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The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be

deemed to be made by the Dealers or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

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NWD (MTN) LIMITED

(incorporated with limited liability in the British Virgin Islands)

(as “Issuer”)



新世界發展有限公司

New World Development Company Limited

(Incorporated with limited liability in Hong Kong)

(Stock Code: 00017)

(as “Guarantor”)

U.S.\$6,000,000,000

Medium Term Note Programme

Under the U.S.\$6,000,000,000 Guaranteed Medium Term Note Programme described in this Offering Circular (the “Programme”), NWD (MTN) Limited (the “Issuer”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue guaranteed medium term notes (the “Notes”) unconditionally and irrevocably guaranteed (the “Guarantee of the Notes”) by New World Development Company Limited (the “Guarantor”, “NWD” or the “Company”). Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$6,000,000,000 (or its equivalent in other currencies). The Notes may be issued on a continuing basis to one or more of the Dealers specified under “Summary of the Programme” or any additional Dealer appointed under the Programme from time to time by the Issuer (each a “Dealer” and together the “Dealers”), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Application has been made to The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange” or “HKSE”) for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) (together, “Professional Investors”) only during the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange. This Offering Circular is for distribution to Professional Investors only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

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

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

The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or any other stock exchange.

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

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

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

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

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

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

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

Arrangers

HSBC

UBS

Dealers

ANZ
BNP PARIBAS
CCB International
DBS Bank Ltd.
ICBC (Asia)
Morgan Stanley
SMBC Nikko

Bank of China (Hong Kong)
BOC International
Citigroup
Deutsche Bank
J.P. Morgan
OCBC Bank
Standard Chartered Bank

Barclays
BofA Securities
Crédit Agricole CIB
HSBC
Mizuho Securities
UBS

This Offering Circular is dated 4 December 2019

IMPORTANT NOTICE

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

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

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

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

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

There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the Netherlands, the United Kingdom, Hong Kong, the British Virgin Islands, the PRC, Japan and Singapore,

and to persons connected therewith. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of bearer notes, delivered within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on offers, sales and transfers of Notes and on the distribution of this Offering Circular, see “*Subscription and Sale*”.

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

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

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

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

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

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed U.S.\$6,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S.\$ at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “*Subscription and Sale*”.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), 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-N 12: 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 stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of a Stabilising Manager) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and rules, over allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of the relevant Stabilising Manager) in accordance with all applicable laws and rules.

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

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

Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme 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 Guarantor, the Arrangers or the Dealers, or any director, officer, employee, agent or affiliate of any such person that any recipient, of this Offering Circular or of any such information, should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor and the Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Arrangers nor the Dealers or agent or affiliate of any such person undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential

investor in the Notes of any information coming to the attention of any of the Arrangers or the Dealers or any of them.

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

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, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended; all references to “**S\$**” are to Singapore dollars; all references to “**yen**” are to Japanese yen; all references to “**Renminbi**”, “**RMB**” “**Chinese Yuan**” and “**CNY**” are to the currency of the PRC; all references to “**United States**” or “**U.S.**” are to the United States of America; references to “**China**”, “**Mainland China**” and the “**PRC**” in this Offering Circular mean the People’s Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; references to “**Macau**” are to the Macao Special Administrative Region of the People’s Republic of China; and all references to “**United Kingdom**” are to the United Kingdom of Great Britain and Northern Ireland.

FORWARD LOOKING STATEMENTS

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

INFORMATION INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with: (a) the audited consolidated financial statements of the Guarantor for the year ended 30 June 2019 (the “**2019 Audited Financial Statements**”), which are contained in page 124 to page 239 of the 2019 annual report of the Guarantor and are available and may be downloaded free of charge from the Hong Kong Stock Exchange website on the internet at <https://www.hkexnews.hk/>; (b) each relevant Pricing Supplement; and (c) the most recently published audited annual financial statements and any interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Issuer and the Guarantor from time to time (if any) and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which in the case of the documents referred to in (b) and (c) above shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

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

This Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 30 June 2019 and 2018, which has been extracted from the 2019 Audited Financial Statements. The 2019 Audited Financial Statements were prepared in conformity with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). As at the date of this Offering Circular the Issuer has not published, and does not propose to publish, any financial statements.

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SUMMARY OF THE PROGRAMME

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

Issuer	NWD (MTN) Limited.
Guarantor.....	New World Development Company Limited.
Programme Size	Up to U.S.\$6,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors.....	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under the section “ <i>Risk Factors</i> ” below.
Arrangers	The Hongkong and Shanghai Banking Corporation Limited and UBS AG Hong Kong Branch.
Dealers.....	Australia and New Zealand Banking Group Limited; Bank of China (Hong Kong) Limited; Barclays Bank PLC; BNP Paribas; BOCI Asia Limited; CCB International Capital Limited; Citigroup Global Markets Limited; Crédit Agricole Corporate and Investment Bank; DBS Bank Ltd.; Deutsche Bank AG, Hong Kong Branch; The Hongkong and Shanghai Banking Corporation Limited; Industrial and Commercial Bank of China (Asia) Limited; J.P. Morgan Securities plc; Merrill Lynch (Asia Pacific) Limited; Mizuho Securities Asia Limited; Morgan Stanley & Co. International plc; Oversea-Chinese Banking Corporation Limited; SMBC Nikko Capital Markets Limited; Standard Chartered Bank; UBS AG Hong Kong Branch, and any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent, Paying Agent and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited.
Registrar	The Hongkong and Shanghai Banking Corporation Limited.
CMU Lodging and Paying Agent	The Hongkong and Shanghai Banking Corporation Limited.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be

	interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Clearing Systems.....	Clearstream, Luxembourg, Euroclear and/or the CMU Service and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Fiscal Agent, and the relevant Dealer.
Form of Notes.....	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> . Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Global Note will be deposited on or around the relevant issue date with a common depositary or sub-custodian for Clearstream, Luxembourg, Euroclear and/or as the case may be, the CMU Service and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Registered Notes will initially be represented by Registered Global Notes. Registered Global Notes representing Registered Notes will be registered in the name of a nominee for one or more of Euroclear, Clearstream, Luxembourg and the CMU Service.
Currencies.....	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Status of the Notes.....	The Notes constitute direct, general and unconditional obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The

	<p>payment obligations of the Issuer under the Notes shall, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations as described in “<i>Terms and Conditions of the Notes — Status and Guarantee</i>”.</p>
Status of the Guarantee.....	<p>The Guarantee of the Notes constitutes a direct, general and unconditional obligation of the Guarantor. The payment obligations of the Guarantor under the Guarantee of the Notes shall, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations as described in “<i>Terms and Conditions of the Notes — Status and Guarantee</i>”.</p>
Issue Price	<p>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.</p>
Maturities	<p>Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p>
Redemption	<p>Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).</p>
Optional Redemption	<p>Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement.</p>
Tax Redemption and Change of Control Redemption	<p>Except as described in “Optional Redemption” above, early redemption will only be permitted (i) for tax reasons as described in Condition 10(b) (<i>Redemption and Purchase — Redemption for tax reasons</i>) and (ii) following a Change of Control as described in Condition 10(f) (<i>Redemption and Purchase — Redemption for Change of Control</i>).</p>

Interest.....	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. All such information will be set out in the relevant Pricing Supplement.
Denominations.....	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Negative Pledge.....	The Notes will contain a negative pledge provision as further described in Condition 5 (<i>Negative Pledge</i>).
Cross Default.....	The Notes will contain a cross default provision as further described in Condition 14 (<i>Events of Default</i>).
Withholding Tax.....	All payments in respect of Notes and the Guarantee of the Notes will be made free and clear of withholding taxes of the British Virgin Islands and Hong Kong, as the case may be, unless the withholding is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (subject to certain customary exceptions as described in Condition 13 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or, as the case may be, the Guarantee of the Notes, had no such withholding been required.
Listing and Trading	<p>Application has been made to the Hong Kong Stock Exchange for the listing of the Programme, and for the permission to deal in, and for the listing of, Notes to be issued under the Programme during the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only.</p> <p>However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system.</p> <p>Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK\$500,000 (or its equivalent in other currencies).</p>
Governing Law.....	The Notes, the Guarantee of the Notes and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee of the Notes will be governed by, and construed in accordance with, English law.

Enforcement of Notes in Global Form	In the case of Global Notes and Global Certificates, individual investors' in rights against the Issuer will be governed by a Deed of Covenant, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
Selling Restrictions.....	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the Netherlands, the United Kingdom, Hong Kong, the British Virgin Islands, the PRC, Japan and Singapore, see " <i>Subscription and Sale</i> " below.
Initial Delivery of Notes.....	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or deposited with a sub-custodian for the CMU Service or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee or a sub-custodian for, such clearing systems.
Legal Entity Identifier (LEI) of the Issuer:	254900STSWBVJ5FV9O74.

SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR

The following tables present the summary consolidated financial information of the Group as at and for the years ended 30 June 2019 and 30 June 2018. The summary consolidated financial information is derived from and should be read in conjunction with the 2019 Audited Financial Statements.

The 2019 Audited Financial Statements were prepared in conformity with HKFRS issued by the HKICPA.

Consolidated Income Statement

	For the year ended 30 June	
	2019	2018
	HK\$ million (Audited)	HK\$ million (Audited)
Revenues	76,763.6	60,688.7
Cost of sales.....	(51,742.1)	(40,125.3)
Gross profit.....	25,021.5	20,563.4
Other income	121.4	137.3
Other gains, net.....	338.8	4,133.4
Selling and marketing expenses.....	(2,161.0)	(1,083.8)
Expenses of department store's operation ⁽¹⁾	(2,125.6)	(2,383.1)
Administrative and other operating expenses ⁽¹⁾	(6,298.7)	(5,759.0)
Changes in fair value of and gain on transfer to investment properties.....	10,305.7	15,367.1
Operating profit	25,202.1	30,975.3
Financing income	1,716.2	1,475.2
Financing costs	(2,472.5)	(2,179.5)
	24,445.8	30,271.0
Share of results of joint ventures	3,670.3	1,886.2
Share of results of associated companies	1,012.8	1,196.4
Profit before taxation	29,128.9	33,353.6
Taxation.....	(7,489.8)	(6,272.4)
Profit for the year.....	21,639.1	27,081.2
Attributable to:		
Shareholders of the Company	18,160.1	23,338.1
Holders of perpetual capital securities	803.0	536.6
Non-controlling interests	2,676.0	3,206.5
	21,639.1	27,081.2
Earnings per share		
Basic	HK\$1.78	HK\$2.34
Diluted.....	HK\$1.78	HK\$2.33

Note:

(1) Changes in the presentation of consolidated income statements

The Company presented an expense item in relation to department store's operation in the consolidated income statement for the year ended 30 June 2019, so as to align the management's view that department store operation is a separate function of the Group and enhance

the comparability of the Company's consolidated financial statements with other companies. The comparative figures for the year ended 30 June 2018 have been reclassified to conform with this classification.

