear and Clearstream systems. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. The Issuer may also apply to have Notes accepted for clearance through the CMU Service. The relevant CMU Instrument Number will be specified in the applicable Pricing Supplement. If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.
- (8) The consolidated financial statements of the Issuer as at and for the years ended 31 March 2024 and 2025 included in this Offering Circular have been audited by its independent auditor, KPMG, Certified Public Accountants, as stated in their reports appearing therein.

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- (1) The Independent Auditor’s Report on the consolidated financial statements of the Issuer set out herein is reproduced from the Issuer’s financial statements for the year ended 31 March 2025, and page references included in the Independent Auditor’s Report refer to pages set out in such financial statements. The consolidated financial statements have not been specifically prepared for inclusion in this Offering Circular.
- (2) The Independent Auditor’s Report on the consolidated financial statements of the Issuer set out herein is reproduced from the Issuer’s financial statements for the year ended 31 March 2024, and page references included in the Independent Auditor’s Report refer to pages set out in such financial statements. The consolidated financial statements have not been specifically prepared for inclusion in this Offering Circular.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BOARD OF THE URBAN RENEWAL AUTHORITY
(Incorporated in Hong Kong under the Urban Renewal Authority Ordinance)**

Opinion

We have audited the consolidated financial statements of Urban Renewal Authority (the "Authority") and its subsidiaries (together the "Group") set out on pages 9 to 56, which comprise the consolidated statement of financial position as at 31 March 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of 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 matter

Key audit matter is the matters that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BOARD OF THE URBAN RENEWAL AUTHORITY
(Incorporated in Hong Kong under the Urban Renewal Authority Ordinance)
(CONTINUED)

Valuation of properties under development and property, plant and equipment	
<i>(Refer to notes 6(a), 8 and 9 to the consolidated financial statements and accounting policy notes 2(g), 2(h)(ii) and 2(k))</i>	
The Key Audit Matter	How the matter was addressed in our audit
<p>Properties under development and property, plant and equipment are the major assets of the Group, which accounted for 46% and 12% of the Group's total assets, respectively.</p> <p>Recent economic environment in Hong Kong could lead to volatility on property valuations and therefore it would result in an indication of impairment for the properties held by the Group (including those under property, plant and equipment). Impairment assessments have been performed to determine the recoverable amounts of these assets. The recoverable amounts of these assets are primarily determined based on their fair value less costs of disposal, and the valuations of such are performed by management with the assistance of an external valuer. Such valuations involve significant management judgement and estimation, particularly in determining prevailing market rents, capitalisation rates, market selling prices and/or estimated costs to completion (for properties under development) where applicable.</p> <p>We identified the valuation of properties under development and property, plant and equipment as a key audit matter because the valuations of these assets involves significant judgement and estimation, which increase the risk of error or potential management bias.</p>	<p>Our audit procedures to assess the valuation of properties under development and property, plant and equipment included the following:</p> <ul style="list-style-type: none"> • Obtaining and reading the valuations prepared by management with the assistance of the external valuer; • meeting the management and external valuer to discuss the valuation methodologies and the key assumptions adopted in the valuations of the underlying properties, including prevailing market rents, capitalisation rates, market selling prices and/or estimated costs to completion (for properties under development) where applicable adopted in the valuations of the underlying properties; • assessing the competence, capabilities and objectivity of the external valuer in the properties being valued; and • with the assistance of our internal property valuation specialists, assessing the appropriateness of the valuation methodologies adopted with reference to the requirements of the prevailing accounting standards and the reasonableness of the market rents, capitalisation rates, market selling prices and/or estimated costs to completion (for properties under development) where applicable, with available market data and/or government statistics, on a sample basis.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BOARD OF THE URBAN RENEWAL AUTHORITY
(Incorporated in Hong Kong under the Urban Renewal Authority Ordinance)
(CONTINUED)**

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

The Board members 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 Report of the Members of the Board prior to the date of this auditor's report and expect the remaining other information 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 the Board members for the consolidated financial statements

The Board members are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the Board members 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 Board members 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 Board members either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Board members 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 18 of the Urban Renewal Authority 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.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BOARD OF THE URBAN RENEWAL AUTHORITY
(Incorporated in Hong Kong under the Urban Renewal Authority Ordinance)
(CONTINUED)**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, 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 Board members.
- Conclude on the appropriateness of the Board members' 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BOARD OF THE URBAN RENEWAL AUTHORITY
(Incorporated in Hong Kong under the Urban Renewal Authority Ordinance)
(CONTINUED)**

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

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 Chan, Terence Tin Hang (practicing certificate number: P08060).

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
19 June 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2025

(expressed in Hong Kong Dollars)

	<i>Note</i>	2025 \$'000	2024 \$'000
Revenue	5(a)	253,959	3,023,922
Direct costs		<u>(131,260)</u>	<u>(3,599,198)</u>
Gross surplus/(deficit)		122,699	(575,276)
Other income, net	5(b)	1,144,521	1,023,515
Administrative expenses		(736,042)	(675,779)
Other expenses		<u>(571,689)</u>	<u>(603,490)</u>
Operating deficit before provision for impairment on properties and committed projects		(40,511)	(831,030)
Provision for impairment on properties and committed projects, net	6(a)	<u>(2,678,910)</u>	<u>(3,089,252)</u>
Operating deficit before income tax	6	(2,719,421)	(3,920,282)
Income tax expenses	7(a)	<u>—</u>	<u>—</u>
Deficit and total comprehensive income for the year		<u><u>(2,719,421)</u></u>	<u><u>(3,920,282)</u></u>

The notes on pages 14 to 56 form part of these consolidated financial statements.

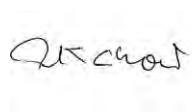
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2025

(expressed in Hong Kong Dollars)

		2025	2024
	<i>Note</i>	<i>\$'000</i>	<i>\$'000</i>
Non-current assets			
Property, plant and equipment	8	7,616,116	7,883,903
Properties under development	9	28,329,072	21,048,425
Building rehabilitation loans	10	2,171	3,354
Prepayments		1,415,538	604,740
Investments	11	–	550,000
Bank deposits	12	834,857	–
		<u>38,197,754</u>	<u>30,090,422</u>
Current assets			
Properties held for sale	13	478,464	517,512
Properties under development for sale	9	1,314,801	1,121,976
Amounts due from joint development projects	14	35,349	17,521
Building rehabilitation loans	10	1,701	2,443
Trade and other receivables	15	571,846	447,429
Investments	11	550,000	1,100,000
Cash and bank balances	12	19,788,981	16,543,514
		<u>22,741,142</u>	<u>19,750,395</u>
Total assets		<u>60,938,896</u>	<u>49,840,817</u>
Capital and reserve			
Capital	16	10,000,000	10,000,000
Accumulated surplus		33,640,089	36,359,510
		<u>43,640,089</u>	<u>46,359,510</u>
Non-current liabilities			
Trade and other payables	17	366,819	400,806
Bonds issued	18	13,461,364	499,111
		<u>13,828,183</u>	<u>899,917</u>
Current liabilities			
Amounts due to joint development projects	14	280,021	256,653
Trade and other payables	17	2,691,005	2,324,737
Bonds issued	18	499,598	–
		<u>3,470,624</u>	<u>2,581,390</u>
Total capital, reserve and liabilities		<u>60,938,896</u>	<u>49,840,817</u>

Approved by the Board
on 19 June 2025



CHOW Chung-kong
Chairman



Carolin FONG Suet-yuen
Executive Director

The notes on pages 14 to 56 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2025

(expressed in Hong Kong Dollars)

		2025		2024	
	Note	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Operating deficit before income tax		(2,719,421)		(3,920,282)	
Adjustments for:					
Interest income	5(b)	(933,569)		(890,008)	
Depreciation	6(a)	237,046		227,959	
Interest expenses	6(a)	996		1,067	
Gain on disposals of property, plant and equipment	5(b)	(5)		–	
Net foreign exchange loss		3,812		29,259	
Provision for impairment on properties and committed projects, net		<u>2,678,910</u>		<u>3,089,252</u>	
Operating deficit before working capital changes		(732,231)		(1,462,753)	
Changes in balances with joint development projects		5,540		21,984	
Increase in properties under development		(9,710,978)		(4,940,471)	
Decrease in properties held for sale		39,048		444,493	
Decrease in building rehabilitation loans		1,925		2,866	
Increase in prepayments		(928,627)		(18,188)	
Decrease/(increase) in trade and other receivables		10,851		(47,411)	
Increase in trade and other payables		<u>320,241</u>		<u>11,083</u>	
Cash used in operations		(10,994,231)		(5,988,397)	
Interest received		798,301		960,090	
Interest paid		<u>(227,395)</u>		<u>(20,928)</u>	
Net cash used in operating activities		(10,423,325)		(5,049,235)	

The notes on pages 14 to 56 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 March 2025

(expressed in Hong Kong Dollars)

		2025	2024
	Note	\$'000	\$'000
Cash flows from investing activities			
(Increase)/decrease in bank deposits with original maturities of more than 3 months		(3,200,634)	4,109,543
Payment for purchases of property, plant and equipment		(9,255)	(9,772)
Redemption of investments at amortised cost		1,100,000	1,150,000
Proceeds from disposals of property, plant and equipment		5	—
Net cash (used in)/generated from investing activities		(2,109,884)	5,249,771
Cash flows from financing activities			
Redemption of bonds	12	—	(300,000)
Proceeds from issuance of bonds	12	13,500,000	—
Issuing costs of issuance of bonds	12	(43,015)	—
Capital element of lease rentals paid	12	(37,386)	(37,825)
Interest element of lease rentals paid	12	(2,886)	(3,564)
Net cash generated from/(used in) financing activities		13,416,713	(341,389)
Net increase/(decrease) in cash and cash equivalents		883,504	(140,853)
Cash and cash equivalents at 1 April		1,448,858	1,616,755
Exchange gain/(loss) on cash and cash equivalents		10	(27,044)
Cash and cash equivalents at 31 March		2,332,372	1,448,858
Analysis of cash and bank balances			
Cash and cash equivalents		2,332,372	1,448,858
Bank deposits with original maturities of more than 3 months		18,291,466	15,094,656
Cash and bank balances at 31 March	12	20,623,838	16,543,514

The notes on pages 14 to 56 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2025

(expressed in Hong Kong Dollars)

	Capital \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2023	10,000,000	40,279,792	50,279,792
Deficit and total comprehensive income for the year	—	(3,920,282)	(3,920,282)
Balance at 31 March 2024	<u>10,000,000</u>	<u>36,359,510</u>	<u>46,359,510</u>
Balance at 1 April 2024	10,000,000	36,359,510	46,359,510
Deficit and total comprehensive income for the year	—	(2,719,421)	(2,719,421)
Balance at 31 March 2025	<u>10,000,000</u>	<u>33,640,089</u>	<u>43,640,089</u>

The notes on pages 14 to 56 form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

1. General information

The Urban Renewal Authority (the “Authority”) is a statutory body established by the Government of the Hong Kong Special Administrative Region (“Government”) under the Urban Renewal Authority Ordinance (Chapter 563). The principal activities of the Authority and its subsidiaries (the “Group”) have been to promote urban renewal in Hong Kong by way of redevelopment, rehabilitation, retrofitting, preservation and revitalisation. As a result of the Urban Renewal Strategy promulgated on 24 February 2011, the Group is to focus on redevelopment and rehabilitation as its core business.

The address of the Authority is 26/F, COSCO Tower, 183 Queen’s Road Central, Hong Kong.

As part of the financial support for the Authority, the Government has agreed that all urban renewal sites for new projects set out in the Corporate Plans and Business Plans of the Authority, approved by the Financial Secretary (“FS”) from time to time, may in principle be granted to the Authority at nominal premium, subject to satisfying FS of the need therefor.

2. Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) *Basis of preparation of the financial statements*

The consolidated financial statements have been prepared under the historical cost convention and comply with all applicable HKFRS Accounting Standards (“HKFRSs”) (which include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(b) *Relevant standards effective in the current year*

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* (“2022 amendments”).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(b) *Relevant standards effective in the current year (Continued)*

Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*

Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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.

(c) *Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2025*

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2025 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	1 January 2025
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

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 consolidated financial statements, except for HKFRS 18, where the presentation and disclosures of the consolidated financial statements are expected to change.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(d) *Basis of consolidation*

The consolidated financial statements include the financial statements of the Authority and all its subsidiaries made up to 31 March.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All intercompany transactions, balances and cash flows within the Group are eliminated in full on consolidation.

In the Authority's statement of financial position, investments in subsidiaries are stated at cost less any provision for impairment losses (see Note 2(h)). Any such provisions are recognised as an expense in profit or loss.

(e) *Revenue recognition*

Revenue is recognised 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.

Further details of the Group's revenue and other income recognition policies are as follows:

- (i) Income from sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in contract liabilities (see Note 2(f)).
- (ii) Where the Group receives its share of surplus from property development projects undertaken as joint development projects, sharing of such surplus is recognised in accordance with the terms of the joint development agreements, unless the control of the underlying properties under development have not been transferred. Proceeds received in advance from sale of properties of joint development projects prior to their completion are included in trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(e) *Revenue recognition (Continued)*

Further details of the Group's revenue and other income recognition policies are as follows:
(Continued)

- (iii) When the developer is obligated to settle the upfront premium to the Group at the inception of joint development agreement, such upfront premium is recognised as revenue when the Group has no further substantial acts to complete. Generally, such revenue is recognised as soon as the Group has performed its obligations in respect of the upfront premium and it has become non-refundable/non-cancellable.
- (iv) Interest income is recognised on a time-proportion basis using the effective interest method.
- (v) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, 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 recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.
- (vi) Income from Urban Redevelopment Facilitating Services Company Limited is recognised upon completion of the sale of the properties by the owners in accordance with the terms of the sale agreement.

(f) *Contract liabilities*

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(e)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(i)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(g) *Property, plant and equipment*

Building comprises rehousing blocks, preservation properties, retained properties, and commercial premises held for self-use. Rehousing blocks represent properties held by the Group for the intended purpose of providing interim accommodation for affected tenants of development projects who are normally charged a rent which is substantially below the market value, with a view to assist primarily the dispossessed tenants who are yet to obtain public housing units. Preservation properties are properties that are of historical or architectural interest to be preserved by the Group. Retained properties represent redeveloped properties held by the Group for conserving the cultural characteristics of the projects before redevelopment and receives rental income.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (see Note 2(h)). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Amortisation on interests in leasehold land and depreciation on other assets is calculated to write off their costs less residual values, if any, over their anticipated useful lives on a straight line basis as follows:

Interests in leasehold land	–	Over the period of the unexpired lease
Buildings	–	50 years or over the period of the unexpired lease if less than 50 years
Leasehold improvements	–	Office: 10 years or over the life of the respective lease, whichever is the shorter Non-office: 50 years or over the period of the unexpired terms of the leases if less than 50 years
Plant and machinery	–	10 years
Motor vehicles	–	4 years
Furniture and office equipment	–	3 to 5 years
Properties leased for own use	–	Over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2(h)).

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount. These are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit loss (“ECLs”) on the following items:

- financial assets measured at amortised cost (including cash and bank balances, trade receivables, investments at amortised cost, financial assets included in prepayments, deposits and other receivables, building rehabilitation loans and amounts due from joint development projects); and
- lease receivables.

Financial assets measured at fair value, including investments measured at fair value through profit or loss (“FVPL”), are not subject to the ECLs assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected 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).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECLs model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(i) Financial assets and liabilities

The Group classifies its financial assets in the following categories: financial assets measured at amortised cost, at FVPL and at fair value through other comprehensive income (“FVOCI”). The classification of the financial asset is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Management determine the classification of its financial assets at initial recognition.

The Group’s policies for investments in debt securities are set out below.

Investments in debt securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments at FVPL are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(j) Leased assets

(i) As a lessee

At inception of a contract, the Group assesses whether the 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.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised 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. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(j) Leased assets (Continued)

(i) As a lessee (Continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“lease modification”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Group presents right-of-use assets in “property, plant and equipment” and presents lease liabilities under “trade and other payables” in the consolidated statement of financial position.

(ii) As a lessor

When the company 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 company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(e)(v).

(k) Properties under development

Properties under development represent all costs incurred by the Group in connection with property development, and include mainly acquisition costs, cost of development, borrowing costs, costs of rehousing units (see Note 2(m)) and other direct costs incurred in connection with the development, less any provisions for impairment losses (see Note 2(h)). For preservation properties and retained properties, the properties are transferred to property, plant and equipment at cost upon completion.

Upon disposal of the development properties, the relevant cost of the properties will be apportioned between the part to be retained and the part to be sold on an appropriate basis.

The relevant cost for the part to be sold will be charged as “direct costs” to profit or loss at the inception of the joint development agreement.

(l) Properties held for sale and properties under development for sale

Properties held for sale and properties under development for sale at the end of the reporting period are stated at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(m) *Costs of rehousing units provided by the Hong Kong Housing Authority and the Hong Kong Housing Society*

The Hong Kong Housing Authority and the Hong Kong Housing Society have agreed to provide certain rehousing units to the Group. In return, the Group will pay for the reservation fees until a tenant is moved into the unit and the allocation costs of the rehousing unit. These costs are recognised as part of the cost of properties under development referred to in Note 2(k).

(n) *Provisions, contingencies and onerous contracts*

(i) *Provisions and contingencies*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses, except for those cases where the Group has a present obligation as a result of committed events.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of economic benefits with respect to any one item included in the same class of obligations may be small.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic benefits will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow of economic benefits occurs so that the outflow is probable, it will then be recognised as a provision.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(n) Provisions, contingencies and onerous contracts (Continued)

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(o) Current and deferred income tax

Income tax expenses comprise current tax and movements in deferred tax assets and liabilities.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes profit or loss items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

The Group recognised deferred income tax assets and deferred income tax liabilities separately in relation to its lease liabilities and right-of-use assets.

(p) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

Other borrowing costs are charged to profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(q) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(r) Joint development projects

The arrangements entered into by the Group with property developers for redevelopment projects are considered to be joint development and are accounted for in accordance with the terms of the development agreements. The Group's share of income earned from such development is recognised in profit or loss in accordance with the bases set out in Notes 2(e)(ii) and (iii).

Where property is received by the Group as its share of distribution of assets from joint development projects, such property is recorded within non-current assets at its fair value at the time when agreement is reached or, if a decision is taken for it to be disposed of, at the lower of this value and net realisable value within current assets.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits held at call with banks with original maturities of three months or less.

(t) Employee benefits

Salaries and annual leave are accrued and recognised as an expense in the year in which the associated services are rendered by the employees of the Group.

The Group operates defined contribution schemes and pays contributions to scheme administrators on a mandatory or voluntary basis. The contributions are recognised as an expense when they are due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(u) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (1) 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).
 - (2) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (3) The entity is controlled or jointly controlled by a person identified in (i).
 - (4) A person identified in (i)(1) 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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Financial risk management and fair value of financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance.

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, and fair value interest rate risk arising from the bonds issued at fixed rates. Nevertheless, the Group's surplus/deficit and operating cash flows are substantially independent of changes in market interest rates. The Group did not hold any financial instruments that are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

3. Financial risk management and fair value of financial instruments (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk

Credit risk is managed on a group basis. Credit risk arises from investments, cash and bank balances, building rehabilitation loans, and trade and other receivables.

The credit risk on investments at amortised cost is limited as issuers are mainly with high credit ratings assigned by international credit rating agencies.