Consolidated Statement of Financial Position

	As at 30 June	
	2019	2018
	<i>HK\$ million</i> (Audited)	<i>HK\$ million</i> (Audited)
Assets		
Non-current assets		
Investment properties.....	173,326.7	149,727.7
Property, plant and equipment	31,024.1	29,940.2
Land use rights	1,213.9	1,064.0
Intangible concession rights.....	9,973.0	11,403.5
Intangible assets.....	3,464.5	3,782.0
Interests in joint ventures.....	50,865.5	49,135.8
Interests in associated companies	25,331.9	24,708.2
Available-for-sale financial assets	—	11,778.8
Held-to-maturity investments	—	46.0
Financial assets at fair value through profit or loss	8,420.9	684.3
Financial assets at fair value through other comprehensive income.....	5,038.8	—
Derivative financial instruments	130.8	88.6
Properties for development	28,922.3	19,656.2
Deferred tax assets	763.5	749.3
Other non-current assets	14,644.3	6,635.1
	<u>353,120.2</u>	<u>309,399.7</u>
Current assets		
Properties under development.....	34,145.5	37,171.0
Properties held for sale	23,130.0	42,301.2
Inventories	805.7	831.5
Debtors, prepayments and contract assets.....	25,722.0	25,519.6
Financial assets at fair value through profit or loss	818.5	—
Derivative financial instruments	6.5	19.5
Restricted bank balances.....	2.5	67.7
Cash and bank balances	63,729.1	63,388.4
	<u>148,359.8</u>	<u>169,298.9</u>
Non-current assets classified as assets held for sale.....	1,804.9	2,756.2
	<u>150,164.7</u>	<u>172,055.1</u>
Total assets	<u>503,284.9</u>	<u>481,454.8</u>
Equity		
Share capital	77,875.3	77,525.9
Reserves.....	145,989.2	138,724.0

	As at 30 June	
	2019	2018
	<i>HK\$ million</i> <i>(Audited)</i>	<i>HK\$ million</i> <i>(Audited)</i>
Shareholders' funds	223,864.5	216,249.9
Perpetual capital securities.....	21,505.5	9,451.8
Non-controlling interests	29,994.5	29,480.2
Total equity.....	275,364.5	255,181.9
Liabilities		
Non-current liabilities		
Long-term borrowings	114,558.6	120,123.6
Deferred tax liabilities	10,371.1	10,287.9
Derivative financial instruments	542.4	365.6
Other non-current liabilities.....	1,191.7	806.5
	126,663.8	131,583.6
Current liabilities		
Creditors, accrued charges and contract liabilities.....	48,753.0	65,059.0
Current portion of long-term borrowings.....	25,921.2	11,851.5
Derivative financial instruments	78.3	—
Short-term borrowings.....	15,854.8	8,777.6
Current tax payable.....	10,640.9	8,992.4
	101,248.2	94,680.5
Liabilities directly associated with non-current assets classified as assets held for sale ...	8.4	8.8
	101,256.6	94,689.3
Total liabilities	227,920.4	226,272.9
Total equity and liabilities.....	503,284.9	481,454.8

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially adversely affected by any of these risks. The Issuer and NWD believe that the following factors may affect their ability to fulfil their obligations under the Notes. All of these factors are contingencies which may or may not occur and neither the Issuer nor NWD is in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer and NWD believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.

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

Risks Relating to the Group and its Businesses

Hong Kong property market risks

The Group derives a substantial portion of its revenue and operating profits from its Hong Kong property development and investment activities and is consequently dependent on the state of the Hong Kong property market. Historically, the Hong Kong property market has been cyclical and Hong Kong property values have been affected by supply and demand of comparable properties, the rate of economic growth in Hong Kong, political and economic developments in the PRC and the condition of the global economy.

Hong Kong property prices and rents for residential, commercial and industrial properties, after reaching record highs in the mid-1990s, declined significantly in and after the fourth quarter of 1997 as a result of the general economic downturn in Asia and the local economic environment. The property market showed improvement during the period from 2004 to the end of the first half of 2008, while property prices and rents in Hong Kong declined in the second half of 2008. Property prices remained substantially flat during 2009, but have generally increased from 2010 onwards. Factors such as the prospect of economic downturn and the tightening of liquidity can create negative sentiments for the property market, and the demand for, and rental rates of, prime office buildings and residential, commercial and industrial properties can consequently reduce. At the end of 2010, the Hong Kong government and the Hong Kong Monetary Authority (“HKMA”) introduced residential property cooling measures, such as Special Stamp Duty (“SSD”) for residential property that is disposed of by the seller within 24 months of the date of acquisition, and reduced loan-to-value borrowings limits. The size of the prospective purchaser base in the Hong Kong residential property market has shrunk since these measures were introduced in 2010. The PRC government has also taken measures to cool the property market in the PRC.

The Hong Kong government has introduced a number of additional residential property cooling measures. In October 2012, the government introduced Buyer’s Stamp Duty (“BSD”) and extended the SSD regime. BSD applies to all residential properties acquired by any person, other than a Hong Kong Permanent Resident, and is charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty charge. The SSD regime was amended to increase the rate of the SSD and to extend the minimum holding period from 24 months to 36 months.

On 22 February 2013, the financial secretary announced that the Hong Kong government would further amend the Stamp Duty Ordinance to adjust the ad valorem stamp duty (“AVD”) rates and to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale. Any residential property (except that acquired by a Hong Kong permanent resident who does not own any other

residential property in Hong Kong at the time of acquisition) and non-residential property acquired on or after 23 February 2013, either by an individual or a company, will be subject to the new rates of AVD upon the enactment of the relevant legislation. Transactions which took place before 23 February 2013 will be subject to the original stamp duty regime. In addition, the Residential Properties (First-hand Sales) Ordinance came into effect on 29 April 2013. This ordinance sets out detailed requirements in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements and the mandatory provisions of the Preliminary Agreement for Sale and Purchase and Agreement for Sale and Purchase for the sales of first-hand residential properties.

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

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

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

On 29 June 2018, the Hong Kong government proposed a tax on vacant first-hand private residential units at two times the annual rateable value of the units (the “**Vacancy Tax**”) to encourage developers to release residential units more quickly into the market. Under the proposal, developers of first-hand private residential units with an occupation permit issued for 12 or more months will be required to make annual returns disclosing the occupancy status of their units. Units that have not been occupied or rented out for more than six of the past 12 months will be considered vacant and subject to the Vacancy Tax, which will be collected annually. On 13 September 2019, the Hong Kong government gazetted an amendment bill to implement the proposed Vacancy Tax at the Legislative Council. If implemented, the Vacancy Tax may present a financial burden to the Group that may have an adverse effect on its business, operating results and financial condition.

On 16 October 2019, the Hong Kong government announced plans to expand eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio will be raised from HK\$4 million to HK\$8 million. The cap on the value of property eligible for a mortgage

loan with a maximum cover of 80 per cent loan-to-value ratio will also be raised from HK\$6 million to HK\$10 million.

There can be no assurance that the Hong Kong government will not implement further cooling measures or extend the scope, application and rate level of the existing measures. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business, operating results, financial condition and prospects.

In the event of economic decline, the Group may experience market pressures that affect all Hong Kong property companies, such as pressures from tenants or prospective tenants to provide rent reductions or reduced market prices for sale properties. Rental values and property prices are also affected by factors such as local, regional and global economic downturns, political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation.

In addition, from time to time, and especially during economic downturns, the Group has experienced pressure from existing and prospective commercial tenants to provide rent reductions or longer rent free periods than previously given. This has had a negative impact on the Group's rental income from its commercial property investments in the past and the recurrence of such market conditions in the future may have an adverse effect on the Group's business, operating results, financial condition and prospects.

There can be no assurance that rents and property values will not decline, tightening of credit provided by banks will not increase or that interest rates will not rise in the future. This could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Volatility in the Hong Kong property market also impacts the timing for both the acquisition (or modification of land use terms) of sites and the sale of completed development properties. This volatility, combined with the lead time required for completion of projects and the sale of existing properties, means that the Group's results from its property development activities may be susceptible to significant fluctuations from year to year.

PRC property market risks

The Group has substantial property development and investment interests in the PRC through its subsidiary New World China Land Limited ("NWCL") and expects to continue to develop and invest in properties in the PRC. The Group is therefore subject to risks usually associated with property development and investment in the PRC.

Private ownership of property in the PRC is still at an early stage of development. The growth of the private property market has been and will continue to be affected by social, political, government policy, economic and legal factors which may inhibit demand for residential properties. For example, the PRC property market has in the past experienced weakness in demand due to the lack of a mature and active secondary market for private properties and the limited availability of mortgage loans to individuals in the PRC as a result of government interventions.

Historically, the PRC property market has been a cyclical market. The rapid expansion of the property markets in certain major cities in the PRC, including Shanghai and Beijing in the early 1990s, culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of that decade. Since the late 1990s, private residential property prices and the number of residential property development projects have increased significantly in major cities as a result of increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Beijing, Shanghai, Guangzhou and Shenzhen have experienced rapid and significant growth. However, residential property prices have experienced some correction since the end of 2007 and in response to the cooling measures taken in 2010. There can be no assurance that the problems of oversupply and falling property prices will not recur in the PRC property market.

PRC central and local governments also frequently adjust monetary and other economic policies to prevent and curtail the overheating of the national and local economies, and such economic adjustments may affect the PRC property market. For example, the PRC central government introduced additional measures to cool the property market and to tighten market liquidity and curb property speculation. Further, many cities have promulgated measures to restrict the number of properties a household is allowed to purchase and similar restrictive measures could be introduced in the near future. Given that central and local PRC governments are expected to continue to exercise a substantial degree of control and influence over the PRC economy and property market, any form of government control or newly implemented laws and regulations, in particular decisions taken by PRC regulators concerning economic policies or goals that are inconsistent with the Group's interests, may, depending on the nature and extent of such changes and the Group's ability to make corresponding adjustments, negatively impact the Group's future expansion plans in the PRC and have an adverse effect on the Group's business, operating results, financial condition and prospects. There is no assurance that the PRC central government will not take further action, whether in the form of new austerity measures, regulations or policy adjustments, which would adversely affect the PRC property market. See also "*— Risks Relating to the PRC*".

In addition, development projects in the PRC are dependent on obtaining the approval of a variety of governmental authorities at different levels, receipt of which cannot be assured. These development projects have been and may in the future be subject to certain risks, including those associated with the cyclical nature of property markets, changes in governmental regulations and economic policies (including regulations and policies restricting construction of properties and buildings and related limitations on pre-sales and extensions of credit), restrictions on the payment terms for land uses, building material shortages, increases in labour and material costs, changes in general economic and credit conditions and the illiquidity of land and other properties. In particular, the Group has interests in development projects which require resettlement of the original occupants of the sites of the project. Resettlement is costly and may result in delays in the development schedule. Any restriction on the Group's ability to carry out pre-sale of its properties or any restriction on the use of pre-sale proceeds could extend the time required to recover its capital outlay and could have an adverse effect on its business, operating results, financial condition and prospects, and in particular its cash flow position. Moreover, property developers in the PRC must obtain a formal qualification certificate in order to engage in a property development business in the PRC. These factors could adversely affect the Group's business, operating results, financial condition and prospects.

Global economic factors

Economic developments outside Hong Kong and the PRC could adversely affect the property, transportation, hotel and retail sectors in Hong Kong and the PRC. The global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 have had a negative impact on the global economy. In 2011, the global economy was overshadowed by the wide-ranging and complex effects arising from the worsening European sovereign debt crisis, the continued slow recovery of the United States economy, and the escalating political instability in the Middle East and North Africa. More recently, the uncertainty arising from the United Kingdom voting in a national referendum to withdraw from the European Union, political instability in the Korean Peninsula, a slump in commodity prices, fears of a slowdown in the PRC economy and interest rate hikes in the United States have resulted in instability and volatility in the capital markets. Furthermore, fears over a trade war between the United States and the PRC, with the United States imposing tariffs on PRC products from July 2018 and retaliatory tariffs imposed by the PRC, have caused greater volatility in global markets. These events have had and continue to have a significant adverse impact on the global credit and financial markets as a whole.

Any deterioration in the financial markets may contribute to a slowdown in the global economy, including in the growth forecasts, and may lead to significant declines in employment, household wealth, consumer demand and lending. These events have had, or may have, a significant adverse impact on economic growth in Hong

Kong, the PRC and elsewhere. An economic downturn may also have a negative impact on the overall level of business and leisure travel to Hong Kong and the PRC. There can be no assurance that these conditions will not lead to oversupply and reduced property prices and rentals, reduced hotel occupancy levels and rates and reduced consumer spending in Hong Kong and the PRC. There can be no assurance that the stimulus measures implemented or proposed by a number of governments as at the date of this Offering Circular, including any quantitative easing, will improve economic growth or consumer sentiment in these countries. Hong Kong stock market prices have also experienced significant volatility which may continue to affect the value, and any return from the sale of the Group's investments in companies listed on the HKSE.

In addition, changes in the global credit and financial markets have recently significantly diminished the availability of credit and led to an increase in the cost of financing. The Group may face difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. There can be no assurance that the Group will be able to raise finance at a reasonable cost.

Lease renewals

The leases that the Group has granted are typically for two to three years for office and retail tenants occupying relatively small commercial floor space and longer lease periods for those tenants occupying relatively large commercial floor space. Some of the Group's leases are up for renewal each year and the rents charged are typically adjusted based upon prevailing market rates. Accordingly, it is possible to have a concentration of renewal of leases or rent adjustments in a given year, and that a slowdown in the rental market in a given year could adversely affect the rental income of the Group.

Changes to local, regional and global economic conditions may cause companies to downsize and even close their operations in Hong Kong and the demand and rental rates of prime office buildings and retail space may greatly reduce. Should the economic environment weaken, a more cautious view may be taken by tenants towards the size of leased space and the rental rates upon renewal of commercial tenancies, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Property ownership and development considerations

Investment in property is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash at short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale. Such illiquidity also limits the Group's ability to manage its portfolio in response to changes in economic or other conditions. Moreover, it may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to such illiquidity.

The Group is subject to risks incidental to the ownership and operation of residential, industrial, office and related retail properties including, among other things: competition for tenants; changes in market rents; inability to renew leases or re-let space as existing leases expire; inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise; inability to dispose of major investment properties for the values at which they are recorded in the financial statements; increase in operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs.

The Group's property development business involves significant risks distinct from those involved in the ownership and operation of established properties, among other things: the risk that financing for development may not be available on favourable terms; that construction may not be completed on schedule or within budget (for reasons including shortages of equipment, material and labour, work stoppages, interruptions resulting from inclement weather, unforeseen engineering, environmental and geological problems and unanticipated cost increases); that development may be affected by governmental regulations (including changes in building and planning regulations and delays or failure to obtain the requisite construction and occupancy approvals); that

developed properties may not be leased or sold on profitable terms and that purchasers and/or tenants will default.

Availability of mortgages

The terms on which mortgages are available, if at all, to purchasers of the Group properties may affect its sales. An increasing number of purchasers of the Group's residential properties in Hong Kong and in the PRC arrange mortgages to fund their purchases. An increase in interest rates may increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. On 16 October 2019, the Hong Kong government announced plans to expand eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. Such plans, if implemented, allow more potential buyers to fulfil eligibility in relation to property mortgages, thereby expanding residential property options available to potential buyers. The detailed terms of such plans are yet to be announced and the effect of such measures remain untested. There can be no assurance that such measures may stimulate the appetite of potential buyers. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business, operating results, financial condition and prospects.

Specifically, in the PRC, in line with macroeconomic policies and policies intended to regulate and cool down the property market, the PRC government has taken a number of measures to regulate the availability, terms and pricing of mortgage financing for property purchasers. In addition, the PRC government and commercial banks may also increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner which would make mortgage financing unavailable or unattractive to potential property purchasers. Further, any increase in interest rates including the People's Bank of China ("PBoC") benchmark rate, will adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of the Group's properties.

If the availability or attractiveness of mortgage financing is reduced or limited, some of the Group's potential purchasers may not be able to purchase its developed properties and, as a result, the Group's business, liquidity and results of operations could be adversely affected.

Competition

Hong Kong properties in the office, retail, residential and carpark sectors are highly competitive. New properties and facilities built in Hong Kong may compete with the Group for tenants and occupants, which may affect the Group's ability to maintain high occupancy and utilisation levels, rental rates and carpark charges in respect of its investment properties, and buyers, which may affect the Group's ability to sell its development properties. For example, since 2018, there is a trend for Grade A office building tenants to relocate to nearby sub-core districts where rents are lower. The Group may be under pressure to lower rental rates, carpark charges and incur additional capital expenditure to effect improvements or offer additional concessions to tenants to avoid falling occupancy or utilisation levels and to reduce sale prices on its development properties, all of which may have a negative impact on the Group's profit. For the retail properties sector, the competitive business environment among retailers in Hong Kong may also have a detrimental effect on tenants' businesses and, consequently, their ability to pay rent. Any of the above could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Effects of property revaluations

In accordance with HKFRS, the Group values its investment properties at every reporting financial statement date at their open market value on the basis of an external professional valuation. Any change in the valuation is charged or credited, as the case may be, to the income statement. The fair value of each of the Group's investment properties is likely to fluctuate in the future, and the Group's historic results, including fair value gains or losses, should not be regarded as an indicator of its future profit. There is an uptrend in the fair value

of the Group's investment properties since the financial year ended 30 June 2014, though there is no assurance that the fair value will not decrease in the future. Any such decrease in the fair value of the Group's investment properties will reduce its profit and equity for that year and would increase the gearing ratio of the Group. The Group may not be able to obtain financing on favourable terms. These factors could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Land for Hong Kong property development and investment

The Group's business and results from operations are dependent, in part, on the availability of land, buildings and hotels suitable for development or investment and the Group's ability to replenish its land bank at favourable costs. The limited supply of, and competition for, land in Hong Kong has, in the past, made it increasingly difficult to locate suitable property to acquire at economical prices for development. Government policies seeking to increase land supply and increases in borrowing costs could affect the Group's ability to maintain historical operating margin levels, and profits from property development activities could be adversely affected. Although the Group has a significant agricultural land reserve, it is required to obtain government approval for the modification of land usage rights to residential, commercial or other appropriate use before such agricultural land can be used for development purposes. There can be no assurance, however, that such applications will be successful. If the applications are granted, they are likely to be subject to conditions, including the payment of land modification premiums which are typically greater than the cost of acquisition of the land. Approvals of applications may also be subject to restrictions on the area of a piece of land that may be developed for residential or commercial use. This could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Reliance on independent contractors and sub-contractors

The Group engages independent third-party contractors and sub-contractors to provide various services in connection with its property development and its infrastructure business including construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air conditioning units and elevators, and transportation of materials by air, sea and road. There is no assurance that the services rendered by any independent third-party contractor or sub-contractor engaged by the Group will be satisfactory. The Group is also exposed to the risk that its contractors and sub-contractors may require additional capital to complete an engagement in excess of the price originally tendered and the Group may have to bear additional costs as a result. Furthermore, in view of the tightening of credit facilities provided by banks, there is a risk that the Group's major contractors and sub-contractors may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. The timely performance by these contractors and sub-contractors may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorisms, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption of delays in transportation, all of which are beyond the control of the Group. Any of these factors may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Cost of construction materials

Construction costs are one of the main components of the Group's cost of sales. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Historically, construction material costs have been the principal driver of the construction costs of the Group's property development projects and its infrastructure business, with the cost of third-party contractors remaining relatively stable. A general trend in the economy of increased inflationary risk may also have an impact on the construction costs and a wider impact on other costs.

Construction costs may fluctuate as a result of the volatile price movement of construction materials such as steel and cement. The Group manages the cost of outsourced construction work through a process of tenders which, among other things, takes into account procurement of supplies of principal construction materials such as steel and cement for the Group's property development projects at fixed prices. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), the Group will be required to re-negotiate, top up or refund, depending on the price movement, existing construction contracts. Additionally, should existing contractors fail to perform under their contracts, the Group may be required to pay more to contractors under replacement contracts. Therefore, the Group's profit margin is sensitive to changes in the market prices for construction materials and these profit margins will be adversely affected if the Group cannot pass all of the increased costs onto its customers.

Construction delays

The Group is exposed to risks associated with project delays and cost overruns. Projects undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before cash proceeds are generated. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of construction materials, equipment or labour, adverse weather conditions, natural disasters, labour disputes, disputes with subcontractors, accidents, difficulties in obtaining necessary governmental approvals, changes in governmental priorities and other unforeseen circumstances. Any of these circumstances could give rise to construction delays and/or cost overruns.

Construction delays may result in the loss of revenues. Since the Group outsources the majority of its construction work to third-party contractors, it relies on its contractors to complete projects according to the agreed completion schedules and does not exercise any direct control over materials sourcing or the construction schedule of such projects. Under the Group's pre-sale contracts, it is liable to the purchasers for default payments if it fails to deliver the completed properties in accordance with the delivery schedule in these contracts, and in the case of a prolonged delay, the purchasers will be entitled to terminate the pre-sale contracts and require a refund of the purchase price in addition to the default payments. In addition, the failure to complete construction according to its specifications may result in liabilities, reduced efficiency and lower financial returns. Although most of the Group's projects have been completed on schedule and the Group has not incurred any material default liabilities due to construction delays, there can be no assurance that this will remain the case or that future projects will be completed on time, or at all, and generate satisfactory returns.

Infrastructure business

The Group, through its subsidiary NWS Holdings Limited ("NWSH"), has substantial investments in infrastructure projects in the PRC. In addition to the typical political risks associated with other investments in the PRC, there are a number of construction, financing, operating and other risks associated with infrastructure investments in the PRC. Infrastructure projects of the types undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before they become operational and generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in government priorities and other unforeseen circumstances. Any of these could give rise to delays in the completion of construction and/or to cost overruns. In relation to certain of the Group's infrastructure projects in the PRC, certain government approvals, permits, licences or consents may not yet be obtained. Delays in the process of obtaining or failure to obtain the requisite licences, permits or approvals from government agencies or authorities can also increase the cost or delay or prevent the commercial operation of a business, which could adversely affect the financial performance of the Group's PRC infrastructure business. Construction delays may result in the loss of revenues. The failure to complete construction according to its specifications may result in

liabilities, reduced efficiency, delay in commencement of operations and thus lower financial returns. There can be no assurance that infrastructure projects undertaken by the Group will be completed on time, or at all, or that they will generate satisfactory returns.

Hotel business

The hotel business is sensitive to changes in global and national economies in general. The recent economic downturn has had, and any further economic downturn could have, a negative impact on the level of business and leisure travel to Hong Kong, the PRC and elsewhere in South East Asia where the Group operates its hotels, which in turn has had, and may continue to have, a negative impact on the hotel industry in the region. In particular, a decline in business and leisure travel will have a negative impact on occupancy and room rates of the Group's hotels. A prolonged downturn in the hotel industry may have an adverse effect on the Group's business, operating results, financial condition and prospects.