The credit risk on cash and bank balances (including interest receivables) is limited because most of the funds are placed in banks with credit ratings, mainly ranging from Aa1 to A3 and there is no concentration in any particular bank.

The credit risk on building rehabilitation loans is limited as the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts and place charges on the properties.

The credit risk on trade receivables is limited as rental deposits in the form of cash are usually received from tenants.

The Group measures loss allowances for trade and lease receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Given the Group has not experienced any significant credit losses in the past, the allowance for expected credit losses is insignificant.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through committed credit facilities.

Management monitors rolling forecasts of the Group's cash and bank balances on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts (except for bonds issued which include interest element), as the impact of discounting is insignificant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

3. Financial risk management and fair value of financial instruments (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

	2025	2024
	<i>\$'000</i>	<i>\$'000</i>
Less than 1 year		
Trade and other payables	2,553,349	2,214,926
Amounts due to joint development projects	280,021	256,653
Bonds issued	984,750	19,197
	<u> </u>	<u> </u>
Between 1 to 3 years		
Trade and other payables	25,195	56,132
Bonds issued	4,864,358	519,250
	<u> </u>	<u> </u>
Between 3 to 5 years		
Trade and other payables	14,920	14,920
Bonds issued	5,576,041	–
	<u> </u>	<u> </u>
Over 5 years		
Trade and other payables	326,799	330,862
Bonds issued	5,084,540	–
	<u> </u>	<u> </u>

(iv) Foreign exchange risk

The Group has certain cash and bank balances denominated in foreign currencies, which are exposed to foreign currency risk. When the exchange rates of foreign currencies against the Hong Kong dollar fluctuate, the value of the cash and bank balances and investments denominated in foreign currencies translated into Hong Kong dollar will vary accordingly.

Foreign exchange risk sensitivity

As at 31 March 2025, if Hong Kong dollar had weakened/strengthened by 1% against foreign currencies with all other variables held constant, the deficit of the Group would increase/decrease by approximately \$13,646,000 (2023/24: \$11,390,000) resulting from the foreign exchange gains/losses on translation of cash and bank balances denominated in foreign currencies.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to promote urban renewal in Hong Kong by way of redevelopment, rehabilitation, retrofitting, revitalisation and heritage preservation.

The Group's working capital is mainly financed by the Government's equity injection, accumulated surplus and bonds issued. The Group also maintains credit facilities to ensure the availability of funding when needed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

3. Financial risk management and fair value of financial instruments (Continued)

(c) Fair value measurement

The carrying amounts of the Group's financial assets including amounts due from joint development projects, cash and bank balances (including bank deposits), investments at amortised cost and trade and other receivables; and financial liabilities including amounts due to joint development projects and trade and other payables, approximate their fair values.

The carrying amounts of the Group's building rehabilitation loans and bonds issued approximate their fair value as the impact of discounting is insignificant.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of properties and provision for a committed project

Properties are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired in accordance with the accounting policy stated in Note 2(h).

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past and committed events in accordance with the accounting policy stated in Note 2(n). When the estimated value of the committed project is lower than the estimated development and related costs of the project, a provision would be recognised.

The valuations of properties and provision for committed projects are made on the basis of the "Market Value" adopted by the Hong Kong Institute of Surveyors ("HKIS"). The valuation is assessed annually by external/internal valuers who are qualified members of the HKIS. The Group's management review the assumptions used by the valuers by considering the information from a variety of sources including (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences; (ii) recent prices of comparable properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; (iii) expected arrangement with property developers on tender awarded; (iv) estimated development and related costs and allocation thereof; and (v) discount rate used in land value assessment, which is made with reference to the Prime Rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

4. Critical accounting estimates and judgements (Continued)

Impairment of properties and provision for a committed project sensitivity

As at 31 March 2025, if the respective estimated upfront premium to be received on the projects had been increased/decreased by 5% with all other variables held constant, the deficit of the Group for the year would decrease/increase by approximately \$937,500,000 (2023/24: \$298,500,000) resulting from the change in provision for impairment on properties and committed projects.

The final impairment amount for properties and the ultimate losses arise from the committed projects would be affected by the actual realised value and development and related costs and the final arrangements with the property developers.

5. Revenue and other income, net

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025	2024
	<i>\$'000</i>	<i>\$'000</i>
Revenue recognised outside the scope of HKFRS 15		
– Upfront premium from property developers	–	1,940,000
– Share of property development surplus on joint development projects	195,429	448,976
Revenue from contracts with customers within the scope of HKFRS 15		
– Sale of properties	58,530	634,946
	<u>253,959</u>	<u>3,023,922</u>

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

At 31 March 2025, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of comprehensive income in the future from pre-completion sales contracts entered into in relation to the Group's properties held for sale pending transfer of control amounted to \$960,801,000 (2023/24: \$969,414,000) which will be recognised when the properties are legally assigned to the customers. The Group will recognise the expected revenue in future on the basis that control over ownership of the property has been passed to the customer, which is expected to occur over the next 24 months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

5. Revenue and other income, net (Continued)

(b) Other income, net

Other income, net recognised during the year represents:

	2025 \$'000	2024 \$'000
Interest income	933,569	890,008
Rental income	205,578	181,084
Miscellaneous income	3,688	6,155
Gain on disposals of property, plant and equipment	5	–
Net foreign exchange gain/(loss)	1,681	(53,732)
	<u>1,144,521</u>	<u>1,023,515</u>

6. Operating deficit before income tax

Operating deficit before income tax is arrived at after charging/(crediting) the following items:

(a) Other items:

	2025 \$'000	2024 \$'000
Cost of properties under joint development projects	32,450	3,095,501
Cost of properties sold	38,197	445,268
Staff costs* (excluding directors' and senior management's remuneration)	584,675	523,424
Rehabilitation, revitalisation, preservation and retrofit expenses	89,199	102,442
Place making expenses^	7,456	6,155
Outgoings in respect of preservation properties, retained properties and rehousing units	<u>153,080</u>	<u>155,231</u>
Depreciation		
– Depreciation	261,634	253,082
– Less: Depreciation capitalised	<u>(24,588)</u>	<u>(25,123)</u>
	<u>237,046</u>	<u>227,959</u>
Auditor's remuneration		
– Audit services	550	534
– Non-audit services	<u>250</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

6. Operating deficit before income tax (Continued)

Operating deficit before income tax is arrived at after charging/(crediting) the following items:
(Continued)

(a) Other items (Continued)

	2025 \$'000	2024 \$'000
Impairment on properties		
– Provision for impairment on properties held for sale	–	2,060
– Provision for/(write back of provision for) impairment on property, plant and equipment	24,710	(14,408)
– Provision for impairment on properties under development	2,654,200	3,101,600
	<u>2,678,910</u>	<u>3,089,252</u>
Interest expenses		
– Interest on lease liabilities	2,886	3,564
– Less: Interest on lease liabilities capitalised	(1,890)	(2,497)
	996	1,067
– Interest expenses on bonds issued	267,520	19,992
– Less: Interest expenses capitalised [#]	(267,520)	(19,992)
	–	–
	<u>996</u>	<u>1,067</u>

* Including salaries and other benefits of \$545,799,000 (2023/24: \$488,010,000) and contribution to provident fund scheme of \$38,876,000 (2023/24: \$35,414,000).

^ Excluding depreciation of \$939,000 (2023/24: \$942,000) and interest expenses of \$11,000 (2023/24: \$35,000) for properties leased for own use.

The borrowing costs have been capitalised at rates ranging from 3.35% to 3.85% per annum (2023/24: 2.15% to 3.85% per annum).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

6. Operating deficit before income tax (Continued)

Operating deficit before income tax is arrived at after charging/(crediting) the following items:
(Continued)

(b) Managing Director, Executive Directors and senior management's remuneration paid or payable during the year

2025						
	Fees	Salaries	Provident fund scheme contributions	Sub-total	Variable pay	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managing Director						
– Wai Chi-sing	–	4,694	–	4,694	1,401	6,095
Executive Directors						
– Carolin Fong Suet-yuen	–	3,084	18	3,102	770	3,872
– Wilfred Au Chun-ho	–	3,303	421	3,724	825	4,549
9 Senior management staff & 2 Ex-senior management staff	–	22,012	2,450	24,462	6,554	31,016
Total¹	–	33,093	2,889	35,982	9,550	45,532
2024						
	Fees	Salaries	Provident fund scheme contributions	Sub-total	Variable pay	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managing Director						
– Wai Chi-sing	–	4,692	–	4,692	1,401	6,093
Executive Directors						
– Carolin Fong Suet-yuen	–	3,082	18	3,100	770	3,870
– Wilfred Au Chun-ho ²	–	2,351	300	2,651	588	3,239
– Eric Poon Shun-wing ³	–	887	168	1,055	221	1,276
9 Senior management staff & 2 Ex-senior management staff ²	–	23,551	2,641	26,192	6,692	32,884
Total¹	–	34,563	3,127	37,690	9,672	47,362

Notes:

1. Excluding compensation in lieu of leave in the aggregate sum of \$538,000 (2023/24: \$881,000).
2. The Executive Director ceased to be a senior management staff on 14 July 2023 and assumed his role with effect from 15 July 2023.
3. The Executive Director retired on 14 July 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

6. Operating deficit before income tax (Continued)

Operating deficit before income tax is arrived at after charging/(crediting) the following items:
(Continued)

(b) Managing Director, Executive Directors and senior management's remuneration paid or payable during the year (Continued)

Their remuneration fell within the following bands:

	2025 <i>No. of Individuals</i>	2024 <i>No. of Individuals</i>
\$1 to \$500,000	1	—
\$1,000,001 to \$1,500,000	1	2
\$2,000,001 to \$2,500,000	2	2
\$3,000,001 to \$3,500,000	4	4
\$3,500,001 to \$4,000,000	3	2
\$4,000,001 to \$4,500,000	1	2
\$4,500,001 to \$5,000,000	1	1
\$6,000,001 to \$6,500,000	1	1
Total	<u>14</u>	<u>14</u>

There were no payments made or benefits provided in respect of the termination of director service or consideration provided to/receivable by third parties in respect of the services of directors, whether in the capacity of directors or in any other capacity while directors.

There were no loans or quasi-loans provided to the directors.

No significant transactions, arrangements or contracts in relation to the Group's business to which the Authority was a party, and in which a director of the Authority had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

6. Operating deficit before income tax (Continued)

Operating deficit before income tax is arrived at after charging/(crediting) the following items:
(Continued)

(c) Other members of the Board

Fees for the Chairman and Non-Executive members of the Board (excluding the government public officers who are not entitled to receive any fees) are as follows:

	2025 \$'000	2024 \$'000
Chairman		
Mr Chow Chung-kong, GBM, GBS, JP	100	100
Non-Executive Directors (non-public officers)		
Mr Evan Au Yang Chi-chun (<i>up to 30 Nov 2023</i>)	–	43
Mr William Chan Fu-keung, BBS	65	65
Dr Chan Ka-kui, GBS, JP	65	65
The Honourable Vincent Cheng Wing-shun, MH, JP (<i>up to 30 Apr 2025</i>)	65	65
Ms Ivy Chua Suk-lin (<i>up to 30 Apr 2025</i>)	65	65
Mr Andy Ho Wing-cheong, MH (<i>up to 30 Apr 2025</i>)	65	65
The Honourable Kwok Wai-keung, BBS, JP	65	65
Ir Janice Lai Wai-man	65	65
Sr Alexander Lam Tsan-wing (<i>from 1 Dec 2023</i>)	65	22
Mrs Sylvia Lam Yu Ka-wai, SBS	65	65
Ir The Honourable Michael Lee Chun-keung, JP (<i>from 1 Dec 2023</i>)	65	22
Dr Lee Ho-yin (<i>Note</i>) (<i>up to 30 Nov 2023</i>)	–	–
Ms Elaine Lo Yuen-man, MH (<i>up to 30 Apr 2025</i>)	65	65
Professor Tang Bo-sin, MH (<i>up to 30 Apr 2025</i>)	65	65
Ms Judy Tong Kei-yuk (<i>up to 30 Apr 2025</i>)	65	65
The Honourable Tony Tse Wai-chuen, BBS, JP	65	65
Ms Yvonne Yeung Kin-ha	65	65
	<u>1,075</u>	<u>1,032</u>

Note: The Non-Executive Director ceased to receive any fees from the Authority from 4 August 2022 to 30 November 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

6. Operating deficit before income tax (Continued)

Operating deficit before income tax is arrived at after charging/(crediting) the following items:
(Continued)

(d) Five highest paid individuals

	2025 \$'000	2024 \$'000
The five individuals whose emoluments were the highest in the Group for the years ended 31 March 2025 and 2024 include the Managing Director, two Executive Directors and two senior management staff.		
The total emoluments earned by the five highest paid individuals during the year are as follows:		
Fixed – Salaries	16,914	17,271
– Provident fund scheme contributions	935	1,105
Sub-total	17,849	18,376
Variable pay	4,896	4,969
Total **	22,745	23,345

Their remuneration fell within the following bands:

	<i>No. of Individuals</i>	<i>No. of Individuals</i>
\$3,500,001 to \$4,000,000	2	1
\$4,000,001 to \$4,500,000	1	2
\$4,500,001 to \$5,000,000	1	1
\$6,000,001 to \$6,500,000	1	1
Total	5	5

** For the year ended 31 March 2025, no compensation in lieu of leave (2023/24: \$240,000) were excluded from the aggregate sum.

7. Income tax expenses

- (a) In accordance with Section 19 of the Urban Renewal Authority Ordinance, the Authority is exempted from taxation under the Inland Revenue Ordinance (Chapter 112).

No provision for Hong Kong profits tax has been made for the Group's subsidiaries as they have no estimated assessable profits for the year (2023/24: Nil).

- (b) As at 31 March 2025, the subsidiaries of the Group have unrecognised deductible temporary differences arising from capital allowance of \$2,847,000 (31 March 2024: \$2,710,000) and tax losses of \$63,936,000 (31 March 2024: \$54,082,000) to carry forward against future taxable income. These tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

8. Property, plant and equipment

(a) Reconciliation of carrying amount

	Other property, plant and equipment							Total \$'000
	Retained properties ¹ \$'000	Preservation properties \$'000	Land and buildings \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Furniture and equipment and motor vehicles \$'000	Properties leased for own use \$'000	
At 31 March 2023								
Cost	4,116,643	3,325,291	2,057,183	358,433	138,416	41,323	141,082	10,178,371
Accumulated depreciation	(280,566)	(349,960)	(410,400)	(91,379)	(68,718)	(26,098)	(103,382)	(1,330,503)
Accumulated impairment	(20,209)	(1,265,057)	(412,907)	–	–	–	–	(1,698,173)
Net book value	<u>3,815,868</u>	<u>1,710,274</u>	<u>1,233,876</u>	<u>267,054</u>	<u>69,698</u>	<u>15,225</u>	<u>37,700</u>	<u>7,149,695</u>
Year ended 31 March 2024								
Opening net book value	3,815,868	1,710,274	1,233,876	267,054	69,698	15,225	37,700	7,149,695
Additions/Adjustments ²	–	1,126	–	3,186	273	5,187	73,610	83,382
Transfer from properties under development	889,500	–	–	–	–	–	–	889,500
Depreciation	(105,811)	(42,125)	(33,393)	(18,188)	(8,952)	(5,501)	(39,112)	(253,082)
Write back of provision for impairment	553	11,866	1,989	–	–	–	–	14,408
Closing net book value	<u>4,600,110</u>	<u>1,681,141</u>	<u>1,202,472</u>	<u>252,052</u>	<u>61,019</u>	<u>14,911</u>	<u>72,198</u>	<u>7,883,903</u>
At 31 March 2024								
Cost	5,329,743	3,326,417	2,057,183	361,619	138,689	44,833	214,692	11,473,176
Accumulated depreciation	(386,377)	(392,085)	(443,793)	(109,567)	(77,670)	(29,922)	(142,494)	(1,581,908)
Accumulated impairment	(343,256)	(1,253,191)	(410,918)	–	–	–	–	(2,007,365)
Net book value	<u>4,600,110</u>	<u>1,681,141</u>	<u>1,202,472</u>	<u>252,052</u>	<u>61,019</u>	<u>14,911</u>	<u>72,198</u>	<u>7,883,903</u>
Year ended 31 March 2025								
Opening net book value	4,600,110	1,681,141	1,202,472	252,052	61,019	14,911	72,198	7,883,903
Additions/Adjustments ²	–	1,121	–	938	1,500	5,696	9,772	19,027
Write-off	–	–	–	–	–	–	(470)	(470)
Depreciation	(112,345)	(42,864)	(34,135)	(18,043)	(9,370)	(6,328)	(38,549)	(261,634)
Provision for impairment	(5,896)	(14,977)	(3,837)	–	–	–	–	(24,710)
Closing net book value	<u>4,481,869</u>	<u>1,624,421</u>	<u>1,164,500</u>	<u>234,947</u>	<u>53,149</u>	<u>14,279</u>	<u>42,951</u>	<u>7,616,116</u>
At 31 March 2025								
Cost	5,329,743	3,327,538	2,057,183	356,574	136,117	49,890	221,835	11,478,880
Accumulated depreciation	(498,722)	(434,949)	(477,928)	(121,627)	(82,968)	(35,611)	(178,884)	(1,830,689)
Accumulated impairment	(349,152)	(1,268,168)	(414,755)	–	–	–	–	(2,032,075)
Net book value	<u>4,481,869</u>	<u>1,624,421</u>	<u>1,164,500</u>	<u>234,947</u>	<u>53,149</u>	<u>14,279</u>	<u>42,951</u>	<u>7,616,116</u>

Notes:

- The Group receives rental income for the retained properties and their aggregate fair value as at 31 March 2025 was \$4,995,500,000 (31 March 2024: \$5,251,000,000).
- Adjustments represent the changes in estimated resumption and construction costs of properties and leasehold improvements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

8. Property, plant and equipment (Continued)

(a) Reconciliation of carrying amount (Continued)

The Group's land and buildings comprise mainly rehousing blocks held for the purpose of rehousing affected tenants of development projects and commercial premises held for self-use.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 March 2025 \$'000	31 March 2024 \$'000
Properties leased for own use, carried at depreciated cost, with remaining lease term of less than 5 years	<u>42,951</u>	<u>72,198</u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 \$'000	2024 \$'000
Net depreciation charge of right-of-use assets by class of underlying asset:		
– Properties leased for own use	<u>13,961</u>	<u>13,989</u>
Interest on lease liabilities (<i>Note 6(a)</i>)	<u>996</u>	<u>1,067</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

9. Properties under development

As at 31 March 2025, the properties under development are analysed as follows:

	2025 \$'000	2024 \$'000
Cost, including Home Purchase Allowance ("HPA") (Note (i))		
At 1 April	28,684,201	25,248,900
Add: Additions during the year*	10,127,672	8,174,368
Less: Charged to profit or loss during the year	—	(3,430,367)
Transferred to property, plant and equipment	—	(1,213,100)
Transferred to properties held for sale	—	(95,600)
At 31 March**	38,811,873	28,684,201
Provision for impairment at 31 March	(9,168,000)	(6,513,800)
Balance as at 31 March	<u>29,643,873</u>	<u>22,170,401</u>

* The amount includes depreciation of \$24,588,000 (2023/24: \$25,123,000) and interest expense of \$1,890,000 (2023/24: \$2,497,000) for properties leased for own use and capitalised.

** The amount includes accumulated interest and other borrowing costs capitalised of \$547,297,000 (31 March 2024: \$265,261,000).