The hotel industry may also be unfavourably affected by other factors such as government regulations, changes in local market conditions, competition in the industry, excess hotel supply or reduced international or local demand for hotel rooms and associated services, foreign exchange fluctuations, interest rate environment, the availability of finance and social factors.

Additionally, the Group's hotel operations may be adversely impacted by the Group's ability to control costs, including increases in wage levels, energy, healthcare, insurance costs and other operating expenses. This may result in lower operating profit margins or even losses and the relative mix of owned, leased and managed properties and the success of its food and beverage operations may be adversely affected.

Department store business

The Group, through its subsidiary New World Department Store China Limited ("NWDS"), operates a network of department stores in the PRC. The success of the department store business depends to a significant extent on NWDS' relationships with its concessionaires, which contribute a substantial amount of NWDS' revenue through the payment of commissions. NWDS also relies on its concessionaires to provide a variety of products and brands. In the event that a significant number of major brand concessionaires terminate or fail to renew their contracts with NWDS and NWDS fails to find other suitable brand concessionaires as replacements, or if the commission rate of concessionaire sales decrease, financial results of the department store business could also be adversely affected.

Most of the department stores are subject to lease agreements, and there can be no assurance that the landlord of each department store will renew the respective lease upon its expiry. In the event that NWDS ceases to occupy the leased properties, NWDS will be required to relocate or close down the relevant department store may have an adverse effect on the Group's business, operating results, financial condition and prospects.

NWDS and its concessionaires source merchandise worldwide. The standard agreement with concessionaires requires that neither the names of concessionaire stores nor the merchandise sold by them may infringe intellectual property rights, or in any other way be unlawful. In addition, the concessionaires may neither display nor sell any prohibited or illegal merchandise. The standard supply agreement with direct sales suppliers also provides that the merchandise sold by them do not infringe intellectual property rights. In the event that NWDS directly, or indirectly through its concessionaires, sells infringing goods at the department stores, NWDS may be found liable for infringement of intellectual property rights and be compelled to pay damages or penalties. Although NWDS's concessionaires and direct sales suppliers provide it with written indemnities covering the full extent of any third party liability that NWDS may incur through their operations and sales made in NWDS' department stores, there can be no assurance that NWDS can successfully obtain any such indemnity payment or that the indemnity payment will fully cover all of NWDS's costs associated with the original liability. If any

claims alleging infringement of intellectual property rights are brought against NWDS or its concessionaires, the reputation of NWDS and the Group may also be damaged.

There are general risks associated with the retail business, including changing customer preferences, seasonal fluctuations, adverse weather conditions, suitable sites for expansion, sufficient human resources, obtaining and retaining direct sales suppliers, concessionaires and personnel, labour disputes and government approvals, some of which are beyond NWDS' and the Group's control. Failure to manage such risks may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Risks relating to accidents or other hazards

The Group maintains insurance coverage in respect of all of its properties under construction, third-party liabilities and employer's liabilities in accordance with what it believes to be industry standards. However, the Group may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of high premium costs or other reasons. In particular, the Group's insurance policies generally do not cover certain types of losses incurred due to hazards such as war, civil disorder, acts of terrorism, and other natural disasters. Any losses may significantly affect the Group's business operation and the Group may not have sufficient funds to replace any property destroyed as a result of such hazards. In addition, any payments the Group makes to cover any losses, damages or liabilities may have an adverse effect on its business, operating results, financial condition and prospects. Further, notwithstanding the Group's insurance coverage, any damage to the Group's buildings, facilities, equipments, or other properties as a result of occurrences such as fires, floods, water damage, explosions, power losses, typhoons and other natural disasters may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, whilst every care is taken by the Group and its employees in the selection and supervision of its independent contractors, accidents and other incidents, such as theft, may occur from time to time. Such accidents or incidents may expose the Group to liability or other claims by its customers and other third parties. Although the Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents or incidents could occur which are not covered by these arrangements. The occurrence of any such accidents or incidents which are not covered by insurance may have an adverse effect on the Group's business, operating results, financial condition and prospects. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

Legal and regulatory considerations

The operations of the Group are subject to various laws and regulations of Hong Kong, the PRC and other jurisdictions in which the Group's operations are located. The Group's activities on its investment and development properties are limited by zoning ordinances and other regulations enacted by the authorities. Developing properties, refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. From time to time, the authorities may impose new regulations on landlords such as mandatory retrofitting of upgraded safety and fire systems in all buildings. The Group's properties are subject to routine inspections by the authorities with regard to various safety and environmental issues. There can be no assurance that the Group will be able to comply with such regulations or pass such inspections.

From time to time, changes in law and regulations or the implementation thereof may require the Group to obtain additional approvals and licences from the relevant authorities for the conduct of its operations. In such event, the Group may incur additional expenses to comply with such requirements. This will in turn affect the Group's financial performance as its business costs will increase.

Furthermore, there can be no assurance that such approvals or licences will be granted to the Group promptly or at all. If the Group experiences delays in obtaining, or is unable to obtain, such required approvals or licences, it may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Outbreaks of contagious diseases

The outbreak of Severe Acute Respiratory Syndrome ("SARS") that began in the PRC and Hong Kong in early 2003 had an adverse effect on all levels of business in Hong Kong and the PRC. The outbreak of SARS led to a significant decline in travel volumes and business activities throughout most of the Asian region. The occurrence of another outbreak of SARS or of another highly contagious disease may result in another economic downturn and may have an adverse effect on the overall level of business and travel in the affected areas. It may also disrupt the Group's business operations and consequently have an adverse effect on its financial condition and operating results.

Civil unrest could have an adverse impact on the Group's business, financial condition or operating results

Civil unrest occurring in close proximity to the Group's shopping malls and hotels in various districts in Hong Kong may disrupt the Group's business. Protests, demonstrations or rioting causing mass disruption to businesses and transportation may result in a decrease in consumer foot traffic and spending. Consumers may avoid areas affected by social upheaval or may be unable to reach these areas due to a disruption in transportation or an outbreak of violence. As a result, local businesses may be affected. There is no assurance that there will not be any interruptions to the business and operations of the Group's shopping malls or hotels, or to the potential consumers' access to the activities therein. Civil unrest includes, without limitation, any protests occurring in close proximity to the Group's stores similar to the recent anti-extradition bill protests or the Occupy Central Movement that took place during the latter half of 2014. Moreover, inbound tourism may be affected by civil unrest or protests, with fewer tourists travelling to Hong Kong which in turn may negatively affect the Hong Kong retail market and hospitality industry. Civil unrest is outside the control of the Group and any such demonstrations, protests or riots occurring in close proximity to the Group's stores could adversely impact the Group's business, financial condition and results of operations.

External risks

A natural disaster, catastrophe or other event could result in severe personal injury, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. The Group's operations are based in jurisdictions which are exposed to potential natural disasters including, but not limited to, typhoons, storms, floods and earthquakes. If any of the Group's developments are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses at their intended capacities, thereby reducing revenues. Risks of substantial costs and liabilities are inherent in the Group's principal operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons.

Limited availability of funds

The Group's businesses require substantial capital investment. The Group will require additional financing to fund working capital and capital expenditures, to support the future growth of its business and/ or to refinance existing debt obligations. The Group's core businesses will require substantial capital investment, particularly for its property development and investment, hotel, infrastructure and department store businesses. The Group has historically required and expects to continue to require external financing to fund its working capital and capital expenditure requirements in the future. The Group's ability to arrange external financing and the cost of

such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, the success of its businesses, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital and political and economic conditions in Hong Kong and the PRC. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on favourable terms. Any increase in interest rates would increase the cost of borrowing and adversely affect the Group's result of operations.

Joint venture risks

Co-operation and agreement among the Group and its joint venture partners on its existing or any future projects is an important factor for the smooth operation and financial success of such projects. The Group's joint ventures may involve risks associated with the possibility that the joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group, (ii) be unable or unwilling to fulfill their obligations under the relevant joint venture or other agreements or (iii) experience financial or other difficulties. Further, the Group may not be able to control the decision-making process of the joint ventures without reference to the joint venture partners and, in some cases, it does not have majority control of the joint venture. In most cases, the Group does, however, through contractual provisions or representatives appointed by it, have the ability to control or influence most material decisions. Although the Group does not currently experience any significant problems with its joint venture partners, no assurance can be given that disputes among the Group and its joint venture partners or among the partners will not arise in the future that could adversely affect such projects.

Major shareholder of NWD

The major shareholder of NWD is Chow Tai Fook Enterprises Limited ("CTFEL") which, together with its subsidiaries, held approximately 44.37 per cent. of the issued share capital of NWD as at 30 June 2019. CTFEL is a private company ultimately owned as to approximately 81.03 per cent. by Chow Tai Fook Capital Limited which is controlled by the family members of the late Dato' Dr. Cheng Yu-Tung, one of the founders and the ex-chairman of NWD. CTFEL, the Cheng family members are therefore able to exert considerable influence over the management and affairs of the Group, and are able to influence the Group's corporate policies, appoint directors and officers and vote on corporate actions requiring shareholders' approval. The strategic goals and interests of CTFEL, the Cheng family members may not always be aligned with the Group's strategy and interests and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. The interests of the Group's major shareholder may also differ from those of the Noteholders. Transactions between NWD and other companies in which the family has an interest, including Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, are also subject to the rules of the HKSE which, in certain circumstances may require disclosure to, and approval from, the shareholders, excluding CTFEL, of NWD. NWD believes that all transactions between the Group and CTFEL are carried out on an arm's length basis. As a result of the above, the Group may lose some of its competitive advantage, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Franchise and licence risks

The Group and its associated companies and joint ventures operate and manage certain franchise businesses such as providing facilities services in respect of the Hong Kong Convention and Exhibition Centre (the "HKCEC"), operating public bus transportation services in Hong Kong, operating ferry transportation services in Hong Kong and operating duty free tobacco and alcohol sales under franchise and licence agreements. There can be no assurance that renewals of franchise and licence periods can be obtained or that if renewed, that the terms of such franchise and licence will not be on terms less favourable than currently obtained by the Group.

Intellectual property considerations

The Group has registered, or applied for registration of, various classes of the “New World” trademark for use in Hong Kong, the PRC, several other Asian countries, the USA and Canada and the “New World” trademark in Chinese (新世界) in some of these jurisdictions. Although the Group has not been subject to any intellectual property dispute in respect of the use of the “New World” trademark (both in English and Chinese), there can be no assurance that third parties will not assert trademark or other intellectual property infringement claims against the Group. Any such claims against the Group, with or without merit, as well as claims initiated by the Group against third parties, could be time consuming and expensive to defend or prosecute and resolve. If third party claims are successful, the Group may have to pay damages and legal costs, and may be restricted from using the “New World” trademark (both in English and Chinese), which may have a negative impact on the Group’s reputation. The related costs or potential disruption to the Group’s operations could have an adverse effect on the Group.

NWDS does not own the “新世界” (New World) trade name in Shanghai. The “新世界” (New World) trade name has been registered by an independent third party in Shanghai which operates a department store in Shanghai under such trade name. Although NWDS is neither related to nor associated with the owner of the “新世界” (New World) trade name in Shanghai or the store which it operates, negative publicity concerning such store may have an adverse impact on the image and brand recognition of NWDS, NWD or the Group. In order to avoid confusion with the department store operated in Shanghai by the independent third party, NWDS has relied on the “巴黎春天” (Ba Li Chun Tian) trade name for its Shanghai operations since 2001 pursuant to an exclusive and non-transferable licence granted by Shanghai Yimin Department Stores Joint Stock Company Limited. If the licence for the “巴黎春天” (Ba Li Chun Tian) trade name is terminated and NWDS is required to cease using the “巴黎春天” (Ba Li Chun Tian) trade name, NWDS will have to undertake measures, including the use of other trade marks or names for its stores in Shanghai. This may lead to additional marketing and advertising expenses for the purpose of promotion of a new trade mark or brand for stores in Shanghai and there can be no assurance that the use of other trade names or marks will be able to generate a level of reputation similar to that of the “巴黎春天” (Ba Li Chun Tian) trade name.

Generally, a deterioration in the Group’s brand image, or any failure to protect the Group’s brand and intellectual property rights, could have a negative impact on the Group’s business. The Group’s images play an integral role in all of the business operations. Any negative incident or negative publicity concerning the Group could adversely affect the Group’s reputation and business. Brand value is based largely on subjective consumer perceptions and can be damaged even by isolated incidents that degrade consumer trust. Consumer demand for the Group’s products and the Group’s brand value could diminish significantly if the Group fails to preserve the quality of the products, or fail to deliver a consistently positive consumer experience, or if the Group is perceived to act in an unethical or socially irresponsible manner. In addition, any unauthorised use of the Group’s brands, trademarks and other intellectual property rights could harm the Group’s competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorised use is difficult. The measures the Group take to protect the Group’s intellectual property rights may not be adequate. If the Group is unable to adequately protect the brand, trademarks and other intellectual property rights, the Group may lose these rights and the Group’s business may suffer materially.

Risks Relating to the PRC

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

A significant portion of the Group's operations are located in the PRC. NWD expects that the Group will make further investments in the PRC, and that the Group's assets in the PRC will continue to account for a sizeable share of its overall income base. NWD's trading and financial condition, results of operations and future prospects depend to a large extent on the success of the Group's operations in the PRC and are subject, to a significant degree, to the political and economic situation and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including, but not limited to:

- extent of government involvement;
- level of development;
- growth rate;
- economic and political structure;
- control of foreign exchange;
- allocation of resources; and
- regulation of capital reinvestment.

While the PRC economy has experienced significant growth in the past 25 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy but may also have a negative effect on the Group's operations. For example, the Group's business and financial condition may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There is no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business and financial condition.

The legal system in the PRC is less developed than in certain other countries and laws in the PRC may not be interpreted and enforced in a consistent manner

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC Government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation

of new changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainty. The interpretation of PRC laws may be subject to policy changes, which reflect domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on the Group's business and financial condition.

Real estate is a highly regulated sector in Mainland China

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

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

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

The complicated administrative process and possibility of unfavourable settlement regarding the amount of compensation may increase the cost of the development and materially adversely affect the Group's cash flow, business operations and financial condition. Under PRC law, if a developer fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, land use or the time for commencement and completion of the development of the land), the relevant local government authority may give a warning to or impose a penalty on the developer or forfeit the land granted to the developer. Under the current PRC laws and regulations, if a developer fails to pay any outstanding land premium by the stipulated deadline, it may be subject to a late payment penalty calculated on a per-day basis. In addition, if a developer fails to commence development of a property project within the stipulated period as required under the current PRC laws without the approval from the relevant PRC land bureau, the relevant PRC land bureau may serve a warning notice on the developer and impose an idle land fee of up to 20 per cent. of the land premium unless such failure is caused by a government action or a force majeure event. Even if the commencement of the land development complies with the land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or if the total capital expenditure is less than 25 per cent. of the total investment of the project and the suspension of the development of the land is more than one year without government approval, the land will still be treated as idle land. The Notice on Promoting Economisation of Land Use issued by the State Council in January 2008 further confirmed the idle land fee at 20 per cent. of the land premium. If a developer fails to commence such development for more than two years, the land is subject to forfeiture without compensation to the PRC government unless the delay in development is caused by government actions

or force majeure. In addition, a developer with idle land together with its shareholders may be restricted from participating in future land bidding.

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

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

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

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

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

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

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

relative to other assets, on proprietary trading and on the disclosure associated with the marketing of wealth management products.

The Group cannot assure investors that the PRC government will not introduce other initiatives which may limit the Group's access to capital resources. The foregoing and other initiatives introduced by the PRC government may limit the Group's flexibility and ability to use bank loans or other forms of financing to finance the Group's development properties and therefore may require the Group to maintain a relatively high level of internally sourced cash. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

Currency risks

A significant portion of the Group's revenue is denominated in Renminbi and must be converted to pay dividends or make other payments in freely convertible currencies. Under the PRC's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, strict foreign exchange controls continue to be implemented in respect of capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities.

Inflation risks

In recent years, the PRC economy has experienced periods of rapid expansion and highly fluctuating rates of inflation. During the past ten years, the rate of inflation in China has been as high as 5.9 per cent. and as low as -0.7 per cent., and as at June 2019, the consumer price index in China increased by 2.7 per cent. year over year, according to the National Bureau of Statistics of China. That has led to the adoption by the PRC government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the PRC government to impose controls on credit or prices, or to take other action, which could inhibit economic activity in China, which could materially and adversely affect our business, financial condition and results of operations.

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

Pre-sale

Changes in laws and regulations with respect to pre-sale may also adversely affect the Group's cash flow position and performance. The Group uses proceeds from the pre-sale of its properties as a source of financing for its construction costs. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence the pre-sale of their property development projects and may use pre-sale proceeds to finance their developments. There can be no assurance that the PRC governmental authority will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group's properties are an important source of financing for its property developments. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditure the Group must incur prior to obtaining the pre-sale permit or any restriction on the use of pre-sale proceeds, would extend the time period required for recovery of the

Group's capital outlays and would result in its needing to seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cash flow results of operations and financial condition.

The PRC tax authorities may challenge the basis on which the Group calculates its land appreciation tax ("LAT") obligations

Under PRC tax laws and regulations, the Group's properties developed for sale or transfer are subject to LAT, which is collected by local tax authorities. All income from the sale or transfer of land use rights relating to state-owned land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30 per cent. to 60 per cent. of the appreciation value as defined by the relevant tax laws, with certain exceptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20 per cent. of the total deductible items as defined in the relevant tax laws. In May 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection of Land Appreciation Tax that requires that the minimum LAT prepayment rate must be no less than 2 per cent. for provinces in eastern China, 1.5 per cent. for provinces in central and northeastern China and 1 per cent. for provinces in western China. If the LAT is calculated based on the authorized taxation method (核定征收), the minimum taxation rate shall be 5 per cent. in principle. On 28 December 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises which came into effect on 1 February 2007 (the "LAT Notice"). Under the LAT Notice, local tax authorities can formulate their own implementation rules according to the notice and local situations and there are uncertainties as to how they will enforce this notice. In the event that relevant tax authorities change their requirements as to the amount or timing of payment of provisional LAT, the Group's cash flow may be materially and adversely affected.

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

Specifically, in respect of development projects which have been completed and are eligible for tax audit, the NWCL Group has estimated and made provisions for the full amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations. In the event that the tax authorities collect the LAT that the NWCL Group has provided for in its accounts, the NWCL Group's will incur a cash outlay. Furthermore, in the event that LAT eventually collected by the tax authorities upon completion of the tax audit exceeds the amount that the NWCL Group has provided for, its net profits after tax may also be adversely affected. In respect of property developments that have not met the tax audit eligibility criteria, the NWCL Group has paid and will continue to pay provisional LAT as required by the tax authorities. The LAT that is ultimately payable upon completion of the tax audit of such projects in the future may be greater than the provisional LAT incurred by the NWCL Group which may adversely affect the business and financial condition of the NWCL Group.

Risks Relating to the Notes issued under the Programme

Notes may not be a suitable investment for all investors

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

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

Some Notes 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.

Holding company structure

The Issuer is a wholly-owned subsidiary of NWD formed for the principal purposes of issuing the Notes and will on-lend the entire proceeds from the issue of the Notes to NWD and its subsidiaries. The Issuer does not and will not have any net assets other than such on-lent loans and its ability to make payments under the Notes depends on timely payments under such loans. In the event that NWD and its subsidiaries do not make such payments due to limitation in such loans or other agreements, lack of available cashflow or other factors, the Issuer's ability to make payments under the Notes could be adversely affected.

NWD is primarily a holding company and its ability to make payments in respect of the Guarantee of the Notes or to fund payments by the Issuer depends largely upon the receipt of dividends, distributions, interest or advances from its wholly or partly owned subsidiaries, its associated companies and the Group's joint ventures. The ability of the subsidiaries and associated companies of NWD and the Group's joint ventures to pay dividends and other amounts to NWD may be subject to their profitability and to applicable laws and to restrictions on the payment of dividends contained in financing or other agreements. Payments under the Guarantee are structurally subordinated to all existing and future liabilities and obligations of each of NWD's subsidiaries (other than the Issuer), its associated companies and the Group's joint ventures. Claims of creditors of such companies will have priority as to the assets of such companies over NWD and its creditors, including holders of the Notes seeking to enforce the Guarantee. In addition, a significant amount of NWD's subsidiaries' indebtedness is secured on the assets of those subsidiaries, and the beneficiaries of the security will have priority as to those assets, which would reduce the amount available to unsecured parties, including holders of the Notes, in the event of an insolvency.

The terms of the Notes do not restrict the ability of NWD's subsidiaries, associated companies and joint ventures to incur additional debt. In addition, further issues of equity interests by such subsidiaries, associated companies and joint ventures may dilute the ownership interest of NWD in such entities.

The Issuer is a special purpose entity

The Issuer is a special purpose entity incorporated in the British Virgin Islands for the principal purposes of issuing the Notes. (See “— *Holding company structure*” above). On certain dates, including the occurrence of an early redemption event and at maturity of the Notes, the Issuer may, and at maturity, will be required to redeem all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Group.

Majority interests in Noteholder meetings

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

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

The Conditions of the Notes are governed by English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

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

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

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders or in the case of the CMU Service, to the persons for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in accordance with the CMU Rules as notified by the CMU Service to the Guarantor in a relevant CMU Instrument Position Report or any other notification by the CMU Service.

A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes and Global Certificates.

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

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

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

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

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

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

Index-Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

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

- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

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.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. 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

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

Fixed/Floating Rate Notes

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

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices such as the London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed to be or used as "benchmarks", have been the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective while others have yet to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**Benchmark Regulation**") was published in the Official Journal of the EU on June 29, 2016 and has been in force since January 1, 2018. The Benchmark Regulation applies 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, (i) it requires benchmark administrators (such as ICE Benchmark Administration Limited and the European Money Market Institute, which currently administer LIBOR and EURIBOR, respectively) to be authorized or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognized or endorsed) and (ii) it prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorized or registered (or, if non-EU based, not deemed equivalent or recognized or endorsed).