As at 31 March 2025, the properties under development are analysed as follows:

	2025 \$'000	2024 \$'000
Non-current portion	28,329,072	21,048,425
Current portion (development for sale)	<u>1,314,801</u>	<u>1,121,976</u>
	<u>29,643,873</u>	<u>22,170,401</u>

Notes:

- (i) In March 2001, the Finance Committee of the Legislative Council approved, inter alia, the revised basis for calculating the HPA payable to owners of domestic properties and ex-gratia allowances payable to owners and owner-occupiers affected by land resumption. The relevant policies governing the Authority's payment of HPA and ex-gratia allowances for properties acquired/resumed and the clearance of occupiers are based on the above framework which have resulted in a high cost base for the Group's redevelopment projects.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

9. Properties under development (Continued)

Notes (Continued):

(i) (Continued)

In respect of domestic properties, the assessment of HPA is based on a notional replacement flat of 7 years old which is assumed to be in a comparable quality building, situated in a similar locality in terms of characteristics and accessibility, being at the middle floor with average orientation not facing south or west, and without seaview. The HPA paid to the owner-occupiers represents the difference between the assessed value of the notional 7-year-old flat and estimated market value of the acquired property at the offer date. The owner will also receive the estimated market value of his flat in addition to the HPA.

(ii) The Group launched the Flat-for-Flat (“FFF”) Scheme to provide domestic owner-occupiers affected by the Group’s redevelopment projects commenced after 24 February 2011 with an alternative option to cash compensation. The owner-occupier taking the option of FFF will have to top up if the price of the new flat is higher than the cash compensation for his old flat. The domestic owner-occupiers could have a choice of “in-situ” flats on the lower floors of the new development or flats in an FFF Scheme at Kai Tak.

10. Building rehabilitation loans

As at 31 March 2025, the building rehabilitation loans are analysed as follows:

	2025	2024
	<i>\$'000</i>	<i>\$'000</i>
Non-current portion	2,171	3,354
Current portion	1,701	2,443
	<u>3,872</u>	<u>5,797</u>

The building rehabilitation loans are interest-free, except for default, in which case interest will be charged on the overdue amount at the Prime Lending Rate quoted by The Hongkong and Shanghai Banking Corporation Limited. The Group reserves the right to impose legal charges over the properties for loans of amounts between \$25,001 and \$100,000. All non-current portion of building rehabilitation loans are due within five years from the end of the reporting period.

The maximum exposure to credit risk of the Group is the carrying value of the building rehabilitation loans.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

11. Investments

As at 31 March 2025, the debt securities investments are analysed as follows:

	2025 \$'000	2024 \$'000
Investments at amortised cost		
– Non-current portion	–	550,000
– Current portion	550,000	1,100,000
	<u>550,000</u>	<u>1,650,000</u>

As at 31 March 2025, the Group's debt securities investments represent high quality corporate bonds.

12. Cash and bank balances

	2025 \$'000	2024 \$'000
Bank deposits		
Original maturities of 3 months or less	2,165,207	1,361,698
Original maturities of more than 3 months	18,291,466	15,094,656
	<u>20,456,673</u>	<u>16,456,354</u>
Less: Amounts held in trust for joint development projects	(1,342)	(1,244)
	<u>20,455,331</u>	<u>16,455,110</u>
Cash at banks and in hand	168,507	88,404
	<u>20,623,838</u>	<u>16,543,514</u>
Maximum exposure to credit risk	<u>20,623,838</u>	<u>16,543,514</u>

Representing:

	2025 \$'000	2024 \$'000
Non-current portion		
– Bank deposits	<u>834,857</u>	<u>–</u>
Current portion		
– Cash at banks and in hand	168,507	88,404
– Bank deposits	19,620,474	16,455,110
	<u>19,788,981</u>	<u>16,543,514</u>

As at 31 March 2025, cash and bank balances of the Group are denominated in Hong Kong Dollars except for an amount of \$1,364,624,000 and \$1,000 (31 March 2024: \$662,547,000 and \$476,477,000) which are denominated in USD and Renminbi respectively.

The average effective interest rate of time deposits with banks was 4.31% per annum (2023/24: 4.75% per annum). These deposits have an average maturity of 177 days (2023/24: 103 days).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

12. Cash and bank balances (Continued)

The credit quality of the cash and bank balances, deposited with financial institutions, which are Hong Kong Dollars and denominated in foreign currencies, can be assessed by reference to external credit ratings of the financial institutions and are analysed as follows:

Rating (Moody's)	2025 \$'000	2024 \$'000
Aa1 – Aa3	8,144,516	9,768,829
A1 – A3	12,431,821	6,260,446
Others	47,501	514,239
	<u>20,623,838</u>	<u>16,543,514</u>

Reconciliation of liabilities arising from financing activities:

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

	2025 \$'000	Bonds issued 2024 \$'000
At 1 April	499,111	798,601
Changes from financing cash flows:		
– Proceeds from issuance of bonds	13,500,000	–
– Issuing costs on issuance of bonds	(43,015)	–
– Redemption of bonds	–	(300,000)
Other change:		
– Amortisation of bonds issuing costs	4,866	510
At 31 March	<u>13,960,962</u>	<u>499,111</u>

Representing:

	2025 \$'000	2024 \$'000
Non-current portion		
– Bonds issued	13,500,000	500,000
– Less: Unamortised finance charges	(38,636)	(889)
	<u>13,461,364</u>	<u>499,111</u>
Current portion		
– Bonds issued	500,000	–
– Less: Unamortised finance charges	(402)	–
	<u>499,598</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

12. Cash and bank balances (Continued)

Reconciliation of liabilities arising from financing activities: (Continued)

	2025	Lease liabilities 2024
	\$'000	\$'000
At 1 April	77,314	41,529
Changes from financing cash flows:		
– Capital element of lease rentals paid	(37,386)	(37,825)
– Interest element of lease rentals paid	(2,886)	(3,564)
Total changes from financing cash flows	<u>(40,272)</u>	<u>(41,389)</u>
Other changes:		
– Increase in lease liabilities from entering into new leases during the year	9,772	73,610
– Termination of lease arrangements during the year	(481)	–
– Interest expense (<i>Note 6(a)</i>)	2,886	3,564
Total other changes	<u>12,177</u>	<u>77,174</u>
At 31 March	<u>49,219</u>	<u>77,314</u>

13. Properties held for sale

The Group's properties held for sale are located in Hong Kong and their carrying amounts are analysed as follows:

	2025	2024
	\$'000	\$'000
In Hong Kong, with remaining lease term of:		
– 50 years or more	5,674	5,674
– between 10 and 50 years	472,790	511,838
	<u>478,464</u>	<u>517,512</u>

14. Balances with joint development projects

	2025	2024
	\$'000	\$'000
Amounts due from joint development projects	35,349	17,521
Amounts due to joint development projects	<u>(280,021)</u>	<u>(256,653)</u>
	<u>(244,672)</u>	<u>(239,132)</u>

All amounts due from/(to) joint development projects are expected to be recovered/settled within one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

14. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2025:

Project Name/Location	Land use	Total gross floor area (<i>m</i> ²)	Actual completion date (<i>calendar year</i>)	Expected completion date (<i>calendar year</i>)
The Zenith/One Wanchai (Wan Chai)	Commercial/Residential	62,310	2006 (Site A & B) 2013 (Site C)	—
* Vision City/Citywalk (Tsuen Wan)	Commercial/Residential	137,885	2007	—
* The Dynasty/Citywalk 2 (Tsuen Wan)	Commercial/Residential	44,404	2008	—
* Vista (Sham Shui Po)	Commercial/Residential	12,708	2009	—
Lime Stardom (Tai Kok Tsui)	Commercial/Residential	19,735	2011	—
* Park Summit (Tai Kok Tsui)	Commercial/Residential	21,402	2012	—
Park Metropolitan (Kwun Tong)	Residential	27,830	2014	—
Park Ivy (Tai Kok Tsui)	Commercial/Residential	4,843	2014	—
* The Avenue/Lee Tung Avenue (Wan Chai)	Commercial/Residential	83,898	2015	—
My Place (Ma Tau Kok)	Commercial/Residential	6,944	2016	—
* SKYPARK/The Forest (Mong Kok)	Commercial/Residential	22,301	2017	—
City Hub (To Kwa Wan)	Commercial/Residential	8,378	2018	—
The Ascent (Sham Shui Po)	Commercial/Residential	7,159	2018	—
93 Pau Chung Street (Ma Tau Kok)	Commercial/Residential	10,345	2018	—

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

14. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2025: (Continued)

Project Name/Location	Land use	Total gross floor area (m²)	Actual completion date (calendar year)	Expected completion date (calendar year)
Downtown 38 (Ma Tau Kok)	Commercial/Residential	9,783	2020	—
Monti (Sai Wan Ho)	Residential	5,680	2020	—
Madison Park (Sham Shui Po)	Commercial/Residential	4,884	2020	—
Artisan Garden (Ma Tau Kok)	Commercial/Residential	12,456	2021	—
Grand Central (Kwun Tong)	Commercial/Residential	179,376	2021	—
Seaside Sonata (Sham Shui Po)	Commercial/Residential	58,899	2021	—
Sablier (Tai Kok Tsui)	Commercial/Residential	5,738	2021	—
L • LIVING 23 (Tai Kok Tsui)	Commercial/Residential	6,597	2021	—
One Soho (Yau Ma Tei)	Commercial/Residential	12,507	2023	—
The Symphonie (Sham Shui Po)	Commercial/Residential	13,409	2023	—
The Harmonie (Sham Shui Po)	Commercial/Residential	14,841	2023	—
Bal Residence (Kwun Tong)	Commercial/Residential	6,661	2024	—
Echo House (Sham Shui Po)	Commercial/Residential	9,675	2025	—
One Central Place (Sheung Wan)	Commercial/Stadium and Youth Centre/ Residential	9,646	—	2025

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

14. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2025: (Continued)

Project Name/Location	Land use	Total gross floor area (<i>m</i> ²)	Actual completion date (<i>calendar year</i>)	Expected completion date (<i>calendar year</i>)
Peel Street/Graham Street – Site C (Sheung Wan)	Commercial/Office/Hotel	41,461	–	2026
Oak Street/Ivy Street (Yau Tsim Mong)	Commercial/Residential	5,565	–	2026
Bailey Street/Wing Kwong Street (Kowloon City)	Commercial/Residential	66,654	–	2027
Hung Fook Street/Ngan Hon Street (Kowloon City)	Commercial/Residential	41,229	–	2027
Sung Hing Lane/Kwai Heung Street (Central & Western)	Commercial/Residential	8,739	–	2027
Wing Kwong Street/Sung On Street (Kowloon City)	Commercial/Residential	25,884	–	2027
Hung Fook Street/Kai Ming Street/Wing Kwong Street (Kowloon City)	Commercial/Residential	48,942	–	2028
Queen's Road West/In Ku Lane (Central & Western)	Commercial/Residential	12,530	–	2028
Shing Tak Street/Ma Tau Chung Road (Kowloon City)	Commercial/Residential	38,547	–	2029

* Projects with commercial portions jointly held by the developer and the Group for letting and pending for sale

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

14. Balances with joint development projects (Continued)

The Group is entitled to returns which are predetermined in accordance with the provisions of the joint development agreements.

In respect of the commercial portions of certain projects, the Group has reached supplemental agreements with the respective developers to extend the sale of the commercial portions to a few years after the issuance of the occupation permits. The Group shares certain percentage of any net proceeds derived from the operation of the commercial portions before the sale and includes it as surplus for the year and would also share the future sales proceeds at the same ratio. The Group would account for its share of sales proceeds as surplus from the joint development projects when these commercial portions are sold in the future.

15. Trade and other receivables

As at 31 March 2025, the trade and other receivables are current in nature and analysed as follows:

	2025	2024
	<i>\$'000</i>	<i>\$'000</i>
Trade receivables and prepayments	208,839	219,932
Interest receivables	332,640	197,372
Other receivables and deposits	30,367	30,125
Balance at 31 March	<u>571,846</u>	<u>447,429</u>

All of trade and other receivables are expected to be recovered within one year.

The maximum exposure to credit risk of the Group is the carrying amount of trade and other receivables.

16. Capital

On 21 June 2002, the Finance Committee of the Legislative Council approved a commitment of \$10 billion for injection as equity into the Authority. The Government injected the equity into the Authority in phases over the five financial years from 2002/03 to 2006/07. At 31 March 2025, the Authority had received all five tranches of equity injection of \$10 billion in total.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

17. Trade and other payables

As at 31 March 2025, the trade and other payables are analysed as follows:

	<i>Note</i>	2025 \$'000	2024 \$'000
Contract liabilities	(a)	138,920	112,592
Lease liabilities		49,219	77,314
Trade payables		101,525	83,708
Rental and other deposits received		266,069	90,848
Other payables		43,547	3,383
Accrued expenses		2,458,544	2,357,698
		<u>3,057,824</u>	<u>2,725,543</u>

Representing:

	2025 \$'000	2024 \$'000
Non-current portion	366,819	400,806
Current portion	<u>2,691,005</u>	<u>2,324,737</u>
	<u>3,057,824</u>	<u>2,725,543</u>

Note:

- (a) Contract liabilities

Contract liabilities recognised arise from property development activities. Typical payment terms are as follows:

The Group receives certain percentage of the contract value as deposit from customers when they sign the sale and purchase agreement. The deposit is recognised as a contract liability until the properties are completed and transferred to the customers. The rest of the consideration is typically paid when the property is assigned to the customer.

Movements in contract liabilities

	2025 \$'000	2024 \$'000
Balance at 1 April	112,592	61,561
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(861)	(18,721)
Increase in contract liabilities as a result of receiving forward sales deposits and instalments during the year in respect of property sales not yet completed as at 31 March	<u>27,189</u>	<u>69,752</u>
Balance at 31 March	<u>138,920</u>	<u>112,592</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

18. Bonds issued

As at 31 March 2025, the Group has issued the following fixed rate notes under a Medium Term Note programme:

	2025 \$'000	2024 \$'000
Non-current portion		
HK dollar fixed rate notes with coupon of 3.85% due 2026	–	500,000
HK dollar fixed rate notes with coupon of 3.35% due 2027	4,000,000	–
HK dollar fixed rate notes with coupon of 3.45% due 2029	5,000,000	–
HK dollar fixed rate notes with coupon of 3.50% due 2032	1,500,000	–
HK dollar fixed rate notes with coupon of 3.55% due 2034	3,000,000	–
Less: Unamortised bonds issuing costs	(38,636)	(889)
	<u>13,461,364</u>	<u>499,111</u>
Current portion		
HK dollar fixed rate notes with coupon of 3.85% due 2026	500,000	–
Less: Unamortised bonds issuing costs	(402)	–
	<u>499,598</u>	<u>–</u>
Total	<u><u>13,960,962</u></u>	<u><u>499,111</u></u>

19. Provident fund schemes

The Group provides retirement benefits to its eligible employees under defined contribution schemes. In accordance with the Mandatory Provident Fund Schemes Ordinance, the eligible employees enjoy retirement benefits under the Mandatory Provident Fund Exempted ORSO Scheme or the Mandatory Provident Fund Scheme (the “Schemes”) under which employer’s voluntary contributions have been made. The assets of the Schemes are held separately from those of the Group and managed by independent administrators. The Group normally makes voluntary contributions ranging from 5% to 10% of the employees’ monthly salaries depending on the years of service of the employees.

The total amount contributed by the Group into the Schemes for the year ended 31 March 2025 was \$41,765,000 (2023/24: \$38,541,000), net of forfeitures of \$2,270,000 (2023/24: \$2,917,000), which has been charged to the Group’s profit or loss for the year.

20. Commitments

(a) Capital commitments

Capital commitments in respect of acquisition of property, plant and equipment at 31 March 2025 are as follows:

	2025 \$'000	2024 \$'000
Contracted but not yet incurred	<u><u>778</u></u>	<u><u>4,800</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

20. Commitments (Continued)

(b) Operating lease rental receivable

As at 31 March 2025, undiscounted lease payments under non-cancellable operating leases in place in respect of properties will be receivable by the Group in future periods, except for those commercial portions jointly developed by the developer and the Group, are as follows:

	2025	2024
	<i>\$'000</i>	<i>\$'000</i>
Within 1 year	137,297	128,041
After 1 year but within 2 years	63,600	87,159
After 2 years but within 3 years	22,448	21,736
After 3 years but within 4 years	8,031	8,873
After 4 years but within 5 years	2,964	5,026
After 5 years	988	–
	<u>235,328</u>	<u>250,835</u>

21. Significant related party transactions

Transactions entered into by the Group with members of the Board, parties related to them, Government Departments, agencies or Government controlled entities, other than those transactions which are entered into by parties in general in the course of their normal dealings, are considered to be related party transactions pursuant to HKAS 24 (Revised) “Related Party Disclosures”.

During the year, the Authority reimbursed the Government an amount of \$55,050,000 (2023/24: \$53,533,000) for actual costs incurred by the Lands Department of the Government (the “Lands Department”) in connection with statutory resumption and site clearance work conducted for the redevelopment projects of the Authority. As at 31 March 2025, there was an amount of \$4,542,000 (31 March 2024: \$4,506,000) due to the Lands Department yet to be settled. The amount is unsecured, interest-free and repayable on demand and included in trade and other payables.

In 2011/12, the Authority has contributed \$500,000,000 to Urban Renewal Trust Fund (the “Fund”). As at 31 March 2025, there was an amount of \$62,151,000 (31 March 2024: \$126,889,000) remained in the Fund. The Authority has committed to make further contribution to the Fund in future in the event that its fund balance is fully utilised. During the year, the Authority provided administrative and support services to the Fund for \$2,539,000 (2023/24: \$2,418,000), and charged the said Fund \$25,000 (2023/24: \$26,000) for office accommodation expenses.

The key management of the Authority refers to members of the Board and their compensations are set out in Notes 6(b) and (c).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(expressed in Hong Kong Dollars)

22. Statement of Financial Position of the Authority

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the statement of financial position of the Authority as at 31 March 2025 is set out as follows:

		2025	2024
	Note	\$'000	\$'000
Non-current assets			
Property, plant and equipment		7,577,897	7,844,728
Properties under development		28,329,072	21,048,425
Interest in subsidiaries	22(a)	46,808	40,320
Loan to a subsidiary		14,600	14,600
Building rehabilitation loans		2,171	3,354
Prepayments		1,415,538	604,740
Investments		–	550,000
Bank deposits		834,857	–
		<u>38,220,943</u>	<u>30,106,167</u>
Current assets			
Properties held for sale		478,464	517,512
Properties under development for sale		1,314,801	1,121,976
Amounts due from joint development projects		35,349	17,521
Building rehabilitation loans		1,701	2,443
Trade and other receivables		574,270	450,512
Investments		550,000	1,100,000
Cash and bank balances		19,788,981	16,543,514
		<u>22,743,566</u>	<u>19,753,478</u>
Total assets		<u>60,964,509</u>	<u>49,859,645</u>
Capital and reserve			
Capital		10,000,000	10,000,000
Accumulated surplus		33,665,991	36,378,641
	22(b)	<u>43,665,991</u>	<u>46,378,641</u>
Non-current liabilities			
Trade and other payables		366,819	400,806
Bonds issued		13,461,364	499,111
		<u>13,828,183</u>	<u>899,917</u>
Current liabilities			
Amounts due to joint development projects		280,021	256,653
Trade and other payables		2,690,716	2,324,434
Bonds issued		499,598	–
		<u>3,470,335</u>	<u>2,581,087</u>
Total capital, reserve and liabilities		<u>60,964,509</u>	<u>49,859,645</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

22. Statement of Financial Position of the Authority (Continued)

(a) Interest in subsidiaries

	2025	2024
	<i>\$'000</i>	<i>\$'000</i>
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (<i>Note</i>)	95,989	85,344
Less: Provision for impairment	(49,182)	(45,025)
	<u>46,808</u>	<u>40,320</u>

Note:

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The balances are expected to be recovered more than one year.