The Benchmark Regulation could have a material impact on any Notes linked to a rate or index deemed to be a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmark Regulation. 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 benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “**FCA Announcement**”). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Moreover, if a benchmark ceases to be calculated or administered and no replacement base rate is identified or selected, the fallback provisions for the interest rate calculations under the Notes may result in interest accruing at a fixed rate based on the rate which applied in the previous period when the benchmark was available, effectively converting the Notes into fixed rate securities.

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

Notes issued at a substantial discount or premium

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

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

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

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Risks related 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 secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

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

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

Interest rate risks

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

Credit ratings may not reflect all risks

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

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. You should consult your legal advisers to determine whether and to what extent (i) the Notes are legal investments for you, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to purchases or pledges of any Notes. Financial institutions should consult their

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

Risks related to Notes denominated in Renminbi

Notes denominated in RMB (“**RMB Notes**”) may be issued under the Programme. RMB Notes are subject to particular risks:

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

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

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

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

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the PBoC in 2018, there is no assurance that the PRC Government will continue to gradually 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 RMB Notes and the Issuer’s ability to source Renminbi outside the PRC to service RMB 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, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC, although PBoC has gradually allowed participating banks to access the PRC’s onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not

obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

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

Investment in the RMB Notes is subject to exchange rate risks

The value of 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. Recently, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to RMB 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 RMB Notes in that foreign currency will decline.

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

All payments to investors in respect of the RMB Notes will be made solely (i) for so long as the RMB Notes are represented by global certificates held with the common depositary for Clearstream Banking S.A. and Buroclear Bank SA/NV or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, (ii) for so long as the RMB Notes are represented by global certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or (iii) for so long as the RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong 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).

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

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

However, uncertainty remains as to whether the gain realised from the transfer of RMB Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and thus become subject to BIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders

who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to BIT or IIT on capital gains derived from a sale or exchange of the Notes.

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

USE OF PROCEEDS

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

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Notes in bearer form (“**Bearer Notes**”) will initially be in the form of either a temporary global note in bearer form (the “**Temporary Global Note**”), without interest coupons, or a permanent global note in bearer form (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system, and/or a sub-custodian for the CMU Service.

In the case of each Tranche of Bearer Notes, the relevant Pricing Supplement will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Pricing Supplement specifies the form of Notes as being a “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership *provided, however*, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

- (a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued

interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form (“**Definitive Notes**”):

- (a) on the expiry of such period of notice as may be specified in the Pricing Supplement; or
- (b) at any time, if so specified in the Pricing Supplement; or
- (c) if the Pricing Supplement specifies “in the limited circumstances described in the Permanent Global Note”, then if either of the following events occurs:
 - (i) Euroclear or Clearstream, Luxembourg or the CMU Service or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
 - (ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Pricing Supplement), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

Temporary Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being a “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Pricing Supplement specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

Permanent Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (a) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or
- (b) at any time, if so specified in the relevant Pricing Supplement; or
- (c) if the relevant Pricing Supplement specifies “in the limited circumstances described in the Permanent Global Note”, then if either of the following events occurs:

- (i) Euroclear or Clearstream, Luxembourg or the CMU Service or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Pricing Supplement), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date ((b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

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

Rights under Deed of Covenant

Under the Deed of Covenant, persons shown in the records of Euroclear or Clearstream, Luxembourg or the CMU Service and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*” below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“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.”

Registered Notes

Each Tranche of Registered Notes will be in the form of either individual Note Certificates in registered form (“**Individual Note Certificates**”) or a global Note in registered form (a “**Global Registered Note**”), in each case as specified in the relevant Pricing Supplement.

Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Pricing Supplement specifies the form of Notes as being “Individual Note Certificates”, then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Pricing Supplement specifies the form of Notes as being “Global Registered Note exchangeable for Individual Note Certificates”, then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or
- (b) at any time, if so specified in the relevant Pricing Supplement; or
- (c) if the relevant Pricing Supplement specifies “in the limited circumstances described in the Global Registered Note”, then if either of the following events occurs:
 - (i) Euroclear or Clearstream, Luxembourg or the CMU Service or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or
 - (ii) any of the circumstances described in Condition 14 (*Events of Default*) occurs. Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or
- (b) any of the Notes represented by a Global Registered Note (or any part of it) has become

due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment, then the Global Registered Note (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and/or any other relevant clearing system as being entitled to an interest in a Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and/or any other relevant clearing system.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under “Terms and Conditions of the Notes” below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*” below.

CMU Service

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

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

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

TERMS AND CONDITIONS OF THE NOTES

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

1 Introduction

(a) *Programme*

NWD (MTN) Limited (the “**Issuer**”) has established a Medium Term Note Programme (the “**Programme**”) for the issuance of up to U.S.\$6,000,000,000 in aggregate principal amount of notes (the “**Notes**”) guaranteed by New World Development Company Limited (the “**Guarantor**”).

(b) *Pricing Supplement*

Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of a pricing supplement (the “**Pricing Supplement**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.

(c) *Agency Agreement*

The Notes are the subject of an amended and restated issue and paying agency agreement dated 29 January 2019 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as CMU lodging and paying agent (the “**CMU Lodging and Paying Agent**”, which expression includes any successor CMU lodging and paying agent appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar and the CMU Lodging and Paying Agent, the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the “**Agents**” are to the Paying Agents and the Transfer Agents and any reference to an “**Agent**” is to any one of them. For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU Service (as defined below), be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

(d) *Deed of Guarantee*

The Notes are the subject of a deed of guarantee dated 8 January 2015 (as amended and/or supplemented from time to time, the “**Deed of Guarantee**”) entered into by the Guarantor.

(e) **Deed of Covenant**

The Notes may be issued in bearer form (“**Bearer Notes**”), or in registered form (“**Registered Notes**”). Registered Notes are constituted by a deed of covenant dated 8 January 2015 (as amended and/or supplemented from time to time, the “**Deed of Covenant**”) entered into by the Issuer.

(f) **The Notes**

All subsequent references in these Conditions to “Notes” are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for viewing and copies may be obtained from the Specified Office of each of the Paying Agents and Transfer Agents.

(g) **Summaries**

Certain provisions of these Conditions are summaries of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2 Interpretation

(a) **Definitions**

In these Conditions the following expressions have the following meanings:

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

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

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

“**Business Day**”, other than in Conditions 3(g) (Registration and delivery of Note Certificates) and 10(d) (Redemption at the option of the Issuer (Make Whole Redemption)) means:

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

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

in relation to different dates and, in this context, the following expressions shall have the following meanings:

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

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

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

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

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

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

- (a) if **“Actual/Actual (ICMA)”** is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1)

the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

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

if “**30/360**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Listed Material Subsidiary” means any Material Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited, or any other stock exchange;

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

“Material Subsidiary” means any Subsidiary of the Guarantor:

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

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

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

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

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

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

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

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

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

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

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

“**Payment Business Day**” means:

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

“**Permitted Security Interest**” means (i) any Security Interest over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Material Subsidiary as security for all or part of the purchase price of such assets and any substitute Security Interest created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets; and (ii) any Security Interest over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Material Subsidiary subject to such Security Interest and any substitute Security Interest created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets;

“**Person**”, other than in Condition 10(g) (*Redemption for Change of Control*), means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

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

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

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

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

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

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

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

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

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

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

“**Regular Period**” means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any

year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and

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

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

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

“**Relevant Indebtedness**” means any indebtedness in the form of and represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way or private placement) having an original maturity of more than one year from its date of issue but shall not include indebtedness under any secured transferable loan facility (which term shall, for the avoidance of doubt, mean any agreement for or in respect of indebtedness for borrowed money entered into with one or more banks and/or financial institutions whereunder rights and (if any) obligations may be assigned and/or transferred);

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

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

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

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

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

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

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

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

“**Subsidiary**” in relation to any person, means any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”) from time to time, should have its accounts consolidated with those of that person;

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

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

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

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

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

(b) Interpretation

In these Conditions:

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

3 Form, Denomination, Title and Transfer

(a) ***Bearer Notes***

Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(b) ***Title to Bearer Notes***

Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, “**Holder**” means the holder of such Bearer Note and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.

(c) ***Registered Notes***

Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.

(d) ***Title to Registered Notes***

The Registrar will maintain a register outside the United Kingdom in accordance with the provisions of the Agency Agreement. A certificate (each, a “**Note Certificate**”) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.

(e) ***Ownership***

The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

(f) ***Transfers of Registered Notes***

Subject to paragraphs (i) (Closed periods) and (j) (Regulations concerning transfers and registration) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(g) Registration and delivery of Note Certificates

Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (Transfers of Registered Notes) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “business day” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) No charge

The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) Closed periods

Noteholders may not require transfers to be registered:

- (i) during the period of 15 days ending on (and including) the due date for any payment of principal or interest in respect of the Registered Notes;
- (ii) during the period of 15 days ending on (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 10(b) (*Redemption for taxation reasons*), Condition 10(c) (*Redemption at the option of the Issuer*) or Condition 10(d) (*Redemption at the option of the Issuer (Make Whole Redemption)*);
- (iii) after a Put Option Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 10(f) (*Redemption at the option of Noteholders*);
- (iv) after a Change of Control Put Exercise Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 10(g) (*Redemption for Change of Control*); and
- (v) during the period of seven days ending on (and including) any Record Date (as defined in Condition 12(f) (*Record Date*)).

(j) Regulations concerning transfers and registration

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

4 Status and Guarantee

(a) Status of the Notes

The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Guarantee of the Notes*

The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5 Negative Pledge

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

6 Fixed Rate Note Provisions

(a) *Application*

This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) *Accrual of interest*

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments - Bearer Notes*) and 12 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Fixed Coupon Amount*

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Calculation of interest amount*

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation

Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7 Floating Rate Note and Index-Linked Interest Note Provisions

(a) Application

This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) Accrual of interest

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments - Bearer Notes*) and 12 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) Screen Rate Determination

If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest

Period for loans in the Specified Currency for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

(d) ISDA Determination

If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on (x) the London inter-bank offered rate (LIBOR), (y) the Eurozone inter-bank offered rate (EURIBOR) or (z) the Hong Kong inter-bank offered rate (HIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.

(e) Index-Linked Interest

If the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Pricing Supplement.

(f) Maximum or Minimum Rate of Interest

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(g) Calculation of Interest Amount

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “sub-unit”

means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(h) Calculation of other amounts

If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

(i) Publication

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(j) Notifications etc

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8 Zero Coupon Note Provisions

(a) Application

This Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) Late payment on Zero Coupon Notes

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in

respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9 Dual Currency Note Provisions

(a) Application

This Condition 9 is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) Rate of Interest

If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

10 Redemption and Purchase

(a) Scheduled redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Conditions 11 (*Payments - Bearer Notes*) and 12 (*Payments - Registered Notes*).

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable),

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

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, 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 (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) or the Guarantee of the Notes, or the Guarantor has or will become obliged to make any such withholding or deduction as is referred to in Condition 13 (*Taxation*) or the Guarantee of the Notes, as the case may be, from any amount paid by it to the Issuer in order to enable the Issuer to make a payment or principal or interest in respect of the Notes, in either case as a result of any change in, or amendment to, the laws or regulations

of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

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

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

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers or other professional advisers, in each case of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

(c) *Redemption at the option of the Issuer*

If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued and unpaid interest (if any) to such date).

(d) *Redemption at the option of the Issuer (Make Whole Redemption)*

If the Call Option (Make Whole Redemption) is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole and not in part, at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable), or on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable), at the relevant Make Whole Redemption Amount (Call), on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes at the Make Whole Redemption Amount (Call) plus accrued and unpaid interest (if any) to such date).

For the purposes of this Condition 10(d):

“**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in London and New York City;

“**Comparable Treasury Price**” means, with respect to any redemption date, the average of three, or such lesser number as is obtained by the Determination Agent, Reference Treasury Dealer Quotations for the relevant date fixed for redemption of the Notes;

“**Determination Agent**” means an independent investment bank of international repute, appointed by the Issuer and the Guarantor (and notice thereof is given to Noteholders and the Fiscal Agent by the Issuer in accordance with Condition 20 (*Notices*)) for the purposes of performing any of the functions expressed to be performed by it under these Conditions;

“**Make Whole Redemption Amount (Call)**” means in respect of each Note, either (i) the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or (ii) (x) the principal amount of such Note or, if this is higher (y) the amount equal to the sum of the present value of the principal amount of such Note, together with the present values of the interest payable for the relevant Interest Periods from the relevant date fixed for redemption to the Maturity Date, in each case, discounted to such redemption date on a basis specified in the applicable Pricing Supplement at the adjusted US Treasury Rate or such other benchmark rate as specified in the applicable Pricing Supplement plus the Make Whole Redemption Margin, all as determined by the Determination Agent;

“**Reference Treasury Dealer**” means each of the three nationally recognised investment banking firms selected by the Determination Agent that are primary US Government securities dealers;

“**Reference Treasury Dealer Quotations**” means with respect to each Reference Treasury Dealer and any date fixed for redemption of the Notes, the average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Determination Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third business day immediately preceding such due date for redemption; and

“**U.S. Treasury Rate**” means either (a) the rate per annum equal to the yield, that represents the average for the week immediately preceding that in which the third business day prior to the relevant date fixed for redemption falls, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities” for the maturity corresponding to the Comparable Treasury Issue provided that (a) if no maturity appears that is within three months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the US Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, and (b) if such release (or any successor release) is not published during the week preceding that in which the third business day prior to the relevant date falls or such release (or successor release) does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the relevant date fixed for redemption, in each case calculated on the third business day immediately preceding the relevant date fixed for redemption.

(e) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(f) ***Redemption at the option of Noteholders***

If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(f), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(f), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(f), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

(g) ***Redemption for Change of Control***

At any time following the occurrence of a Change of Control, the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Change of Control Put Date at their Early Redemption Amount (Change of Control), together with accrued and unpaid interest (if any) up to, but excluding the Change of Control Put Date. To exercise such right, the holder of the relevant Note must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Note or the Note Certificate (in the case of Registered Notes) evidencing the Notes to be redeemed by not later than 60 days following a Change of Control, or, if later, 60 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 20 (*Notices*). The "Change of Control Put Date" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

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

The Issuer shall give notice to Noteholders and the Fiscal Agent in accordance with Condition 20 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 10(g).

For the purposes of this Condition 10(g): a “**Change of Control**” occurs when:

- (i) any Person or Persons acting together acquires Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the Issue Date;
- (ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity; or
- (iii) one or more Persons acquires the beneficial ownership of all or substantially all of the Guarantor’s issued share capital;

“**Control**” means the acquisition or control of more than 50% of the voting rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms “**Controlling**” and “**Controlled**” shall have meanings correlative to the foregoing; and

a “**Person**”, as used in this Condition 10(g), includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include (i) the Guarantor’s board of directors or any other governing board, (ii) the Guarantor’s wholly-owned direct or indirect subsidiaries; (iii) Dato’ Dr Cheng Yu-Tung, his relatives and/or extended family and/or companies which are controlled by any of them and/or trusts in which Dato’ Dr. Cheng Yu-Tung, his relatives and/or extended family and/or companies which are controlled by any of them are beneficiaries and/or interests associated with any or some of them; and (iv) Chow Tai Fook Enterprises Limited (“**CTFEL**”) and its Affiliates. For this purpose, “**Affiliates**” of CTFEL means any Person directly or indirectly Controlling, Controlled by or under common control with CTFEL.

(h) *No other redemption*

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (g) above.

(i) *Early redemption of Zero Coupon Notes*

Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

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

(j) Purchase

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

(k) Cancellation

All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

11 Payments - Bearer Notes

This Condition 11 is only applicable to Bearer Notes.

(a) Principal

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency.

(b) Interest

Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

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

(c) Payments in New York City

Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such

interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) *Payments subject to fiscal laws*

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 13 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(e) *Deductions for unmatured Coupons*

If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

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

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

(f) *Unmatured Coupons void*

If the relevant Pricing Supplement specifies that this Condition 11(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*), Condition 10(d) (*Redemption at the option of the Issuer (Make Whole Redemption)*), Condition 10(f) (*Redemption for Change of Control*) or Condition 14

(*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) *Payments on business days*

If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) *Payments other than in respect of matured Coupons*

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) *Partial payments*

If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) *Exchange of Talons*

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12 Payments - Registered Notes

This Condition 12 is only applicable to Registered Notes.

(a) *Principal*

Payments of principal shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London), and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency, and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*

Payments of interest shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro,

any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London), and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency, and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

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

(c) *Payments subject to fiscal laws*

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 13 (*Taxation*) any law implementing an intergovernmental approach thereto.

(d) *Payments on business days*

Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 13 arriving after the due date for payment or being lost in the mail.

(e) *Partial payments*

If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date*

Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar’s Specified Office on the fifteenth day

before the due date for such payment (the “**Record Date**”). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

13 Taxation

(a) Gross up

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands (in the case of payments by the Issuer) or Hong Kong (in the case of payments by the Guarantor) or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
- (ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.

(b) Taxing jurisdiction

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands or Hong Kong respectively, references in these Conditions to the British Virgin Islands or Hong Kong shall be construed as references to the British Virgin Islands or (as the case may be) Hong Kong and/or such other jurisdiction.

14 Events of Default

If any of the following events occurs:

(a) Non-payment

the Issuer fails to pay any amount of principal in respect of the Notes within seven (7) days after the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within fourteen (14) days of the due date for payment thereof; or

(b) Breach of other obligations

the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Covenant or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor

by Noteholders holding five (5)% or more of the principal amount of the Notes outstanding, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or

(c) *Cross-default of Issuer, Guarantor or Subsidiary*

- (i) any indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
- (ii) any indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Subsidiary or any person entitled to such indebtedness; or
- (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any guarantee of any indebtedness,

provided that the amount of indebtedness referred to in sub paragraph (i) and/or sub paragraph (ii) above and/or the amount payable under any guarantee referred to in sub paragraph (iii) above, individually or in the aggregate, exceeds U.S.\$30,000,000 (or its equivalent in any other currency or currencies on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which a calculation is made under this Condition 14(c) (*Cross default of Issuer, Guarantor or Subsidiary*)); or

(d) *Unsatisfied judgment*

one or more judgment(s) or order(s) is rendered against a material part of the property, assets or turnover of the Issuer, the Guarantor or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced*

a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material Subsidiary and such possession or appointment continues for a period of 30 days after the date thereof; or

(f) *Insolvency etc*

(i) the Issuer, the Guarantor or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, the Guarantor or any Material Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material Subsidiaries is appointed (or application for any such appointment is made) or (iii) the Issuer, the Guarantor or any Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or a substantial part of its indebtedness or any guarantee of any indebtedness given by it; or

(g) *Winding up, etc.*

an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Material Subsidiary (otherwise than, in the case of a Subsidiary of the Issuer or a Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent) or the Issuer, the Guarantor or any of the Material Subsidiaries ceases to carry on all or the substantial part of its business (otherwise than, in the case of a Subsidiary of the Issuer

or a Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or as a result of disposal on arm's length terms or as approved by an Extraordinary Resolution of the Noteholders); or

(h) Analogous event

any event occurs which under the laws of the British Virgin Islands or Hong Kong has an analogous effect to any of the events referred to in Conditions 14(d) (*Unsatisfied judgment*) to 14(g) (*Winding up, etc.*); or

(i) Failure to take action etc.

any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Deed of Covenant and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note, the Coupons, the Deed of Covenant or the Deed of Guarantee admissible in evidence in the courts of the British Virgin Islands and Hong Kong is not taken, fulfilled or done; or

(j) Unlawfulness

it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes, the Deed of Covenant or the Deed of Guarantee; or

(k) Guarantee not in force

the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect,

then Noteholders holding not less than 5% of the aggregate principal amount of the outstanding Notes may, by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, declare their Notes to be immediately due and payable, whereupon such Notes shall become immediately due and payable at their principal amount together with accrued and unpaid interest (if any) without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders.

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

15 Prescription

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

16 Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered

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

17 Agents

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

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

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

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

18 Meetings of Noteholders; Modification and Waiver

(a) *Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than 10% of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing 50% of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than 66% or, at any adjourned meeting, 33% of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders of not less than 90% of the aggregate principal amount outstanding will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) Modification

The Notes, these Conditions, the Deed of Guarantee and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to modify any provision of a formal, minor or technical nature or to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

19 Further Issues

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

20 Notices

(a) Bearer Notes

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

(b) Registered Notes

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

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

21 Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable

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

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

22 Rounding

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

23 Governing Law and Jurisdiction

(a) *Governing law*

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.

(b) *English courts*

The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination or the Notes or any non-contractual obligation arising out of or in connection with them) or the consequences of its nullity.

(c) *Appropriate forum*

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) *Rights of the Noteholders to take proceedings outside England*

Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 23 prevents any Noteholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) *Process agent*

Each of the Issuer and the Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being

delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London, EC2V 7EX. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer or the Guarantor, as the case may be, the Issuer or, as the case may be, the Guarantor shall, on the written demand of any Noteholder addressed and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within fifteen (15) days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer or, as the case may be, the Guarantor and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition 23(e) applies to Proceedings in England and to Proceedings elsewhere.

FORM OF PRICING SUPPLEMENT

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

Pricing Supplement dated [●]

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

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, “**Professional Investors**”) only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

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

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

¹ If the “Redemption at the option of the Issuer (Make Whole Redemption)” is applicable, sales to EEA Retail Investors may not be permitted.

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

Legend for issuances involving one or more MiFID Firm manufacturers.

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

Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the [‘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.]

Legend for issuances where there are no MiFID Firm manufacturers.

[MiFID II product governance/Professional investors and ECPs only target market — For the purposes of Directive EU 2014/65/EU (as amended, “**MiFID II**”), the target market in respect of the Notes is expected to be eligible counterparties and professional clients only, each as defined in MiFID II. Any person offering, selling or recommending the Notes (a “**distributor**”) should take into consideration such target market; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.]

Legend for issuances where there is a sole manager that is a MiFID Firm manufacturer (i.e. no syndicate) and none of the Issuer, the Guarantor or other credit provider is a MiFID regulated entity.