The names of the principal subsidiaries, all of which are wholly and directly owned by the Authority and incorporated in Hong Kong, are as follows:

Name	Number of shares	Total share capital \$	Principal activities
Champ Dragon Properties Limited	1	1	Property holding
Ease Shine Development Limited	1	1	Property holding
Full Wisdom Enterprises Limited	1	1	Property holding
High Union Development Limited	1	1	Property holding
Hong Kong Building Rehabilitation Facilitation Services Limited	1	1	Building rehabilitation facilitation services
Joyful Success Investment Limited	1	1	Property holding
Max Grace Properties Limited	1	1	Property holding
Opalman Limited	2	2	Property holding
Sunny Joy Properties Limited	1	1	Property holding
Support Service Centre for Minority Owners under Compulsory Sale*	–	–	Support services to minority owners
Urban Redevelopment Facilitating Services Company Limited	1	10	Urban redevelopment facilitating services
Well Nice Properties Limited	1	1	Property holding

* The company is limited by guarantee and does not have a share capital.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(expressed in Hong Kong Dollars)

22. Statement of Financial Position of the Authority (Continued)

(b) Statement of Changes in Equity

	Capital \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2023	10,000,000	40,298,403	50,298,403
Deficit and total comprehensive income for the year	–	(3,919,762)	(3,919,762)
Balance at 31 March 2024	<u>10,000,000</u>	<u>36,378,641</u>	<u>46,378,641</u>
Balance at 1 April 2024	10,000,000	36,378,641	46,378,641
Deficit and total comprehensive income for the year	–	(2,712,650)	(2,712,650)
Balance at 31 March 2025	<u>10,000,000</u>	<u>33,665,991</u>	<u>43,665,991</u>

23. Non-adjusting event after the reporting period

On 6 June 2025, the Government announced that the Chief Executive in Council approved granting a site at Bailey Street, Hung Hom, and a site in Tseung Kwan O Area 137 to the Authority by private treaty at nominal premium of \$1,000 for a term of 50 years from the date of execution, on the understanding that the two sites would be rezoned for residential use through statutory town planning procedures in due course. These land resources are additional financial support from the Government to enable the Authority to increase its net asset value and hence borrowing capacity and to tide over its liquidity needs in the coming years for, amongst other things, issuing acquisition offers for the commenced redevelopment projects to maintain the momentum of redevelopment.

24. Approval of financial statements

The financial statements were approved by the Board on 19 June 2025.

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF THE BOARD OF THE URBAN RENEWAL AUTHORITY
(Incorporated in Hong Kong under the Urban Renewal Authority Ordinance)

OPINION

We have audited the consolidated financial statements of Urban Renewal Authority (the "Authority") and its subsidiaries (together the "Group") set out on pages 114 to 161, which comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024 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 disclosure requirements of 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.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Board members 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 Report of the Members of the Board prior to the date of this auditor's report and expect the remaining other information 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.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE BOARD MEMBERS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board members are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the Board members 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 Board members 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 Board members either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Board members 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 18 of the Urban Renewal Authority 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 Board members.
- Conclude on the appropriateness of the Board members' 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.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
13 June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2024
(expressed in Hong Kong Dollars)

	Note	2024 \$'000	2023 \$'000
Revenue	5(a)	3,023,922	5,513,383
Direct costs		<u>(3,599,198)</u>	<u>(5,454,321)</u>
Gross (deficit)/surplus		(575,276)	59,062
Other income, net	5(b)	1,023,515	575,273
Administrative expenses		(675,779)	(637,089)
Other expenses		<u>(603,490)</u>	<u>(491,332)</u>
Operating deficit before provision for impairment on properties and committed projects		(831,030)	(494,086)
Provision for impairment on properties and committed projects, net	6(a)	<u>(3,089,252)</u>	<u>(3,035,622)</u>
Operating deficit before income tax	6	(3,920,282)	(3,529,708)
Income tax expenses	7(a)	<u>—</u>	<u>—</u>
Deficit and total comprehensive income for the year		<u><u>(3,920,282)</u></u>	<u><u>(3,529,708)</u></u>


The notes on pages 119 to 161 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

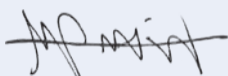
at 31 March 2024
(expressed in Hong Kong Dollars)

	Note	2024 \$'000	2023 \$'000
Non-current assets			
Property, plant and equipment	8	7,883,903	7,149,695
Properties under development	9	21,048,425	19,979,351
Building rehabilitation loans	10	3,354	5,445
Prepayments		604,740	661,867
Investments	11	550,000	1,650,000
Bank deposits	12	–	269,000
		<u>30,090,422</u>	<u>29,715,358</u>
Current assets			
Properties held for sale	13	517,512	868,465
Properties under development for sale	9	1,121,976	1,216,849
Amounts due from joint development projects	14	17,521	27,256
Building rehabilitation loans	10	2,443	3,218
Trade and other receivables	15	447,429	470,100
Investments	11	1,100,000	1,150,000
Cash and bank balances	12	16,543,514	20,554,169
		<u>19,750,395</u>	<u>24,290,057</u>
Total assets		<u><u>49,840,817</u></u>	<u><u>54,005,415</u></u>
Capital and reserve			
Capital	16	10,000,000	10,000,000
Accumulated surplus		<u>36,359,510</u>	<u>40,279,792</u>
		<u>46,359,510</u>	<u>50,279,792</u>
Non-current liabilities			
Trade and other payables	17	400,806	385,155
Debt securities issued	18	<u>499,111</u>	<u>498,622</u>
		<u>899,917</u>	<u>883,777</u>
Current liabilities			
Amounts due to joint development projects	14	256,653	244,404
Trade and other payables	17	2,324,737	2,297,463
Debt securities issued	18	<u>–</u>	<u>299,979</u>
		<u>2,581,390</u>	<u>2,841,846</u>
Total capital, reserve and liabilities		<u><u>49,840,817</u></u>	<u><u>54,005,415</u></u>

Approved by the Board
on 13 June 2024



CHOW Chung-kong
Chairman



WAI Chi-sing
Managing Director

The notes on pages 119 to 161 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2024
(expressed in Hong Kong Dollars)

	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Operating deficit before income tax		(3,920,282)		(3,529,708)	
Adjustments for:					
Interest income	5(b)	(890,008)		(517,922)	
Depreciation	6(a)	227,959		214,777	
Interest expenses	6(a)	1,067		639	
Net foreign exchange loss		29,259		76,208	
Provision for impairment on properties and committed projects, net		<u>3,089,252</u>		<u>3,035,622</u>	
Operating deficit before working capital changes		(1,462,753)		(720,384)	
Changes in balances with joint development projects		21,984		5,289	
Increase in properties under development		(4,940,471)		(2,469,495)	
Decrease in properties held for sale		444,493		106,678	
Decrease in building rehabilitation loans		2,866		3,620	
(Increase)/decrease in prepayments		(18,188)		46,952	
Decrease in other receivables		–		309,527	
Increase in trade and other receivables		(47,411)		(75,516)	
Increase/(decrease) in trade and other payables		<u>11,083</u>		<u>(280,401)</u>	
Cash used in operations		(5,988,397)		(3,073,730)	
Interest received		960,090		283,740	
Interest paid		<u>(20,928)</u>		<u>(32,240)</u>	
Net cash used in operating activities			(5,049,235)		(2,822,230)

The notes on pages 119 to 161 form part of these consolidated financial statements.

	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities					
Decrease in bank deposits with original maturities of more than 3 months		4,109,543		2,562,211	
Payment for purchase of investments at amortised cost		–		(2,150,000)	
Payment for purchase of property, plant and equipment		(9,772)		(75,379)	
Redemption of investments at amortised cost		<u>1,150,000</u>		<u>83,325</u>	
Net cash generated from investing activities			5,249,771		420,157
Cash flows from financing activities					
Redemption of debt securities	12	(300,000)		(300,000)	
Capital element of lease rentals paid	12	(37,825)		(44,456)	
Interest element of lease rentals paid	12	<u>(3,564)</u>		<u>(1,425)</u>	
Net cash used in financing activities			<u>(341,389)</u>		<u>(345,881)</u>
Net decrease in cash and cash equivalents			(140,853)		(2,747,954)
Cash and cash equivalents at 1 April			1,616,755		4,442,366
Exchange loss on cash and cash equivalents			<u>(27,044)</u>		<u>(77,657)</u>
Cash and cash equivalents at 31 March			<u><u>1,448,858</u></u>		<u><u>1,616,755</u></u>
Analysis of cash and bank balances					
Cash and cash equivalents			1,448,858		1,616,755
Bank deposits with original maturities of more than 3 months			<u>15,094,656</u>		<u>19,206,414</u>
Cash and bank balances at 31 March	12		<u><u>16,543,514</u></u>		<u><u>20,823,169</u></u>

The notes on pages 119 to 161 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024
(expressed in Hong Kong Dollars)

	Capital	Accumulated surplus	Total
	\$'000	\$'000	\$'000
Balance at 1 April 2022	10,000,000	43,809,500	53,809,500
Deficit and total comprehensive income for the year	—	(3,529,708)	(3,529,708)
Balance at 31 March 2023	<u>10,000,000</u>	<u>40,279,792</u>	<u>50,279,792</u>
Balance at 1 April 2023	10,000,000	40,279,792	50,279,792
Deficit and total comprehensive income for the year	—	(3,920,282)	(3,920,282)
Balance at 31 March 2024	<u>10,000,000</u>	<u>36,359,510</u>	<u>46,359,510</u>

The notes on pages 119 to 161 form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

1. General information

The Urban Renewal Authority (the “Authority”) is a statutory body established by the Government of the Hong Kong Special Administrative Region (“Government”) under the Urban Renewal Authority Ordinance (Chapter 563). The principal activities of the Authority and its subsidiaries (the “Group”) have been to promote urban renewal in Hong Kong by way of redevelopment, rehabilitation, retrofitting, preservation and revitalisation. As a result of the Urban Renewal Strategy promulgated on 24 February 2011, the Group is to focus on redevelopment and rehabilitation as its core business.

The address of the Authority is 26/F, COSCO Tower, 183 Queen’s Road Central, Hong Kong.

As part of the financial support for the Authority, the Government has agreed that all urban renewal sites for new projects set out in the Corporate Plans and Business Plans of the Authority, approved by the Financial Secretary (“FS”) from time to time, may in principle be granted to the Authority at nominal premium, subject to satisfying FS of the need therefor.

2. Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation of the financial statements

The consolidated financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong and comply with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(b) Relevant standards effective in the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

HKFRS 17, *Insurance contracts*

Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the abolition of offsetting mechanism effective from 1 May 2025. The abolition of the offsetting mechanism and the above guidance did not have a material impact on the Group's results and financial position.

(c) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2024

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

*Effective for accounting periods
beginning on or after*

Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024

2. Material accounting policies (Continued)

(c) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2024 (Continued)

Effective for accounting periods beginning on or after

Amendments to HKAS 7, <i>Statement of cash flows</i> and HKFRS 7, <i>Financial Instruments: Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025

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 consolidated financial statements.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Authority and all its subsidiaries made up to 31 March.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All intercompany transactions, balances and cash flows within the Group are eliminated in full on consolidation.

In the Authority's statement of financial position, investments in subsidiaries are stated at cost less any provision for impairment losses (see Note 2(h)). Any such provisions are recognised as an expense in profit or loss.

(e) Revenue recognition

Revenue is recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(e) Revenue recognition (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

- (i) Income from sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in contract liabilities (see Note 2(f)).
- (ii) Where the Group receives its share of surplus from property development projects undertaken as joint development projects, sharing of such surplus is recognised in accordance with the terms of the joint development agreements, unless the control of the underlying properties under development have not been transferred. Proceeds received in advance from sale of properties of joint development projects prior to their completion are included in trade and other payables.
- (iii) When the developer is obligated to settle the upfront premium to the Group at the inception of joint development agreement, such upfront premium is recognised as revenue when the Group has no further substantial acts to complete. Generally, such revenue is recognised as soon as the Group has performed its obligations in respect of the upfront premium and it has become non-refundable/non-cancellable.
- (iv) Interest income is recognised on a time-proportion basis using the effective interest method.
- (v) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, 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 recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.
- (vi) Income from Urban Redevelopment Facilitating Services Company Limited is recognised upon completion of the sale of the properties by the owners in accordance with the terms of the sale agreement.

(f) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(e)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(i)).

2. Material accounting policies (Continued)

(g) Property, plant and equipment

Building comprises rehousing blocks, preservation properties, retained properties, and commercial premises held for self-use. Rehousing blocks represent properties held by the Group for the intended purpose of providing interim accommodation for affected tenants of development projects who are normally charged a rent which is substantially below the market value, with a view to assist primarily the dispossessed tenants who are yet to obtain public housing units. Preservation properties are properties that are of historical or architectural interest to be preserved by the Group. Retained properties represent redeveloped properties held by the Group for conserving the cultural characteristics of the projects before redevelopment and receives rental income.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (see Note 2(h)). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Amortisation on interests in leasehold land and depreciation on other assets is calculated to write off their costs less residual values, if any, over their anticipated useful lives on a straight line basis as follows:

Interests in leasehold land	– Over the period of the unexpired lease
Buildings	– 50 years or over the period of the unexpired lease if less than 50 years
Leasehold improvements	– Office: Over 10 years or the life of the respective lease, whichever is the shorter Non-office: 50 years or over the period of the unexpired terms of the leases if less than 50 years
Plant and machinery	– 10 years
Motor vehicles	– 4 years
Furniture and office equipment	– 3 to 5 years
Properties leased for own use	– Over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2(h)).

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount. These are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit loss ("ECLs") on the following items:

- financial assets measured at amortised cost (including cash and bank balances, trade receivables, investments at amortised cost, financial assets included in prepayments, deposits and other receivables, building rehabilitation loans and amounts due from joint development projects); and
- lease receivables.

Financial assets measured at fair value, including investments measured at fair value through profit or loss ("FVPL"), are not subject to the ECLs assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected 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).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. Material accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECLs model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(h) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments and lease receivables (Continued)

Significant increases in credit risk (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Material accounting policies (Continued)

(i) Financial assets and liabilities

The Group classifies its financial assets in the following categories: financial assets measured at amortised cost, at FVPL and at fair value through other comprehensive income ("FVOCI"). The classification of the financial asset is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Management determine the classification of its financial assets at initial recognition.

The Group's policies for investments in debt securities are set out below.

Investments in debt securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments at FVPL are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(j) Leased assets

(i) As a lessee

At inception of a contract, the Group assesses whether the 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.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised 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. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Group presents right-of-use assets in "property, plant and equipment" and presents lease liabilities under "trade and other payables" in the consolidated statement of financial position.

2. Material accounting policies (Continued)

(j) Leased assets (Continued)

(ii) As a lessor

When the company 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 company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(e)(v).

(k) Properties under development

Properties under development represent all costs incurred by the Group in connection with property development, and include mainly acquisition costs, cost of development, borrowing costs, costs of rehousing units (see Note 2(m)) and other direct costs incurred in connection with the development, less any provisions for impairment losses (see Note 2(h)). For preservation properties and retained properties, the properties are transferred to property, plant and equipment at cost upon completion.

Upon disposal of the development properties, the relevant cost of the properties will be apportioned between the part to be retained and the part to be sold on an appropriate basis.

The relevant cost for the part to be sold will be charged as "direct costs" to profit or loss at the inception of the joint development agreement.

(l) Properties held for sale and properties under development for sale

Properties held for sale and properties under development for sale at the end of the reporting period are stated at the lower of cost and net realisable value.

(m) Costs of rehousing units provided by the Hong Kong Housing Authority and the Hong Kong Housing Society

The Hong Kong Housing Authority and the Hong Kong Housing Society have agreed to provide certain rehousing units to the Group. In return, the Group will pay for the reservation fees until a tenant is moved into the unit and the allocation costs of the rehousing unit. These costs are recognised as part of the cost of properties under development referred to in Note 2(k).

(n) Provisions, contingencies and onerous contracts

(i) Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses, except for those cases where the Group has a present obligation as a result of committed events.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of economic benefits with respect to any one item included in the same class of obligations may be small.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(n) Provisions, contingencies and onerous contracts (Continued)

(i) Provisions and contingencies (Continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic benefits will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow of economic benefits occurs so that the outflow is probable, it will then be recognised as a provision.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(o) Current and deferred income tax

Income tax expenses comprise current tax and movements in deferred tax assets and liabilities.

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes profit or loss items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

The Group recognised deferred income tax assets and deferred income tax liabilities separately in relation to its lease liabilities and right-of-use assets.

2. Material accounting policies (Continued)

(p) **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

Other borrowing costs are charged to profit or loss in the period in which they are incurred.

(q) **Translation of foreign currencies**

(i) **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars, which is the Group's presentation currency.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(r) **Joint development projects**

The arrangements entered into by the Group with property developers for redevelopment projects are considered to be joint development and are accounted for in accordance with the terms of the development agreements. The Group's share of income earned from such development is recognised in profit or loss in accordance with the bases set out in Notes 2(e)(ii) and (iii).

Where property is received by the Group as its share of distribution of assets from joint development projects, such property is recorded within non-current assets at its fair value at the time when agreement is reached or, if a decision is taken for it to be disposed of, at the lower of this value and net realisable value within current assets.

(s) **Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances and deposits held at call with banks with original maturities of three months or less.

(t) **Employee benefits**

Salaries and annual leave are accrued and recognised as an expense in the year in which the associated services are rendered by the employees of the Group.

The Group operates defined contribution schemes and pays contributions to scheme administrators on a mandatory or voluntary basis. The contributions are recognised as an expense when they are due.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

2. Material accounting policies (Continued)

(u) Related parties

(i) *A person, or a close member of that person's family, is related to the Group if that person:*

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the Group or the Group's parent.

(ii) *An entity is related to the Group if any of the following conditions applies:*

- (1) 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).
- (2) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (3) The entity is controlled or jointly controlled by a person identified in (i).
- (4) A person identified in (i)(1) 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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Financial risk management and fair value of financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: cash flow interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance.

(i) *Cash flow interest rate risk*

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits. Nevertheless, the Group's surplus/deficit and operating cash flows are substantially independent of changes in market interest rates.

3. Financial risk management and fair value of financial instruments (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk

Credit risk is managed on a group basis. Credit risk arises from investments, cash and bank balances, building rehabilitation loans, and trade and other receivables.

The credit risk on investments at amortised cost is limited as issuers are mainly with high credit ratings assigned by international credit rating agencies.

The credit risk on cash and bank balances is limited because most of the funds are placed in banks with credit ratings, ranging from Aa1 to A3 and there is no concentration in any particular bank.

The credit risk on building rehabilitation loans is limited as the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts and place charges on the properties.

The credit risk on trade receivables is limited as rental deposits in the form of cash are usually received from tenants.

The Group measures loss allowances for trade and lease receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Given the Group has not experienced any significant credit losses in the past, the allowance for expected credit losses is insignificant.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through committed credit facilities.

Management monitors rolling forecasts of the Group's cash and bank balances on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts (except for debt securities issued which include interest element), as the impact of discounting is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

3. Financial risk management and fair value of financial instruments (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

	2024	2023
	\$'000	\$'000
Less than 1 year		
Trade and other payables	2,214,926	2,234,790
Amounts due to joint development projects	256,653	244,404
Debt securities issued	19,197	320,928
	<u>2,490,776</u>	<u>2,799,112</u>
Between 1 to 3 years		
Trade and other payables	56,132	36,203
Debt securities issued	519,250	538,447
	<u>575,382</u>	<u>574,650</u>
Between 3 to 5 years		
Trade and other payables	14,920	14,920
	<u>14,920</u>	<u>14,920</u>
Over 5 years		
Trade and other payables	330,862	334,506
	<u>330,862</u>	<u>334,506</u>

(iv) Foreign exchange risk

The Group has certain cash and bank balances and investments denominated in foreign currencies, which are exposed to foreign currency risk. When the exchange rates of foreign currencies against the Hong Kong dollar fluctuate, the value of the cash and bank balances and investments denominated in foreign currencies translated into Hong Kong dollar will vary accordingly.

Foreign exchange risk sensitivity

As at 31 March 2024, if Hong Kong dollar had weakened/strengthened by 1% against foreign currencies with all other variables held constant, the deficit of the Group would increase/decrease by approximately \$11,390,000 (2022/23: \$15,969,000) resulting from the foreign exchange gains/losses on translation of cash and bank balances and investments denominated in foreign currencies.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to promote urban renewal in Hong Kong by way of redevelopment, rehabilitation, retrofitting, revitalisation and heritage preservation.

The Group's working capital is mainly financed by the Government's equity injection, accumulated surplus and debt securities issued. The Group also maintains credit facilities to ensure the availability of funding when needed.

3. Financial risk management and fair value of financial instruments (Continued)

(c) Fair value measurement

The carrying amounts of the Group's financial assets including amounts due from joint development projects, cash and bank balances, investments at amortised cost and trade and other receivables; and financial liabilities including amounts due to joint development projects and trade and other payables, approximate their fair values.

The carrying amounts of the Group's building rehabilitation loans and debt securities issued approximate their fair value as the impact of discounting is insignificant.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of properties and provision for a committed project

Properties are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired in accordance with the accounting policy stated in Note 2(h).

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past and committed events in accordance with the accounting policy stated in Note 2(n). When the estimated value of the committed project is lower than the estimated development and related costs of the project, a provision would be recognised.

The valuations of properties and provision for committed projects are made on the basis of the "Market Value" adopted by the Hong Kong Institute of Surveyors ("HKIS"). The valuation is performed annually by external valuers who are qualified members of the HKIS. The Group's management review the assumptions used by the external valuers by considering the information from a variety of sources including (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences; (ii) recent prices of comparable properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; (iii) expected arrangement with property developers on tender awarded; (iv) estimated development and related costs and allocation thereof; and (v) discount rate used in land value assessment, which is made with reference to the Prime Rate.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

4. Critical accounting estimates and judgements (Continued)

Impairment of properties and provision for a committed project sensitivity

As at 31 March 2024, if the respective estimated upfront premium to be received on the projects had been increased/decreased by 5% with all other variables held constant, the deficit of the Group for the year would decrease/increase by approximately \$298,500,000 (2022/23: \$584,000,000) resulting from the change in provision for impairment on properties and committed projects.

The final impairment amount for properties and the ultimate losses arise from the committed projects would be affected by the actual realised value and development and related costs and the final arrangements with the property developers.

5. Revenue and other income, net

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2024	2023
	\$'000	\$'000
Revenue recognised outside the scope of HKFRS 15		
– Upfront premium from property developers	1,940,000	4,841,000
– Share of property development surplus on joint development projects	448,976	475,811
Revenue from contracts with customers within the scope of HKFRS 15		
– Sale of properties	634,946	196,572
	<u>3,023,922</u>	<u>5,513,383</u>

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

At 31 March 2024, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of comprehensive income in the future from pre-completion sales contracts entered into in relation to the Group's properties held for sale pending transfer of control amounted to \$969,414,000 (2022/23: \$170,501,000) which will be recognised when the properties are legally assigned to the customers. The Group will recognise the expected revenue in future on the basis that control over ownership of the property has been passed to the customer, which is expected to occur over the next 36 months.

5. Revenue and other income, net (Continued)

(b) Other income, net

Other income, net recognised during the year represents:

	2024	2023
	\$'000	\$'000
Interest income	890,008	517,922
Rental income	181,084	130,202
Miscellaneous income	6,155	3,357
Net foreign exchange loss	(53,732)	(76,208)
	<u>1,023,515</u>	<u>575,273</u>

6. Operating deficit before income tax

Operating deficit before income tax is arrived at after charging/(crediting) the following items:

(a) Other items:

	2024	2023
	\$'000	\$'000
Cost of properties under joint development projects	3,095,501	5,291,465
Cost of properties sold	445,268	105,986
Staff costs* (excluding directors' and senior management's remuneration)	523,424	489,934
Rehabilitation and retrofit expenses	86,808	45,354
Revitalisation and preservation expenses	15,634	17,054
Place making expenses^	6,155	9,482
Outgoings in respect of preservation properties, retained properties and rehousing units	<u>155,231</u>	<u>139,346</u>
Depreciation		
– Depreciation	253,082	242,150
– Less: Depreciation capitalised	<u>(25,123)</u>	<u>(27,373)</u>
	<u>227,959</u>	<u>214,777</u>
Auditor's remuneration		
– Audit services	<u>534</u>	<u>534</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

6. Operating deficit before income tax (Continued)

Operating deficit before income tax is arrived at after charging/(crediting) the following items: (Continued)

(a) Other items: (Continued)

	2024	2023
	\$'000	\$'000
Impairment on properties		
– Provision for impairment on properties held for sale	2,060	4,398
– Write back of provision for impairment on property, plant and equipment	(14,408)	(42,776)
– Provision for impairment on properties under development	3,101,600	3,074,000
	<u>3,089,252</u>	<u>3,035,622</u>
Interest expenses		
– Interest on lease liabilities	3,564	1,425
– Less: Interest on lease liabilities capitalised	(2,497)	(786)
	1,067	639
– Interest expenses on debt securities issued	19,992	30,914
– Less: Interest expenses capitalised [#]	(19,992)	(30,914)
	<u>–</u>	<u>–</u>
	<u>1,067</u>	<u>639</u>

* Including salaries and other benefits of \$488,010,000 (2022/23: \$457,900,000) and contribution to provident fund scheme of \$35,414,000 (2022/23: \$32,034,000).

^ Excluding depreciation of \$942,000 (2022/23: \$942,000) and interest expenses of \$35,000 (2022/23: \$58,000) for properties leased for own use.

The borrowing costs have been capitalised at rates ranging from 2.15% to 3.85% per annum (2022/23: 2.15% to 3.85% per annum).

6. Operating deficit before income tax (Continued)

Operating deficit before income tax is arrived at after charging/(crediting) the following items: (Continued)

(b) Managing Director, Executive Directors and senior management's remuneration paid or payable during the year

	2024					
	Fees	Salaries	Provident fund scheme contributions	Sub-total	Variable pay	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managing Director						
– Wai Chi-sing	–	4,692	–	4,692	1,401	6,093
Executive Directors						
– Carolin Fong Suet-yuen	–	3,082	18	3,100	770	3,870
– Wilfred Au Chun-ho ¹	–	2,351	300	2,651	588	3,239
– Eric Poon Shun-wing ²	–	887	168	1,055	221	1,276
9 Senior management staff & 2 Ex-senior management staff ¹	–	23,551	2,641	26,192	6,692	32,884
Total ³	–	34,563	3,127	37,690	9,672	47,362
2023						
	Fees	Salaries	Provident fund scheme contributions	Sub-total	Variable pay	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Managing Director						
– Wai Chi-sing	–	4,646	–	4,646	1,388	6,034
Executive Directors						
– Eric Poon Shun-wing	–	3,084	393	3,477	770	4,247
– Carolin Fong Suet-yuen ⁴	–	1,524	9	1,533	381	1,914
– Ian Wong Wai-kuen ⁵	–	–	–	–	–	–
9 Senior management staff ⁵ & 1 Ex-senior management staff	–	22,794	2,385	25,179	6,612	31,791
Total ³	–	32,048	2,787	34,835	9,151	43,986

Notes:

1. The Executive Director ceased to be a senior management staff on 14 July 2023 and assumed his role with effect from 15 July 2023.
2. The Executive Director retired on 14 July 2023.
3. Excluding compensation in lieu of leave in the aggregate sum of \$881,000 (2022/23: \$938,000).
4. The Executive Director assumed her role with effect from 3 October 2022.
5. A senior management staff was appointed as Executive Director from 6 January 2022 to 2 October 2022 on top of his current employment as senior management staff.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

6. Operating deficit before income tax (Continued)

Operating deficit before income tax is arrived at after charging/(crediting) the following items: (Continued)

(b) Managing Director, Executive Directors and senior management's remuneration paid or payable during the year (Continued)

	2024	2023
Their remuneration fell within the following bands:		
	No. of Individuals	No. of Individuals
\$1 to \$500,000	–	1
\$1,000,001 to \$1,500,000	2	–
\$1,500,001 to \$2,000,000	–	2
\$2,000,001 to \$2,500,000	2	–
\$3,000,001 to \$3,500,000	4	3
\$3,500,001 to \$4,000,000	2	2
\$4,000,001 to \$4,500,000	2	3
\$4,500,001 to \$5,000,000	1	1
\$6,000,001 to \$6,500,000	1	1
Total	<u>14</u>	<u>13</u>

There were no payments made or benefits provided in respect of the termination of director service or consideration provided to/receivable by third parties in respect of the services of directors, whether in the capacity of directors or in any other capacity while directors.

There were no loans or quasi-loans provided to the directors.

No significant transactions, arrangements or contracts in relation to the Group's business to which the Authority was a party, and in which a director of the Authority had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

6. Operating deficit before income tax (Continued)

Operating deficit before income tax is arrived at after charging/(crediting) the following items: (Continued)

(c) Other members of the Board

Fees for the Chairman and Non-Executive members of the Board (excluding the government public officers who are not entitled to receive any fees) are as follows:

	2024	2023
	\$'000	\$'000
Chairman		
Mr Chow Chung-kong, GBM, GBS, JP	100	100
Non-Executive Directors (non-public officers)		
Mr Evan Au Yang Chi-chun (<i>up to 30 Nov 2023</i>)	43	65
Mr William Chan Fu-keung, BBS	65	65
Dr Chan Ka-kui, GBS, JP (<i>from 1 May 2022</i>)	65	60
Ms Judy Chan Ka-pui (<i>up to 30 Apr 2022</i>)	–	5
The Honourable Vincent Cheng Wing-shun, MH, JP	65	65
Ms Ivy Chua Suk-lin	65	65
Mr Andy Ho Wing-cheong, MH	65	65
The Honourable Kwok Wai-keung, JP	65	65
Ir Janice Lai Wai-man (<i>from 1 May 2022</i>)	65	60
Sr Alexander Lam Tsan-wing (<i>from 1 Dec 2023</i>)	22	–
Mrs Sylvia Lam Yu Ka-wai, SBS (<i>from 1 May 2022</i>)	65	60
Ir The Honourable Michael Lee Chun-Keung, JP (<i>from 1 Dec 2023</i>)	22	–
Dr Lee Ho-yin (Note) (<i>up to 30 Nov 2023</i>)	–	22
Ms Elaine Lo Yuen-man, MH	65	65
Mr Roger Luk Koon-hoo, BBS, JP (<i>up to 30 Apr 2022</i>)	–	5
Professor Tang Bo-sin, MH	65	65
Ms Judy Tong Kei-yuk	65	65
The Honourable Tony Tse Wai-chuen, BBS, JP	65	65
Mrs Cecilia Wong Ng Kit-wah (<i>up to 30 Apr 2022</i>)	–	5
Mr Michael Wong Yick-kam, MH, JP (<i>up to 30 Apr 2022</i>)	–	5
Mr Stephen Wong Yuen-shan (<i>up to 28 Dec 2022</i>)	–	48
Ms Yvonne Yeung Kin-ha (<i>from 1 May 2022</i>)	65	60
	<u>1,032</u>	<u>1,080</u>

Note: The Non-Executive Director ceased to receive any fees from the Authority with effect from 4 August 2022.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

6. Operating deficit before income tax (Continued)

Operating deficit before income tax is arrived at after charging/(crediting) the following items: (Continued)

(d) Five highest paid individuals

	2024	2023
	\$'000	\$'000

The five individuals whose emoluments were the highest in the Group for the year ended 31 March 2024 include the Managing Director, two Executive Directors and two senior management staff (2022/23: the Managing Director, Executive Director and three senior management staff).

The total emoluments earned by the five highest paid individuals during the year are as follows:

Fixed – Salaries	17,271	16,827
– Provident fund scheme contributions	1,105	1,426
Sub-total	18,376	18,253
Variable pay	4,969	4,941
Total**	<u>23,345</u>	<u>23,194</u>

Their remuneration fell within the following bands:

	No. of Individuals	No. of Individuals
\$3,500,001 to \$4,000,000	1	–
\$4,000,001 to \$4,500,000	2	3
\$4,500,001 to \$5,000,000	1	1
\$6,000,001 to \$6,500,000	1	1
Total	<u>5</u>	<u>5</u>

** For the year ended 31 March 2024, compensation in lieu of leave of \$240,000 (2022/23: \$696,000) were excluded from the aggregate sum.

7. Income tax expenses

- (a) In accordance with Section 19 of the Urban Renewal Authority Ordinance, the Authority is exempted from taxation under the Inland Revenue Ordinance (Chapter 112).

No provision for Hong Kong profits tax has been made for the Group's subsidiaries as they have no estimated assessable profits for the year (2022/23: Nil).

- (b) As at 31 March 2024, the subsidiaries of the Group have unrecognised deductible temporary differences arising from capital allowance of \$2,702,000 (31 March 2023: \$2,796,000) and tax losses of \$54,090,000 (31 March 2023: \$51,326,000) to carry forward against future taxable income. These tax losses have no expiry date.

8. Property, plant and equipment

(a) Reconciliation of carrying amount

	Other property, plant and equipment						Properties leased for own use	Total
	Retained properties ¹	Preservation properties	Land and buildings	Leasehold improvements	Plant and machinery	Furniture and equipment and motor vehicles		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 31 March 2022								
Cost	4,116,560	3,310,823	2,057,183	312,832	133,643	32,216	149,370	10,112,627
Accumulated depreciation	(188,122)	(308,203)	(378,021)	(74,232)	(59,318)	(22,189)	(90,896)	(1,120,981)
Accumulated impairment	(25,709)	(1,302,810)	(412,430)	–	–	–	–	(1,740,949)
Net book value	<u>3,902,729</u>	<u>1,699,810</u>	<u>1,266,732</u>	<u>238,600</u>	<u>74,325</u>	<u>10,027</u>	<u>58,474</u>	<u>7,250,697</u>
Year ended 31 March 2023								
Opening net book value	3,902,729	1,699,810	1,266,732	238,600	74,325	10,027	58,474	7,250,697
Additions/Adjustments ²	83	14,468	–	45,601	4,773	10,454	23,025	98,404
Disposal	–	–	–	–	–	–	(32)	(32)
Depreciation	(92,444)	(41,757)	(32,379)	(17,147)	(9,400)	(5,256)	(43,767)	(242,150)
Write back of provision/ (provision) for impairment	5,500	37,753	(477)	–	–	–	–	42,776
Closing net book value	<u>3,815,868</u>	<u>1,710,274</u>	<u>1,233,876</u>	<u>267,054</u>	<u>69,698</u>	<u>15,225</u>	<u>37,700</u>	<u>7,149,695</u>
At 31 March 2023								
Cost	4,116,643	3,325,291	2,057,183	358,433	138,416	41,323	141,082	10,178,371
Accumulated depreciation	(280,566)	(349,960)	(410,400)	(91,379)	(68,718)	(26,098)	(103,382)	(1,330,503)
Accumulated impairment	(20,209)	(1,265,057)	(412,907)	–	–	–	–	(1,698,173)
Net book value	<u>3,815,868</u>	<u>1,710,274</u>	<u>1,233,876</u>	<u>267,054</u>	<u>69,698</u>	<u>15,225</u>	<u>37,700</u>	<u>7,149,695</u>
Year ended 31 March 2024								
Opening net book value	3,815,868	1,710,274	1,233,876	267,054	69,698	15,225	37,700	7,149,695
Additions/Adjustments ²	–	1,126	–	3,186	273	5,187	73,610	83,382
Transfer from properties under development	889,500	–	–	–	–	–	–	889,500
Depreciation	(105,811)	(42,125)	(33,393)	(18,188)	(8,952)	(5,501)	(39,112)	(253,082)
Write back of provision for impairment	553	11,866	1,989	–	–	–	–	14,408
Closing net book value	<u>4,600,110</u>	<u>1,681,141</u>	<u>1,202,472</u>	<u>252,052</u>	<u>61,019</u>	<u>14,911</u>	<u>72,198</u>	<u>7,883,903</u>
At 31 March 2024								
Cost	5,329,743	3,326,417	2,057,183	361,619	138,689	44,833	214,692	11,473,176
Accumulated depreciation	(386,377)	(392,085)	(443,793)	(109,567)	(77,670)	(29,922)	(142,494)	(1,581,908)
Accumulated impairment	(343,256)	(1,253,191)	(410,918)	–	–	–	–	(2,007,365)
Net book value	<u>4,600,110</u>	<u>1,681,141</u>	<u>1,202,472</u>	<u>252,052</u>	<u>61,019</u>	<u>14,911</u>	<u>72,198</u>	<u>7,883,903</u>

Notes:

1. The Group receives rental income for the retained properties and their aggregate fair value as at 31 March 2024 was \$5,251,000,000 (31 March 2023: \$4,587,525,000).
2. Adjustments represent the changes in estimated resumption and construction costs of properties and leasehold improvements.

The Group's land and buildings comprise mainly rehousing blocks held for the purpose of rehousing affected tenants of development projects and commercial premises held for self-use.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

8. Property, plant and equipment (Continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 March 2024	31 March 2023
	\$'000	\$'000
Properties leased for own use, carried at depreciated cost, with remaining lease term of less than 5 years	<u>72,198</u>	<u>37,700</u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024	2023
	\$'000	\$'000
Net depreciation charge of right-of-use assets by class of underlying asset:		
– Properties leased for own use	<u>13,989</u>	<u>16,393</u>
Interest on lease liabilities (Note 6(a))	<u>1,067</u>	<u>639</u>

9. Properties under development

As at 31 March 2024, the properties under development are analysed as follows:

	2024	2023
	\$'000	\$'000
Cost, including Home Purchase Allowance ("HPA") (Note (i))		
At 1 April	25,248,900	22,500,967
Add: Additions during the year*	8,174,368	8,015,493
Less: Charged to profit or loss during the year	(3,430,367)	(5,267,560)
Transferred to property, plant and equipment	(1,213,100)	–
Transferred to properties held for sale	(95,600)	–
At 31 March**	28,684,201	25,248,900
Provision for impairment at 31 March	(6,513,800)	(4,052,700)
Balance as at 31 March	<u>22,170,401</u>	<u>21,196,200</u>

* The amount includes depreciation of \$25,123,000 (2022/23: \$27,374,000) and interest expense of \$2,497,000 (2022/23: \$786,000) for properties leased for own use.

** The amount includes accumulated interest and other borrowing costs capitalised of \$265,261,000 (31 March 2023: \$252,251,000).

9. Properties under development (Continued)

As at 31 March 2024, the properties under development are analysed as follows:

	2024	2023
	\$'000	\$'000
Non-current portion	21,048,425	19,979,351
Current portion (development for sale)	1,121,976	1,216,849
	<u>22,170,401</u>	<u>21,196,200</u>

Notes:

- (i) In March 2001, the Finance Committee of the Legislative Council approved, inter alia, the revised basis for calculating the HPA payable to owners of domestic properties and ex-gratia allowances payable to owners and owner-occupiers affected by land resumption. The relevant policies governing the Authority's payment of HPA and ex-gratia allowances for properties acquired/resumed and the clearance of occupiers are based on the above framework which have resulted in a high cost base for the Group's redevelopment projects.

In respect of domestic properties, the assessment of HPA is based on a notional replacement flat of 7 years old which is assumed to be in a comparable quality building, situated in a similar locality in terms of characteristics and accessibility, being at the middle floor with average orientation not facing south or west, and without seaview. The HPA paid to the owner-occupiers represents the difference between the assessed value of the notional 7-year-old flat and estimated market value of the acquired property at the offer date. The owner will also receive the estimated market value of his flat in addition to the HPA.

As at 31 March 2024, the Group's estimated cash outflow in respect of project under acquisition and resumption as well as construction cost for self-developed projects was \$7.2 billion (31 March 2023: \$4.5 billion), without accounting for any future cash inflow for the projects.

- (ii) The Group launched the Flat-for-Flat ("FFF") Scheme to provide domestic owner-occupiers affected by the Group's redevelopment projects commenced after 24 February 2011 with an alternative option to cash compensation. The owner-occupier taking the option of FFF will have to top up if the price of the new flat is higher than the cash compensation for his old flat. The domestic owner-occupiers could have a choice of "in-situ" flats on the lower floors of the new development or flats in an FFF Scheme at Kai Tak.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

10. Building rehabilitation loans

As at 31 March 2024, the building rehabilitation loans are analysed as follows:

	2024	2023
	\$'000	\$'000
Non-current portion	3,354	5,445
Current portion	2,443	3,218
	<u>5,797</u>	<u>8,663</u>

The building rehabilitation loans are interest-free, except for default, in which case interest will be charged on the overdue amount at the Prime Lending Rate quoted by The Hongkong and Shanghai Banking Corporation Limited. The Group reserves the right to impose legal charges over the properties for loans of amounts between \$25,001 and \$100,000. All non-current portion of building rehabilitation loans are due within five years from the end of the reporting period.

The maximum exposure to credit risk of the Group is the carrying value of the building rehabilitation loans.

11. Investments

As at 31 March 2024, the debt securities investments are analysed as follows:

	2024	2023
	\$'000	\$'000
Investments at amortised cost		
– Non-current portion	550,000	1,650,000
– Current portion	1,100,000	1,150,000
	<u>1,650,000</u>	<u>2,800,000</u>

As at 31 March 2024, the Group's debt securities investments represent high quality corporate bonds.

12. Cash and bank balances

	2024	2023
	\$'000	\$'000
Bank deposits		
Original maturities of 3 months or less	1,361,698	1,495,202
Original maturities of more than 3 months	15,094,656	19,206,414
	16,456,354	20,701,616
Less: Amounts held in trust for joint development projects	(1,244)	(1,219)
	16,455,110	20,700,397
Cash at banks and in hand	88,404	122,772
	<u>16,543,514</u>	<u>20,823,169</u>
Maximum exposure to credit risk	<u>16,543,514</u>	<u>20,823,169</u>
Representing:		
	2024	2023
	\$'000	\$'000
Non-current portion		
– Bank deposits	<u>–</u>	<u>269,000</u>
Current portion		
– Cash at banks and in hand	88,404	122,772
– Bank deposits	16,455,110	20,431,397
	<u>16,543,514</u>	<u>20,554,169</u>

As at 31 March 2024, cash and bank balances of the Group are denominated in Hong Kong Dollars except for an amount of \$662,547,000 and \$476,477,000 (31 March 2023: \$628,682,000 and \$968,231,000) which are denominated in USD and Renminbi respectively.

The average effective interest rate of time deposits with banks was 4.75% per annum (2022/23: 2.01% per annum). These deposits have an average maturity of 103 days (2022/23: 169 days).

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

12. Cash and bank balances (Continued)

The credit quality of the cash and bank balances, deposited with financial institutions, which are Hong Kong Dollars and denominated in foreign currencies, can be assessed by reference to external credit ratings of the financial institutions and are analysed as follows:

	2024	2023
<u>Rating (Moody's)</u>	<u>\$'000</u>	<u>\$'000</u>
Aa1 – Aa3	9,768,829	9,007,886
A1 – A3	6,260,446	11,322,914
Others	514,239	492,369
	<u>16,543,514</u>	<u>20,823,169</u>

Reconciliation of liabilities arising from financing activities:

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

	<u>Debt securities issued</u>	
	<u>2024</u>	<u>2023</u>
	<u>\$'000</u>	<u>\$'000</u>
At 1 April	798,601	1,097,775
Changes from financing cash flows:		
– Redemption of debt securities	(300,000)	(300,000)
Other changes:		
– Amortisation of debt securities issuing costs	510	826
At 31 March	<u>499,111</u>	<u>798,601</u>

12. Cash and bank balances (Continued)

Reconciliation of liabilities arising from financing activities: (Continued)

	Lease liabilities	
	2024	2023
	\$'000	\$'000
At 1 April	41,529	62,960
Changes from financing cash flows:		
– Capital element of lease rentals paid	(37,825)	(44,456)
– Interest element of lease rentals paid	(3,564)	(1,425)
Total changes from financing cash flows	(41,389)	(45,881)
Other changes:		
– Increase in lease liabilities from entering into new leases during the year	73,610	23,025
– Interest expense (Note 6(a))	3,564	1,425
Total other changes	77,174	24,450
At 31 March	<u>77,314</u>	<u>41,529</u>

13. Properties held for sale

The Group's properties held for sale are located in Hong Kong and their carrying amounts are analysed as follows:

	2024	2023
	\$'000	\$'000
In Hong Kong, with remaining lease term of:		
– 50 years or more	5,674	5,674
– between 10 and 50 years	511,838	862,791
	<u>517,512</u>	<u>868,465</u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

14. Balances with joint development projects

	2024	2023
	\$'000	\$'000
Amounts due from joint development projects	17,521	27,256
Amounts due to joint development projects	(256,653)	(244,404)
	<u>(239,132)</u>	<u>(217,148)</u>

All amounts due from/(to) joint development projects are expected to be recovered/settled within one year.

The Group has the following active joint development projects as at 31 March 2024:

Project Name/Location	Land use	Total gross floor area (m ²)	Actual completion date (calendar year)	Expected completion date (calendar year)
The Zenith/One Wanchai (Wan Chai)	Commercial/Residential	62,310	2006 (Site A & B) 2013 (Site C)	–
* Vision City/Citywalk (Tsuen Wan)	Commercial/Residential	137,885	2007	–
* The Dynasty/Citywalk 2 (Tsuen Wan)	Commercial/Residential	44,404	2008	–
* Vista (Sham Shui Po)	Commercial/Residential	12,708	2009	–
Lime Stardom (Tai Kok Tsui)	Commercial/Residential	19,735	2011	–
* Park Summit (Tai Kok Tsui)	Commercial/Residential	21,402	2013	–
Park Metropolitan (Kwun Tong)	Residential	27,830	2014	–
Park Ivy (Tai Kok Tsui)	Commercial/Residential	4,843	2014	–

14. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2024: (Continued)

Project Name/Location	Land use	Total gross floor area (m ²)	Actual completion date (calendar year)	Expected completion date (calendar year)
* The Avenue/Lee Tung Avenue (Wan Chai)	Commercial/Residential	83,898	2015	–
My Place (Ma Tau Kok)	Commercial/Residential	6,944	2016	–
* SKYPARK/The Forest (Mong Kok)	Commercial/Residential	22,301	2017	–
City Hub (To Kwa Wan)	Commercial/Residential	8,378	2018	–
The Ascent (Sham Shui Po)	Commercial/Residential	7,159	2018	–
93 Pau Chung Street (Ma Tau Kok)	Commercial/Residential	10,345	2018	–
Downtown 38 (Ma Tau Kok)	Commercial/Residential	9,783	2020	–
Monti (Sai Wan Ho)	Residential	5,680	2020	–
Madison Park (Sham Shui Po)	Commercial/Residential	4,884	2020	–
Artisan Garden (Ma Tau Kok)	Commercial/Residential	12,456	2021	–
Grand Central (Kwun Tong)	Commercial/Residential	179,248	2021	–
Seaside Sonata (Sham Shui Po)	Commercial/Residential	58,899	2021	–
Sablier (Tai Kok Tsui)	Commercial/Residential	5,738	2021	–

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

14. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2024: (Continued)

Project Name/Location	Land use	Total gross floor area (m ²)	Actual completion date (calendar year)	Expected completion date (calendar year)
L • LIVING 23 (Tai Kok Tsui)	Commercial/Residential	6,597	2021	–
One Soho (Yau Ma Tei)	Commercial/Residential	12,510	2023	–
The Symphonie (Sham Shui Po)	Commercial/Residential	13,409	2023	–
Bal Residence (Kwun Tong)	Commercial/Residential	6,661	2023	–
The Harmonie (Sham Shui Po)	Commercial/Residential	14,841	2023	–
One Central Place (Sheung Wan)	Commercial/Stadium and Youth Centre/Residential	9,630	–	2024
Peel Street/Graham Street — Site C (Sheung Wan)	Commercial/Office/Hotel	41,460	–	2024
Tonkin Street/ Fuk Wing Street (Sham Shui Po)	Commercial/Residential	9,675	–	2025
Oak Street/Ivy Street (Yau Tsim Mong)	Commercial/Residential	5,571	–	2026
Bailey Street/ Wing Kwong Street (Kowloon City)	Commercial/Residential	66,654	–	2027
Hung Fook Street/ Ngan Hon Street (Kowloon City)	Commercial/Residential	41,229	–	2027

14. Balances with joint development projects (Continued)

The Group has the following active joint development projects as at 31 March 2024: (Continued)

Project Name/Location	Land use	Total gross floor area (m ²)	Actual completion date (calendar year)	Expected completion date (calendar year)
Hung Fook Street/ Kai Ming Street/ Wing Kwong Street (Kowloon City)	Commercial/Residential	48,942	–	2027
Sung Hing Lane/ Kwai Heung Street (Central & Western)	Commercial/Residential	8,804	–	2027
Wing Kwong Street/ Sung On Street (Kowloon City)	Commercial/Residential	25,713	–	2027
Queen's Road West/ In Ku Lane (Central & Western)	Commercial/Residential	11,828	–	2028
@ Shing Tak Street/ Ma Tau Chung Road (Kowloon City)	Commercial/Residential	38,547	–	2029

* Projects with commercial portions jointly held by the developer and the Group for letting and pending for sale

@ Newly awarded projects during the year

The Group is entitled to returns which are predetermined in accordance with the provisions of the joint development agreements.

In respect of the commercial portions of certain projects, the Group has reached supplemental agreements with the respective developers to extend the sale of the commercial portions to a few years after the issuance of the occupation permits. The Group shares certain percentage of any net proceeds derived from the operation of the commercial portions before the sale and includes it as surplus for the year and would also share the future sales proceeds at the same ratio. The Group would account for its share of sales proceeds as surplus from the joint development projects when these commercial portions are sold in the future.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

15. Trade and other receivables

As at 31 March 2024, the trade and other receivables are current in nature and analysed as follows:

	2024	2023
	\$'000	\$'000
Trade receivables and prepayments	219,932	168,748
Interest receivables	197,372	267,454
Other receivables and deposits	30,125	33,898
Balance at 31 March	<u>447,429</u>	<u>470,100</u>

All of trade and other receivables are expected to be recovered within one year.

The maximum exposure to credit risk of the Group is the carrying amount of trade and other receivables.

16. Capital

On 21 June 2002, the Finance Committee of the Legislative Council approved a commitment of \$10 billion for injection as equity into the Authority. The Government injected the equity into the Authority in phases over the five financial years from 2002/03 to 2006/07. At 31 March 2024, the Authority had received all five tranches of equity injection of \$10 billion in total.

17. Trade and other payables

As at 31 March 2024, the trade and other payables are analysed as follows:

	Note	2024 \$'000	2023 \$'000
Contract liabilities	(a)	112,592	61,561
Lease liabilities		77,314	41,529
Trade payables		83,708	78,121
Rental and other deposits received		90,848	163,633
Proceeds received in advance from sale of properties of joint development projects		–	2,033
Other payables		3,383	4,504
Accrued expenses		2,357,698	2,331,237
		<u>2,725,543</u>	<u>2,682,618</u>

Representing:

	2024 \$'000	2023 \$'000
Non-current portion	400,806	385,155
Current portion	2,324,737	2,297,463
	<u>2,725,543</u>	<u>2,682,618</u>

Note:

(a) Contract liabilities

Contract liabilities recognised arise from property development activities. Typical payment terms are as follows:

The Group receives certain percentage of the contract value as deposit from customers when they sign the sale and purchase agreement. The deposit is recognised as a contract liability until the properties are completed and transferred to the customers. The rest of the consideration is typically paid when the property is assigned to the customer.

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

17. Trade and other payables (Continued)

Note: (Continued)

(a) Contract liabilities (Continued)

Movements in contract liabilities

	2024	2023
	\$'000	\$'000
Balance at 1 April	61,561	6,255
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(18,721)	(3,750)
Increase in contract liabilities as a result of receiving forward sales deposits and instalments during the year in respect of property sales not yet completed as at 31 March	69,752	59,056
Balance at 31 March	<u>112,592</u>	<u>61,561</u>

18. Debt securities issued

As at 31 March 2024, the Group has issued the following fixed rate notes under a Medium Term Note programme.

	2024	2023
	\$'000	\$'000
Non-current portion		
HK dollar Fixed rate notes with coupon of 3.85% due 2026	500,000	500,000
Less: Unamortised debt securities issuing costs	(889)	(1,378)
	<u>499,111</u>	<u>498,622</u>
Current portion		
HK dollar Fixed rate notes with coupon of 2.15% due 2023	–	300,000
Less: Unamortised debt securities issuing costs	–	(21)
	<u>–</u>	<u>299,979</u>

19. Provident fund scheme

The Group provides retirement benefits to its eligible employees under defined contribution schemes. In accordance with the Mandatory Provident Fund Schemes Ordinance, the eligible employees enjoy retirement benefits under the Mandatory Provident Fund Exempted ORSO Scheme or the Mandatory Provident Fund Scheme (the "Schemes") under which employer's voluntary contributions have been made. The assets of the Schemes are held separately from those of the Group and managed by independent administrators. The Group normally makes voluntary contributions ranging from 5% to 10% of the employees' monthly salaries depending on the years of service of the employees.

The total amount contributed by the Group into the Schemes for the year ended 31 March 2024 was \$38,541,000 (2022/23: \$34,821,000), net of forfeitures of \$2,917,000 (2022/23: \$3,434,000), which has been charged to the Group's profit or loss for the year.

20. Commitments

(a) Capital commitments

Capital commitments in respect of acquisition of property, plant and equipment at 31 March 2024 are as follows:

	2024	2023
	\$'000	\$'000
Contracted but not yet incurred	4,800	110

(b) Operating lease rental receivable

As at 31 March 2024, undiscounted lease payments under non-cancellable operating leases in place in respect of properties will be receivable by the Group in future periods, except for those commercial portions jointly developed by the developer and the Group, are as follows:

	2024	2023
	\$'000	\$'000
Within 1 year	128,041	127,537
After 1 year but within 2 years	87,159	84,030
After 2 years but within 3 years	21,736	58,056
After 3 years but within 4 years	8,873	8,952
After 4 years but within 5 years	5,026	393
	250,835	278,968

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

21. Significant related party transactions

Transactions entered into by the Group with members of the Board, parties related to them, Government Departments, agencies or Government controlled entities, other than those transactions which are entered into by parties in general in the course of their normal dealings, are considered to be related party transactions pursuant to HKAS 24 (Revised) "Related Party Disclosures".

During the year, the Authority reimbursed the Government an amount of \$53,533,000 (2022/23: \$48,599,000) for actual costs incurred by the Lands Department of the Government (the "Lands Department") in connection with statutory resumption and site clearance work conducted for the redevelopment projects of the Authority. As at 31 March 2024, there was an amount of \$4,506,000 (31 March 2023: \$4,039,000) due to the Lands Department yet to be settled. The amount is unsecured, interest-free and repayable on demand and included in trade and other payables.

In 2011/12, the Authority has contributed \$500,000,000 to Urban Renewal Trust Fund (the "Fund"). During the year, the Authority provided administrative and support services to the Fund for \$2,418,000 (2022/23: \$2,282,000).

During the year, the Authority charged the said Fund \$26,000 (2022/23: \$174,000, including office fitting out) for office accommodation expenses.

As at 31 March 2024, there was an amount of \$126,889,000 (31 March 2023: \$174,841,000) remained in the Fund. The Authority has committed to make further contribution to the Fund in future in the event that its fund balance is fully utilised.

The key management of the Authority refers to members of the Board and their compensations are set out in Notes 6(b) and (c).

22. Statement of Financial Position of the Authority

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the statement of financial position of the Authority as at 31 March 2024 is set out as follows:

	Note	2024 \$'000	2023 \$'000
Non-current assets			
Property, plant and equipment		7,844,728	7,109,349
Properties under development		21,048,425	19,979,351
Interest in subsidiaries	22(a)	40,320	40,320
Loan to a subsidiary		14,600	14,600
Building rehabilitation loans		3,354	5,445
Prepayments		604,740	661,867
Investments		550,000	1,650,000
Bank deposits		–	269,000
		<u>30,106,167</u>	<u>29,729,932</u>
Current assets			
Properties held for sale		517,512	868,465
Properties under development for sale		1,121,976	1,216,849
Amounts due from joint development projects		17,521	27,256
Building rehabilitation loans		2,443	3,218
Trade and other receivables		450,512	473,814
Investments		1,100,000	1,150,000
Cash and bank balances		16,543,514	20,554,169
		<u>19,753,478</u>	<u>24,293,771</u>
Total assets		<u><u>49,859,645</u></u>	<u><u>54,023,703</u></u>
Capital and reserve			
Capital		10,000,000	10,000,000
Accumulated surplus		36,378,641	40,298,403
	22(b)	<u>46,378,641</u>	<u>50,298,403</u>
Non-current liabilities			
Trade and other payables		400,806	385,155
Debt securities issued		499,111	498,622
		<u>899,917</u>	<u>883,777</u>
Current liabilities			
Amounts due to joint development projects		256,653	244,404
Trade and other payables		2,324,434	2,297,140
Debt securities issued		–	299,979
		<u>2,581,087</u>	<u>2,841,523</u>
Total capital, reserve and liabilities		<u><u>49,859,645</u></u>	<u><u>54,023,703</u></u>

NOTES TO THE FINANCIAL STATEMENTS

(expressed in Hong Kong Dollars)

22. Statement of Financial Position of the Authority (Continued)

(a) Interest in subsidiaries

	2024	2023
	\$'000	\$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries (Note)	85,344	82,022
Less: Provision for impairment	(45,025)	(41,703)
	<u>40,320</u>	<u>40,320</u>

Note:

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The balances are expected to be recovered more than one year.

The names of the principal subsidiaries, all of which are wholly and directly owned by the Authority and incorporated in Hong Kong, are as follows:

Name	Number of shares	Total share capital \$	Principal activities
Champ Dragon Properties Limited	1	1	Property holding
Ease Shine Development Limited	1	1	Property holding
Full Wisdom Enterprises Limited	1	1	Property holding
High Union Development Limited	1	1	Property holding
Hong Kong Building Rehabilitation Facilitation Services Limited	1	1	Building rehabilitation facilitation services
Joyful Success Investment Limited	1	1	Property holding
Max Grace Properties Limited	1	1	Property holding
Opalman Limited	2	2	Property holding
Sunny Joy Properties Limited	1	1	Property holding
Urban Redevelopment Facilitating Services Company Limited	1	10	Urban redevelopment facilitating services
Well Nice Properties Limited	1	1	Property holding

22. Statement of Financial Position of the Authority (Continued)

(b) Statement of Changes in Equity

	Capital \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2022	10,000,000	43,827,477	53,827,477
Deficit and total comprehensive income for the year	–	(3,529,074)	(3,529,074)
Balance at 31 March 2023	<u>10,000,000</u>	<u>40,298,403</u>	<u>50,298,403</u>
Balance at 1 April 2023	10,000,000	40,298,403	50,298,403
Deficit and total comprehensive income for the year	–	(3,919,762)	(3,919,762)
Balance at 31 March 2024	<u>10,000,000</u>	<u>36,378,641</u>	<u>46,378,641</u>

23. Approval of financial statements

The financial statements were approved by the Board on 13 June 2024.

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**APPENDIX 2 – SUPPLEMENTAL OFFERING CIRCULAR DATED
10 NOVEMBER 2025**

IMPORTANT NOTICE

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

Important: You must read the following before continuing. The following applies to the supplemental offering circular following this page (the "**Supplemental Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Supplemental Offering Circular. In accessing the Supplemental 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 SUPPLEMENTAL OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of the Representation: This Supplemental Offering Circular is being sent at your request and by accepting the e-mail and accessing this Supplemental Offering Circular, you shall be deemed to have represented to us that you are outside the United States. In addition, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Supplemental Offering Circular by electronic transmission.

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

The materials relating to any offering of securities to which this Supplemental 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 such 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, such offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer (as defined in this Supplemental Offering Circular) in such jurisdiction.

This Supplemental Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arrangers and the Dealers (each as defined in the Original Offering Circular (as defined below)) or any person who controls any Arranger or Dealer or any director, officer, employee or agent of the Issuer, any Arranger or Dealer or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Supplemental Offering Circular distributed to you in electronic format and the hard copy version available to you on request from any of the Arrangers or the Dealers.

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SUPPLEMENTAL OFFERING CIRCULAR



URBAN RENEWAL AUTHORITY

(a body corporate established in Hong Kong under the Urban Renewal Authority Ordinance (Chapter 563 of the Laws of Hong Kong))

U.S.\$4,400,000,000

Medium Term Note Programme

This supplemental offering circular (the "**Supplemental Offering Circular**") has been prepared in connection with the increase in the aggregate nominal amount of the Notes that may be issued under the Programme (the "**Programme**") established and updated by the Urban Renewal Authority (the "**URA**" or the "**Issuer**") as described by the offering circular dated 23 June 2025 relating to the Programme (as amended, supplemented or restated from time to time, the "**Original Offering Circular**" and together with this Supplemental Offering Circular, the "**Offering Circular**").

This Supplemental Offering Circular is supplemental to, and should be read in conjunction with, the Original Offering Circular and any other supplements to the Original Offering Circular. To the extent there is any inconsistency between any statement in this Supplemental Offering Circular and any other statement in, or incorporated by reference into, the Original Offering Circular, the statements in this Supplemental Offering Circular shall prevail. Terms given a defined meaning in the Original Offering Circular shall, unless the context otherwise requires, have the same meaning when used in this Supplemental Offering Circular.

On 10 November 2025, the aggregate nominal amount of the Notes that may be issued under the Programme has been increased to U.S.\$4,400,000,000. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$4,400,000,000 (or the equivalent in other currencies), subject to increase as described in the Offering Circular. Any Notes issued under this Programme on or after the date of this Supplemental Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued prior to the date of this Supplemental Offering Circular.

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 the Original Offering Circular on the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: the Issuer confirms that each Tranche (as defined under "*Terms and Conditions of the Notes*" in the Original Offering Circular) of the Notes to be issued under the Programme is intended for purchase by Professional Investors only and, the Programme and the Notes, to the extent that such 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 confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

The Programme has been rated "AA+" by S&P Global Ratings ("**S&P**"). These ratings are only correct as at the date of this Supplemental Offering Circular. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Prospective investors should be aware that there are various other risks relating to the Notes, the Issuer, the Group, their businesses and operations which prospective investors should familiarise themselves with before making an investment in the Notes. See the section headed "*Risk Factors*" beginning on page 11 in the Original Offering Circular.

HSBC		Arrangers			Standard Chartered Bank	
		Dealers				
Agricultural Bank of China Limited Hong Kong Branch	ANZ	Bank of China (Hong Kong)	Bank of Communications	Barclays		
BNP PARIBAS	BofA Securities	Citigroup	CMB Wing Lung Bank Limited	Crédit Agricole CIB		
DBS Bank Ltd.	Goldman Sachs	HSBC	ICBC (Asia)	J.P. Morgan		
Mizuho	Morgan Stanley	OCBC	Standard Chartered Bank	UBS		

The date of this Supplemental Offering Circular is 10 November 2025

IMPORTANT NOTICE

This Supplemental 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 and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this Supplemental Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

No person is or has been authorised by the Issuer to give any information or to make any representation other than as contained in the Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Arrangers or the Dealers. Neither the delivery of the Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer and its Subsidiaries taken as a whole (the "Group") since the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of the Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular comes are required by the Issuer, the Arrangers or the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any U.S. State securities law and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States. For a description of certain restrictions on offers and sales of Notes and on distribution of the Offering Circular, see "*Subscription and Sale*" in the Original Offering Circular.

The Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or invitation in such jurisdiction.

The Arrangers and the Dealers have not separately verified the information contained in the Offering Circular. None of the Arrangers or the Dealers 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 the Offering Circular. To the fullest extent permitted by law, none of the Arrangers or the Dealers accept any responsibility for the contents of the Offering Circular or for any other statement made or purported to be made by the Arrangers or the Dealers or on their behalf in connection with the Issuer, the Group, the Programme or the issue and offering of the Notes. Each of the Arrangers and the Dealers accordingly disclaims 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 the Offering Circular or any such statement. Neither the Offering Circular nor any other financial statements are 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 Arrangers or the Dealers that any recipient of the Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in the Offering Circular and make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers or the Dealers undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by the Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers or the Dealers.

With effect from the date of this Supplemental Offering Circular, the Original Offering Circular shall be amended and/or supplemented in the manner described below:

INCREASE OF THE AGGREGATE NOMINAL AMOUNT OF THE NOTES THAT MAY BE ISSUED UNDER THE PROGRAMME

As of the date of this Supplemental Offering Circular, the aggregate nominal amount of the Notes that may be issued under the Programme has been increased from U.S.\$3,000,000,000 to U.S.\$4,400,000,000.

All references to "U.S.\$3,000,000,000" in the Original Offering Circular in connection with the aggregate nominal amount of the Notes that may be issued or outstanding at any time under the Programme shall be changed to "U.S.\$4,400,000,000".

RISK FACTORS

The second paragraph under "**RISK FACTORS – Risks relating to the Issuer's relationship with the Government – *The Government can exert significant influence on the Issuer, and could cause the Issuer to make decisions, modify the scope of its activities, or impose new obligations on the Issuer that may not be in the best interests of investors.***" on page 19 of the Original Offering Circular shall be deleted and replaced with the following:

"By virtue of various control and oversight provisions in the URA Ordinance, the Government is in a position to exert significant influence on the Issuer's major business decisions and strategies, including the scope of its activities and the split between the revenue generating and non-revenue generating businesses undertaken by the Issuer. For example, the Issuer's borrowing limit has to be approved by the Financial Secretary. In July 2023, the Financial Secretary granted approval for the Issuer to raise its borrowing limit from HK\$6 billion to HK\$25 billion. In August 2025, the Financial Secretary granted approval for the Issuer to further raise its borrowing limit from HK\$25 billion to HK\$35 billion. However, the Issuer's borrowing limit may be further reviewed or revised by the Government from time to time. The Government may also from time to time drive new policies, including but not limited to, those in relation to urban planning, urban regeneration, building rehabilitation, land and properties, heritage conservation, and other matters, which could affect the role, business activities, financial condition and operations of the Issuer and such new policies may not always result in profitability for the Issuer. For example, in light of the increasing number of aging buildings in Hong Kong, the Issuer has, since 2009, been tasked by the Government and allocated with over HK\$22 billion funding from the Government to administer a number of building rehabilitation subsidy schemes."

DESCRIPTION OF THE ISSUER

The first paragraph under "**DESCRIPTION OF THE ISSUER – OPERATIONAL OVERVIEW – Funding Strategy**" on page 136 of the Original Offering Circular shall be deleted and replaced with the following:

"Historically, the Issuer's primary source of funding has been the injection of HK\$10 billion in capital by the Government. This capital was injected in five HK\$2 billion tranches between the financial years ended 31 March 2003 and 31 March 2007. The Issuer's borrowing powers are regulated by the URA Ordinance, which provides that, in addition to the approval of the Board, the approval of the Financial Secretary is required for borrowings by the Issuer (other than overdraft facilities) from sources other than the Government. In July 2023, the Financial Secretary approved the Issuer's proposition to raise its borrowing limit from HK\$6 billion to HK\$25 billion, including utilised banking facilities and outstanding bonds issued under the Programme. In August 2025, the Financial Secretary approved the Issuer's proposition to further raise its borrowing limit from HK\$25 billion to HK\$35 billion, including utilised banking facilities and outstanding bonds issued

under the Programme. The borrowing limit is reviewed periodically as needed to support the Issuer's operational and financing plan."

GENERAL INFORMATION

The following sentence shall be inserted at the end of the first paragraph in the "**GENERAL INFORMATION**" section on page 166 of the Original Offering Circular:

"The increase in the aggregate nominal amount of the Notes that may be issued under the Programme and the issue of this Supplemental Offering Circular have been duly authorised by resolutions in writing of the Board of the Issuer dated 29 August 2025 and the approval of the Financial Secretary which was notified to the Issuer in a letter dated 22 August 2025."

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GCF, 28/F, ICBC Tower
3 Garden Road
Central, Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited

28/F, Chater House
8 Connaught Road
Central, Hong Kong

Merrill Lynch (Asia Pacific) Limited

55th Floor
Cheung Kong Center
2 Queen's Road
Central
Central Hong Kong

Mizuho Securities Asia Limited

14-15/F, K11 Atelier
18 Salisbury Road
Tsim Sha Tsui
Kowloon
Hong Kong

Morgan Stanley & Co. International plc

25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Oversea-Chinese Banking Corporation Limited

63 Chulia Street
#03-05 OCBC Centre
East
Singapore 049514

Standard Chartered Bank (Hong Kong) Limited

15/F, Two International Finance Centre
8 Finance Street,
Central
Hong Kong

UBS AG Hong Kong Branch

52/F Two International Finance Centre
8 Finance Street,
Central
Hong Kong

FISCAL AGENT AND PAYING AGENT

The Bank of New York Mellon, London Branch

160 Queen Victoria Street
London EC4V 4LA
United Kingdom

REGISTRAR

The Bank of New York Mellon

240 Greenwich Street

New York NY 10286

United States of America

TRANSFER AGENT

The Bank of New York Mellon, London Branch

160 Queen Victoria Street
London EC4V 4LA
United Kingdom

CMU LODGING AND PAYING AGENT

The Bank of New York Mellon, Hong Kong Branch

Level 26, Three Pacific Place
1 Queen's Road East
Hong Kong

AUDITOR

KPMG

8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

LEGAL ADVISERS

To the Arrangers and Dealers

as to English law

Allen Overy Shearman Sterling

9th Floor, Three Exchange Square
Central
Hong Kong

To the Issuer

as to English and Hong Kong law

Clifford Chance

27th Floor, Jardine House
One Connaught Place
Central
Hong Kong

**APPENDIX 3 – PRICING SUPPLEMENT FOR HK\$5,000,000,000 2.95 PER CENT.
NOTES DUE 2031 DATED 7 JANUARY 2026**

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE OF THE UNITED STATES (THE “U.S.”)

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PRICING SUPPLEMENT

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The offering circular dated 23 June 2025 (the “**Offering Circular**”), as supplemented by the supplemental offering circular dated 10 November 2025 (the “**Supplemental Offering Circular**”) (read together with this Pricing Supplement) includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in the Offering Circular, as supplemented by the Supplemental Offering Circular (read together with this Pricing Supplement) 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.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is 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 target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Urban Renewal Authority
Issue of HK\$5,000,000,000 2.95 per cent. Notes due 2031 (the “Notes”)
under its U.S.\$4,400,000,000
Medium Term Note Programme (the “Programme”)

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Offering Circular, as supplemented by the Supplemental Offering Circular. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular and such Supplemental Offering Circular.

- | | | |
|-----|--|--|
| 1. | Issuer: | Urban Renewal Authority |
| 2. | (i) Series Number: | 017 |
| | (ii) Tranche Number: | 001 |
| 3. | Specified Currency or Currencies: | Hong Kong Dollars (“ HK\$ ”) |
| 4. | Aggregate Nominal Amount: | HK\$5,000,000,000 |
| 5. | (i) Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| | (ii) Net Proceeds: | Approximately HK\$4,990 million |
| 6. | (i) Specified Denominations: | HK\$1,000,000 and integral multiples of HK\$500,000 in excess thereof |
| | (ii) Calculation Amount (and in relation to the calculation of interest for Notes in global form or Registered definitive form, see Conditions): | HK\$500,000 |
| 7. | (i) Issue Date: | 14 January 2026 |
| | (ii) Interest Commencement Date: | Issue Date |
| 8. | Maturity Date: | Interest Payment Date falling on or nearest to 14 January 2031 |
| 9. | Interest Basis: | 2.95 per cent. Fixed Rate

(further particulars specified below) |
| 10. | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable |
| 12. | Put/Call Options: | Not Applicable |

- | | | | |
|-----|-------------------------|--|----------------|
| 13. | (i) | Date of approval of the Financial Secretary of Hong Kong for issuance of Notes obtained: | 22 August 2025 |
| | (ii) | Date of Board approval for issuance of Notes obtained: | 25 April 2024 |
| 14. | Listing: | Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. The expected effective listing date of the Notes on the Hong Kong Stock Exchange is 15 January 2026. | |
| 15. | Method of distribution: | Syndicated | |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | | |
|-----|----------------------------|---|--|
| 16. | Fixed Rate Note Provisions | Applicable | |
| | (i) | Rate of Interest: | 2.95 per cent. per annum payable semi-annually in arrear |
| | (ii) | Interest Payment Date(s): | 14 January and 14 July in each year up to and including the Maturity Date, <i>provided that</i> if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, “ Business Day ” means a day, other than a Saturday or a Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong. |
| | (iii) | Fixed Coupon Amount(s) (and in relation to Notes in global form or Registered definitive form, see Conditions): | 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 HK\$0.01 (HK\$0.005 being rounded upwards) |
| | (iv) | Broken Amount(s) (and in relation to Notes in global form or Registered definitive form, see Conditions): | Not Applicable |
| | (v) | Day Count Fraction: | Actual/365 (Fixed) |
| | (vi) | Determination Date(s): | Not Applicable |

(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions	Not Applicable
18.	Zero Coupon Note Provisions	Not Applicable
19.	Index Linked Interest Note Provisions	Not Applicable
20.	Dual Currency Interest Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call:	Not Applicable
22.	Investor Put:	Not Applicable
23.	Final Redemption Amount:	HK\$500,000 per Calculation Amount
24.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	HK\$500,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	Registered Notes: Registered Global Note (HK\$5,000,000,000 in nominal amount) registered in the name of the Hong Kong Monetary Authority as operator of the CMU exchangeable for Definitive Registered Notes in the limited circumstances specified in the Registered Global Note
26.	Additional Financial Centre(s):	Not Applicable Reference to “principal financial centre” in the “Payment Day” definition for the purposes of the Notes shall be construed to refer to Hong Kong as the principal financial centre
27.	Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):	No
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 of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable

29. Details relating to Instalment Notes:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
30. Redenomination applicable: Redenomination not applicable
31. Other terms or special conditions: Not Applicable

DISTRIBUTION

32. (i) If syndicated, names of Managers: **Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**
Bank of China (Hong Kong) Limited
Crédit Agricole Corporate and Investment Bank
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
UBS AG Hong Kong Branch
- Joint Bookrunners and Joint Lead Managers**
Citigroup Global Markets Limited
DBS Bank Ltd.
Industrial and Commercial Bank of China (Asia) Limited
J.P. Morgan Securities (Asia Pacific) Limited
Mizuho Securities Asia Limited
- Joint Lead Managers¹**
Agricultural Bank of China Limited Hong Kong Branch
Australia and New Zealand Banking Group Limited
Bank of Communications Co. Ltd. Hong Kong Branch
Barclays Bank PLC
BNP PARIBAS
CMB Wing Lung Bank Limited
Goldman Sachs (Asia) L.L.C.
Merrill Lynch (Asia Pacific) Limited
Morgan Stanley & Co. International plc
Oversea-Chinese Banking Corporation Limited
- (together, the “**Managers**”)

¹ The Joint Lead Managers will not be taking any allocation of the Notes.

- (ii) Stabilisation Manager(s) (if any): Any of the Managers appointed and acting in the capacity as a Stabilisation Manager
33. If non-syndicated, name of relevant Dealer: Not Applicable
34. U.S. Selling Restrictions: Reg. S Category 1; TEFRA Not Applicable
35. Prohibition of Sales to EEA Retail Investors: Not Applicable
36. Prohibition of Sales to UK Retail Investors: Not Applicable
37. Additional selling restrictions: Not Applicable

OPERATIONAL INFORMATION

38. ISIN Code: HK0001232344
39. Common Code: 325256168
40. CMU Instrument Number: BNYHFN26001
41. Legal Entity Identifier: 2549000ADDLTGLM9U261
42. Any clearing system(s) other than Euroclear, Clearstream or the CMU and the relevant identification number(s): Not Applicable
43. Delivery: Delivery against payment
44. Additional Paying Agent(s) (if any): Not Applicable
45. **HONG KONG SFC CODE OF CONDUCT**
- (i) Rebates: Not Applicable
- (ii) Contact email addresses of the overall coordinators where underlying investor information in relation to omnibus orders should be sent:
- projectminerva@bochk.com
project.minerva@ca-cib.com
hk_syndicate_omnibus@hsbc.com.hk
SYNHK@sc.com
sh-asia-ccs-dcm-filing@ubs.com
DCM.Omnibus@citi.com
project.minerva@icbcasia.com
Omnibus_Bond@hk.mizuho-sc.com
gs-hk-dcm-omnibus@gs.com
bofa_dcm_syndicate_pb_orders@bofa.com
omnibus_debt@morganstanley.com
OCBCBonds@ocbc.com
- (iii) Marketing and Investor Targeting Strategy: As indicated in the Offering Circular

GENERAL

46. The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of U.S.\$1:HK\$7.7862, producing a sum of: Approximately U.S.\$642,161,773
47. Ratings: The Notes to be issued are expected to be rated “AA+” by S&P Global Ratings

STABILISATION

In connection with the issue of the Notes, any of the Managers appointed and acting in its capacity as the stabilisation manager(s) (the “**Stabilisation Manager(s)**”) (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 cease 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 must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

LISTING APPLICATION

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the U.S.\$4,400,000,000 Medium Term Note Programme of the Urban Renewal Authority.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: (S.D.)
Duly authorised

ANNEX 1

RISK FACTORS

The second and third paragraphs under "**RISK FACTORS – Risks relating to the Issuer and its activities and operations – *The Issuer may be adversely affected by the progress, increased scale and complexity and profitability of redevelopment projects.***" on page 15 of the Offering Circular shall be deleted and replaced with the following:

“For redevelopment projects implemented in joint venture with developers, the Issuer transfers a substantial share of redevelopment and operational risks to the joint venture developers upon awarding the tenders. These risks include, but are not limited to, fluctuation in the Hong Kong property market, construction delays due to unpredictable weather conditions, the performance of contractors and subcontractors, or subject to the fulfilment of certain conditions, the exercise of the right to suspend or reduce the rate of progress of construction work pursuant to the Construction Industry Security of Payment Ordinance (Cap. 652) (the “**SOPO**”) and increased construction costs arising from project delays, inflation and the complexities of preserving areas of community and historical importance. Despite transferring these risks, the Issuer maintains a financial interest in the redevelopment projects through potential entitlement to surplus sales proceeds as per the joint venture development agreements. Although these sale proceeds do not constitute the Issuer’s primary revenue, any shortfall in the profitability of redevelopment projects where the Issuer is entitled to surplus sales proceeds may have an adverse impact on the Issuer’s financial condition.

In relation to the Issuer’s self-developed projects, the Issuer may be directly affected by fluctuations in the Hong Kong property market, construction delays due to unpredictable weather conditions, the performance of contractors and subcontractors, or subject to the fulfilment of certain conditions, the exercise of the right to suspend or reduce the rate of progress of construction work pursuant to the SOPO and increased construction costs arising from project delays, inflation and the complexities of preserving areas of community and historical importance. These factors could affect the profitability of the Issuer’s self-developed projects and may adversely impact its financial condition. Although the Issuer only carries out a small number of self-developed projects, there is no assurance that the self-developed projects would be profitable, which may adversely impact the Issuer’s financial condition.”

ANNEX 2

The “DESCRIPTION OF THE ISSUER” section in the Offering Circular shall be supplemented with the following:

“RECENT DEVELOPMENTS

Review of the HPA and the FFF Scheme

The Development Bureau has announced that it will review the Issuer’s acquisition and compensation policy, including both the HPA and the FFF Scheme, in the joint study currently being undertaken by the Government and the Issuer as a follow-up to the Chief Executive in Council’s directive when granting the two sites (Bailey Street in Hung Hom and TKO Site) to the Issuer in May 2025.

Reservation of three sites in the Northern Metropolis

In alignment with the review of the HPA and the FFF Scheme, the Chief Executive’s 2025 Policy Address announced the reservation of three sites in the Northern Metropolis for the Issuer to construct new buildings, which will serve as replacement flats under the FFF Scheme.

Relaxation of current arrangement for cross-district transfer of unutilised plot ratio

The Chief Executive’s 2025 Policy Address proposed new measures to allow cross-district transfers of unutilised plot ratios from redevelopment projects, including to “New Development Areas” in Hong Kong. Subsequently, the Development Bureau proposed expanding the sending sites coverage and removing limits on receiving sites, providing the Issuer with additional avenues to support redevelopment activities.

Development Areas 4 and 5 of K7 (Kwun Tong Town Centre)

In August 2025, the Issuer entered into a memorandum of understanding with each of City University of Hong Kong and the Hong Kong Baptist University to establish a co-operative intent and framework to expand off-campus space in the non-domestic portion of K7.

Kai Tak SSF Project

On 30 August 2025, the Issuer launched the sale of 59 units of the Kai Tak SSF Project. All units were sold on the first day of sale and are expected to be handed over to the owners in batches by Q1 2026.

C&W-007 Project (Queen’s Road West / Kwai Heung Street)

In September 2025, the Issuer issued acquisition offers to property owners affected by the C&W-007 Project.

“5-Streets Project” — KC-018 Scheme (Ming Lun Street/Ma Tau Kok Road) and KC-019 Scheme (To Kwa Wan Road/Ma Tau Kok Road)

In September 2025, the Issuer issued acquisition offers to property owners affected by the KC-018 and KC-019 Schemes.”

ANNEX 3

The “CAPITALISATION AND INDEBTEDNESS OF THE ISSUER” section in the Offering Circular shall be deleted in its entirety and replaced with the following:

“CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

The following table sets forth the Issuer’s consolidated capitalisation and indebtedness as derived from its audited consolidated financial statements as at and for the year ended 31 March 2025 on an actual basis and as adjusted to give effect to the offering of the HK\$5,000,000,000 2.95 per cent. Notes due 2031 and HK\$3,000,000,000 3.48 per cent. Notes due 2036 (together, for the purposes of this section only, the “Notes”), prior to the deduction of any fees, commissions or other estimated expenses payable by the Issuer in relation to the offering of the Notes:

	As at 31 March 2025 ⁽¹⁾	
	Actual HK\$’000	As Adjusted HK\$’000
Capital and surplus		
Capital.....	10,000,000	10,000,000
Accumulated surplus	33,640,089	33,640,089
Total capital and surplus	43,640,089	43,640,089
Non-current liabilities		
Bonds issued	13,461,364	13,461,364
Notes to be issued	—	8,000,000
Total Capitalisation⁽²⁾	57,101,453	65,101,453

Note:

- (1) Figures may not add up due to rounding.
- (2) Total capitalisation includes bonds issued, Notes to be issued and total capital and surplus.

Save for an increase in bonds issued and bank loan in the aggregate principal amount of approximately HK\$5.8 billion, there has been no material change in the Issuer’s total capitalisation and indebtedness since 31 March 2025.”

**APPENDIX 4 – PRICING SUPPLEMENT FOR HK\$3,000,000,000 3.48 PER CENT.
NOTES DUE 2036 DATED 7 JANUARY 2026**

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

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

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

The offering circular dated 23 June 2025 (the “**Offering Circular**”), as supplemented by the supplemental offering circular dated 10 November 2025 (the “**Supplemental Offering Circular**”) (read together with this Pricing Supplement) includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in the Offering Circular, as supplemented by the Supplemental Offering Circular (read together with this Pricing Supplement) 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.

UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is 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 target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Urban Renewal Authority
Issue of HK\$3,000,000,000 3.48 per cent. Notes due 2036 (the “Notes”)
under its U.S.\$4,400,000,000
Medium Term Note Programme (the “Programme”)

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Offering Circular, as supplemented by the Supplemental Offering Circular. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular and such Supplemental Offering Circular.

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|-----|--|--|
| 1. | Issuer: | Urban Renewal Authority |
| 2. | (i) Series Number: | 018 |
| | (ii) Tranche Number: | 001 |
| 3. | Specified Currency or Currencies: | Hong Kong Dollars (“ HK\$ ”) |
| 4. | Aggregate Nominal Amount: | HK\$3,000,000,000 |
| 5. | (i) Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| | (ii) Net Proceeds: | Approximately HK\$2,990 million |
| 6. | (i) Specified Denominations: | HK\$1,000,000 and integral multiples of HK\$500,000 in excess thereof |
| | (ii) Calculation Amount (and in relation to the calculation of interest for Notes in global form or Registered definitive form, see Conditions): | HK\$500,000 |
| 7. | (i) Issue Date: | 14 January 2026 |
| | (ii) Interest Commencement Date: | Issue Date |
| 8. | Maturity Date: | Interest Payment Date falling on or nearest to 14 January 2036 |
| 9. | Interest Basis: | 3.48 per cent. Fixed Rate

(further particulars specified below) |
| 10. | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable |
| 12. | Put/Call Options: | Not Applicable |

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|-----|-------------------------|--|----------------|
| 13. | (i) | Date of approval of the Financial Secretary of Hong Kong for issuance of Notes obtained: | 22 August 2025 |
| | (ii) | Date of Board approval for issuance of Notes obtained: | 25 April 2024 |
| 14. | Listing: | Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. The expected effective listing date of the Notes on the Hong Kong Stock Exchange is 15 January 2026. | |
| 15. | Method of distribution: | Syndicated | |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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|-----|----------------------------|---|--|
| 16. | Fixed Rate Note Provisions | Applicable | |
| | (i) | Rate of Interest: | 3.48 per cent. per annum payable semi-annually in arrear |
| | (ii) | Interest Payment Date(s): | 14 January and 14 July in each year up to and including the Maturity Date, <i>provided that</i> if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, “ Business Day ” means a day, other than a Saturday or a Sunday on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong. |
| | (iii) | Fixed Coupon Amount(s) (and in relation to Notes in global form or Registered definitive form, see Conditions): | 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 HK\$0.01 (HK\$0.005 being rounded upwards) |
| | (iv) | Broken Amount(s) (and in relation to Notes in global form or Registered definitive form, see Conditions): | Not Applicable |
| | (v) | Day Count Fraction: | Actual/365 (Fixed) |
| | (vi) | Determination Date(s): | Not Applicable |

(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions	Not Applicable
18.	Zero Coupon Note Provisions	Not Applicable
19.	Index Linked Interest Note Provisions	Not Applicable
20.	Dual Currency Interest Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call:	Not Applicable
22.	Investor Put:	Not Applicable
23.	Final Redemption Amount:	HK\$500,000 per Calculation Amount
24.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	HK\$500,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	Registered Notes: Registered Global Note (HK\$3,000,000,000 in nominal amount) registered in the name of the Hong Kong Monetary Authority as operator of the CMU exchangeable for Definitive Registered Notes in the limited circumstances specified in the Registered Global Note
26.	Additional Financial Centre(s):	Not Applicable Reference to “principal financial centre” in the “Payment Day” definition for the purposes of the Notes shall be construed to refer to Hong Kong as the principal financial centre
27.	Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):	No
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 of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable

29. Details relating to Instalment Notes:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
30. Redenomination applicable: Redenomination not applicable
31. Other terms or special conditions: Not Applicable

DISTRIBUTION

32. (i) If syndicated, names of Managers: **Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**
Bank of China (Hong Kong) Limited
Crédit Agricole Corporate and Investment Bank
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
UBS AG Hong Kong Branch
- Joint Bookrunners and Joint Lead Managers**
Citigroup Global Markets Limited
DBS Bank Ltd.
Industrial and Commercial Bank of China (Asia) Limited
J.P. Morgan Securities (Asia Pacific) Limited
Mizuho Securities Asia Limited
- Joint Lead Managers¹**
Agricultural Bank of China Limited Hong Kong Branch
Australia and New Zealand Banking Group Limited
Bank of Communications Co. Ltd. Hong Kong Branch
Barclays Bank PLC
BNP PARIBAS
CMB Wing Lung Bank Limited
Goldman Sachs (Asia) L.L.C.
Merrill Lynch (Asia Pacific) Limited
Morgan Stanley & Co. International plc
Oversea-Chinese Banking Corporation Limited
- (together, the “**Managers**”)

¹ The Joint Lead Managers will not be taking any allocation of the Notes.

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| (ii) | Stabilisation Manager(s) (if any): | Any of the Managers appointed and acting in the capacity as a Stabilisation Manager |
| 33. | If non-syndicated, name of relevant Dealer: | Not Applicable |
| 34. | U.S. Selling Restrictions: | Reg. S Category 1; TEFRA Not Applicable |
| 35. | Prohibition of Sales to EEA Retail Investors: | Not Applicable |
| 36. | Prohibition of Sales to UK Retail Investors: | Not Applicable |
| 37. | Additional selling restrictions: | Not Applicable |

OPERATIONAL INFORMATION

- | | | |
|-------|---|--|
| 38. | ISIN Code: | HK0001232351 |
| 39. | Common Code: | 325256575 |
| 40. | CMU Instrument Number: | BNYHFN26002 |
| 41. | Legal Entity Identifier: | 2549000ADDLTGLM9U261 |
| 42. | Any clearing system(s) other than Euroclear, Clearstream or the CMU and the relevant identification number(s): | Not Applicable |
| 43. | Delivery: | Delivery against payment |
| 44. | Additional Paying Agent(s) (if any): | Not Applicable |
| 45. | HONG KONG SFC CODE OF CONDUCT | |
| (i) | Rebates: | Not Applicable |
| (ii) | Contact email addresses of the overall coordinators where underlying investor information in relation to omnibus orders should be sent: | projectminerva@bochk.com
project.minerva@ca-cib.com
hk_syndicate_omnibus@hsbc.com.hk
SYNHK@sc.com
sh-asia-ccs-dcm-filing@ubs.com
DCM.Omnibus@citi.com
project.minerva@icbcasia.com
Omnibus_Bond@hk.mizuho-sc.com
gs-hk-dcm-omnibus@gs.com
bofa_dcm_syndicate_pb_orders@bofa.com
omnibus_debt@morganstanley.com
OCBCBonds@ocbc.com |
| (iii) | Marketing and Investor Targeting Strategy: | As indicated in the Offering Circular |

GENERAL

46. The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of U.S.\$1:HK\$7.7862, producing a sum of: Approximately U.S.\$385,297,064
47. Ratings: The Notes to be issued are expected to be rated “AA+” by S&P Global Ratings

STABILISATION

In connection with the issue of the Notes, any of the Managers appointed and acting in its capacity as the stabilisation manager(s) (the “**Stabilisation Manager(s)**”) (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 cease 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 must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

LISTING APPLICATION

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the U.S.\$4,400,000,000 Medium Term Note Programme of the Urban Renewal Authority.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: (S.D.)
Duly authorised

ANNEX 1

RISK FACTORS

The second and third paragraphs under "**RISK FACTORS – Risks relating to the Issuer and its activities and operations – *The Issuer may be adversely affected by the progress, increased scale and complexity and profitability of redevelopment projects.***" on page 15 of the Offering Circular shall be deleted and replaced with the following:

“For redevelopment projects implemented in joint venture with developers, the Issuer transfers a substantial share of redevelopment and operational risks to the joint venture developers upon awarding the tenders. These risks include, but are not limited to, fluctuation in the Hong Kong property market, construction delays due to unpredictable weather conditions, the performance of contractors and subcontractors, or subject to the fulfilment of certain conditions, the exercise of the right to suspend or reduce the rate of progress of construction work pursuant to the Construction Industry Security of Payment Ordinance (Cap. 652) (the “**SOPO**”) and increased construction costs arising from project delays, inflation and the complexities of preserving areas of community and historical importance. Despite transferring these risks, the Issuer maintains a financial interest in the redevelopment projects through potential entitlement to surplus sales proceeds as per the joint venture development agreements. Although these sale proceeds do not constitute the Issuer’s primary revenue, any shortfall in the profitability of redevelopment projects where the Issuer is entitled to surplus sales proceeds may have an adverse impact on the Issuer’s financial condition.

In relation to the Issuer’s self-developed projects, the Issuer may be directly affected by fluctuations in the Hong Kong property market, construction delays due to unpredictable weather conditions, the performance of contractors and subcontractors, or subject to the fulfilment of certain conditions, the exercise of the right to suspend or reduce the rate of progress of construction work pursuant to the SOPO and increased construction costs arising from project delays, inflation and the complexities of preserving areas of community and historical importance. These factors could affect the profitability of the Issuer’s self-developed projects and may adversely impact its financial condition. Although the Issuer only carries out a small number of self-developed projects, there is no assurance that the self-developed projects would be profitable, which may adversely impact the Issuer’s financial condition.”

ANNEX 2

The “DESCRIPTION OF THE ISSUER” section in the Offering Circular shall be supplemented with the following:

“RECENT DEVELOPMENTS

Review of the HPA and the FFF Scheme

The Development Bureau has announced that it will review the Issuer’s acquisition and compensation policy, including both the HPA and the FFF Scheme, in the joint study currently being undertaken by the Government and the Issuer as a follow-up to the Chief Executive in Council’s directive when granting the two sites (Bailey Street in Hung Hom and TKO Site) to the Issuer in May 2025.

Reservation of three sites in the Northern Metropolis

In alignment with the review of the HPA and the FFF Scheme, the Chief Executive’s 2025 Policy Address announced the reservation of three sites in the Northern Metropolis for the Issuer to construct new buildings, which will serve as replacement flats under the FFF Scheme.

Relaxation of current arrangement for cross-district transfer of unutilised plot ratio

The Chief Executive’s 2025 Policy Address proposed new measures to allow cross-district transfers of unutilised plot ratios from redevelopment projects, including to “New Development Areas” in Hong Kong. Subsequently, the Development Bureau proposed expanding the sending sites coverage and removing limits on receiving sites, providing the Issuer with additional avenues to support redevelopment activities.

Development Areas 4 and 5 of K7 (Kwun Tong Town Centre)

In August 2025, the Issuer entered into a memorandum of understanding with each of City University of Hong Kong and the Hong Kong Baptist University to establish a co-operative intent and framework to expand off-campus space in the non-domestic portion of K7.

Kai Tak SSF Project

On 30 August 2025, the Issuer launched the sale of 59 units of the Kai Tak SSF Project. All units were sold on the first day of sale and are expected to be handed over to the owners in batches by Q1 2026.

C&W-007 Project (Queen’s Road West / Kwai Heung Street)

In September 2025, the Issuer issued acquisition offers to property owners affected by the C&W-007 Project.

“5-Streets Project” — KC-018 Scheme (Ming Lun Street/Ma Tau Kok Road) and KC-019 Scheme (To Kwa Wan Road/Ma Tau Kok Road)

In September 2025, the Issuer issued acquisition offers to property owners affected by the KC-018 and KC-019 Schemes.”

ANNEX 3

The “CAPITALISATION AND INDEBTEDNESS OF THE ISSUER” section in the Offering Circular shall be deleted in its entirety and replaced with the following:

“CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

The following table sets forth the Issuer’s consolidated capitalisation and indebtedness as derived from its audited consolidated financial statements as at and for the year ended 31 March 2025 on an actual basis and as adjusted to give effect to the offering of the HK\$5,000,000,000 2.95 per cent. Notes due 2031 and HK\$3,000,000,000 3.48 per cent. Notes due 2036 (together, for the purposes of this section only, the “Notes”), prior to the deduction of any fees, commissions or other estimated expenses payable by the Issuer in relation to the offering of the Notes:

	As at 31 March 2025 ⁽¹⁾	
	Actual HK\$’000	As Adjusted HK\$’000
Capital and surplus		
Capital.....	10,000,000	10,000,000
Accumulated surplus	33,640,089	33,640,089
Total capital and surplus	43,640,089	43,640,089
Non-current liabilities		
Bonds issued	13,461,364	13,461,364
Notes to be issued	—	8,000,000
Total Capitalisation⁽²⁾	57,101,453	65,101,453

Note:

- (1) Figures may not add up due to rounding.
- (2) Total capitalisation includes bonds issued, Notes to be issued and total capital and surplus.

Save for an increase in bonds issued and bank loan in the aggregate principal amount of approximately HK\$5.8 billion, there has been no material change in the Issuer’s total capitalisation and indebtedness since 31 March 2025.”