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

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

NWD (MTN) Limited

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by

New World Development Company Limited

under the U.S.\$6,000,000,000 Medium Term Note Programme

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

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

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

- | | | |
|----|--|--|
| 1. | (i) Issuer: | NWD (MTN) Limited |
| | (ii) Guarantor: | New World Development Company Limited |
| 2. | [(i) Series Number:] | [•] |
| | [(ii) Tranche Number:] | [•] |
| | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> | |
| 3. | Specified Currency or Currencies: | [•] |
| 4. | Aggregate Nominal Amount: | [•] |
| | [(i)] [Series]: | [•] |
| | [(ii) Tranche: | [•] |
| 5. | (i) Issue Price: | [•]% of the Aggregate Nominal Amount [plus accrued interest from [<i>insert date</i>] (<i>in the case of fungible issues only, if applicable</i>)] |
| | (ii) Net Proceeds: | [•] (Required only for listed issues) |
| 6. | (i) Specified Denominations ^{2 3} : | [•] |
| | (ii) Calculation Amount: | [•] |
| 7. | (i) Issue Date: | [•] |
| | (ii) Interest Commencement Date: | [Specify/Issue Date/Not Applicable] |

² Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

³ If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: 100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000.

8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]⁴*
9. Interest Basis: % Fixed Rate
 [Specify reference rate] +/-
 % Floating Rate
 Zero Coupon
 Index Linked Interest
 Other (*Specify*)
(further particulars specified below)
10. Redemption/Payment Basis: Redemption at par
 Index Linked Redemption
 Dual Currency
 Partly Paid
 Instalment
 Other (*Specify*)
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: Investor Put
 Issuer Call
 [(further particulars specified below)]
13. Listing: Hong Kong/ Other (*specify*) / None] (For Notes to be listed on the [*Hong Kong Stock Exchange*], insert the expected effective listing date of the Notes)
14. Method of distribution: Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** Applicable/Not Applicable
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: % per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business*

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

		<i>Centre(s) for the definition of "Business Day"]/not adjusted]</i> ⁵
	(iii) Fixed Coupon Amount[(s):	[●] per Calculation Amount ⁶
	(iv) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360 / Actual/Actual (ICMA/ISDA) / other]
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
16.	Floating Rate Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Interest Period(s):	[●]
	(ii) Specified Period:	[●] <i>(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")</i>
	(iii) Specified Interest Payment Dates:	[●] <i>(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")</i>
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other <i>(give details)</i>]
	(v) Additional Business Centre(s):	[Not Applicable/give details]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other <i>(give details)</i>]

⁵ Note that for certain Hong Kong dollar denominated Fixed Rate Notes and Renminbi 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 [●]]."

⁶ For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Notes to the nearest HK\$0.01, HK\$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards.

- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): *[Name]* shall be the Calculation Agent
- (viii) Screen Rate Determination:
- Reference Rate: *[For example, LIBOR or EURIBOR]*
 - Interest Determination Date(s):
 - Relevant Screen Page: *[For example, Reuters LIBOR 01/ EURIBOR 01]*
 - Relevant Time: *[For example, 11.00 a.m. London time/Brussels time]*
 - Relevant Financial Centre: *[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]*
- (ix) ISDA Determination:
- Floating Rate Option:
 - Designated Maturity:
 - Reset Date:
- (x) Margin(s): $[+/-][\bullet]\%$ per annum
- (xi) Minimum Rate of Interest: $[\bullet]\%$ per annum
- (xii) Maximum Rate of Interest: $[\bullet]\%$ per annum
- (xiii) Day Count Fraction:
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: $[\bullet]\%$ per annum
 - (ii) Reference Price:
 - (iii) Any other formula/basis of determining amount payable: *[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [10(i)]]*
18. **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details]
 - (ii) Calculation Agent responsible for calculating the interest due:

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

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [●] per Calculation Amount
 - (b) Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice period: [●]
21. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) Notice period: [●]
22. **Final Redemption Amount of each** [●] per Calculation Amount
 In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: *[give or annex details]*
 - (ii) Calculation Agent responsible for [●] calculating the Final Redemption Amount: [●]
 - (iii) Provisions for determining Final [●]
 - (iv) Redemption Amount where calculated by reference to Index [●]

and/or Formula and/or other variable:

(v) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [●]

(vi) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]

(vii) [Payment Date]: [●]

(viii) Minimum Final Redemption [●] per Calculation Amount Amount:

(ix) Maximum Final Redemption [●] per Calculation Amount Amount:

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

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

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. **Form of Notes:**

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]⁷

[Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

⁷ if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000", the Temporary Global Note shall not be exchangeable on [[●]] days' notice.

Registered Notes:

- [Global Note Certificate exchangeable for Individual Note Certificates on [●] days' notice/at any time/in the limited circumstances described in the Global Note Certificate]
25. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/*give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 16(v) and 18(x) relate*]
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/*give details*]
28. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
29. Redenomination, renominalisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
30. Consolidation provisions: The provisions in Condition 19 (*Further Issues*) [annexed to this Pricing Supplement] apply]
31. Any applicable currency disruption/fallback provisions: [Not Applicable/*give details*]
32. Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
34. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
35. Total commission and concession: [●]% of the Aggregate Nominal Amount
36. Private banking commission: [Not Applicable/[●]]
37. U.S. Selling Restrictions: Reg. S Category [1/2];
(*In the case of Bearer Notes*) — [TEFRA C/TEFRA D/TEFRA not applicable]

- (In the case of Registered Notes) — Not Applicable*
38. Additional selling restrictions: [Not Applicable/give details]
39. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]⁸
(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)

OPERATIONAL INFORMATION

40. ISIN Code: [●]
41. Common Code: [●]
42. Legal Entity Identifier (LEI): 254900STSWBVJ5FV9O74
43. CMU Instrument Number: [●]
44. Any clearing system(s) other than Euroclear/Luxembourg and the CMU Service and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
45. Delivery: Delivery [against/free of] payment
46. Additional Paying Agent(s) (if any): [●]

GENERAL

47. The aggregate principal amount of Notes issued has been translated into US dollars at the rate of [●], producing a sum of (for Notes not denominated in [US dollars]): [Not Applicable/U.S. \$]
48. [Ratings: The Notes to be issued have been rated:
 [S&P: [●]]
 [Moody’s: [●]]
 [[Other: [●]]
(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]

[USE OF PROCEEDS

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

⁸ If the “Redemption at the option of the Issuer (Make Whole Redemption)” is applicable, sales to EEA Retail Investors may not be permitted.

[STABILISING

In connection with the issue of any Tranche of Notes, the Manager[s] named as the Stabilisation Manager[s] (or persons acting on behalf of any Stabilisation Manager[s]) may overallocate Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilisation Manager[s] to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.\$6,000,000,000 Medium Term Note Programme.

RESPONSIBILITY

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

Signed on behalf of NWD (MTN) Limited:

By: _____
Duly authorised

Signed on behalf of New World Development Company Limited:

By: _____
Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to “Noteholder” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, and/or a sub-custodian for the CMU Service, will be that depository, common depository or sub-custodian, as the case may be.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to “Noteholder” are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, and/or a sub-custodian for the CMU Service, will be such sub-custodian, such depository or common depository, or a nominee for such depository or common depository, as the case may be.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer or the Guarantor to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the Issuer and the Guarantor will be discharged by payment to the holder of such Global Note or Global Registered Note.

If a Global Note or a Global Registered Note is lodged with a sub custodian for or registered with the CMU Service, the person(s) for whose account(s) interests in such Global Note or Global Registered Note are credited as being held in the CMU Service in accordance with the CMU Rules by the CMU Service shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU Service as entitled to receive payments in respect of Notes represented by such Global Note or Global Registered Note and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in respect of each amount so paid.

Conditions applicable to Global Notes

Each Global Note and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

Payments

All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon)

surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

Payment Business Day

In the case of a Global Note, or a Global Registered Note, shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date

Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means any week day (Monday to Friday inclusive) within any given calendar year, except 25 December and 1 January.

Exercise of put option

In order to exercise the option contained in Condition 10(f) (*Redemption at the option of Noteholders*) the bearer of the Temporary Global Note or Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Exercise of change of control option

In order to exercise the option contained in Condition 10(g) (*Redemption for Change of Control*), the bearer of the Temporary Global Note or Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and the Change of Control Put Exercise Notice, give written notice of such exercise to the Fiscal Agent. Any such notice shall be irrevocable and may not be withdrawn.

Partial exercise of call option

In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes where such Notes are held with Euroclear and/or Clearstream, Luxembourg, the Temporary Global Note or Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices

Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, (i) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (other than the CMU Service, in respect of which see (ii) below), notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or (ii) deposited with the CMU Service, notices to the holders of Notes of the relevant Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Registered Note.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Guarantor

As at 30 June 2019, the issued share capital of the Guarantor was approximately 10,222.8 million ordinary shares.

The following table sets forth the audited consolidated capitalisation of the Guarantor as at 30 June 2019, which has been extracted from the 2019 Audited Financial Statements. This table should be read in conjunction with the consolidated financial information and the accompanying notes in relation to the Guarantor included in this Offering Circular.

	As at 30 June 2019
	<i>Actual</i>
	<i>HK\$ million</i> <i>(Audited)</i>
Current portion of borrowings	
Short-term borrowings and current portion of long-term borrowings	41,776.0
Non-current portion of borrowings	
Long-term borrowings	114,558.6
Total borrowings	156,334.6
Shareholders' funds	
Share capital	77,875.3
Reserves	145,989.2
	223,864.5
Perpetual capital securities	21,505.5
Total capitalisation ⁽¹⁾	359,928.6
Current portion of total borrowings and total capitalisation.....	401,704.6

Notes:

- (1) Total capitalisation represents long-term borrowings (net of current portion), shareholders' funds and perpetual capital securities issued as at 30 June 2019.
 - (a) On 3 July 2019, NWSH issued U.S.\$300 million 5.75 per cent. senior perpetual capital securities which were consolidated and formed a single series with the U.S.\$1 billion 5.75 per cent. senior perpetual capital securities issued by Celestial Miles Limited and guaranteed by NWSH in January 2019, which have not been accounted for in this table.
 - (b) On 18 July 2019, the Issuer issued U.S.\$950 million in aggregate principal amount of 4.125 per cent. guaranteed notes due 2029 guaranteed by the Guarantor, which have not been accounted for in this table.
 - (c) On 24 July 2019 and 1 November 2019, NWD Finance (BVI) Limited issued U.S.\$400 million and U.S.\$400 million, respectively, in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by the Guarantor, which have not been accounted for in this table.

Other than as stated herein, there has been no material change in the capitalisation and indebtedness of the Guarantor since 30 June 2019.

Capitalisation and Indebtedness of the Issuer

As at 26 January 2012, the date of its incorporation, NWD (MTN) Limited was authorised to issue a maximum of 50,000 U.S.\$1.00 par value shares of a single class and series, of which one share is held by the Guarantor. As at the date of this Offering Circular, NWD (MTN) Limited has completed drawdowns in an aggregate principal amount of HK\$10,170,000,000 and U.S.\$2,650,000,000 under this Programme since establishment.

DESCRIPTION OF THE ISSUER

Formation

NWD (MTN) Limited is a limited liability company incorporated under the BVI Business Companies Act, 2004 of the British Virgin Islands (BVI Company Number: 1693007). It was incorporated in the British Virgin Islands on 26 January 2012. Its registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands. The Issuer is a wholly-owned subsidiary of NWD.

Business Activity

The Issuer was established pursuant to the unrestricted objects and powers set out in its memorandum of association. The Issuer does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a wholly-owned subsidiary of NWD and those incidental to the establishment of the Programme and issue of Notes under the Programme.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

Directors and Officers

The directors of the Issuer are Messrs. Cheng Kar-Shun, Henry, Cheng Chi-Kong, Adrian, Wong Man-Hoi, Au Tak-Cheong, Lam Jim and Yam Yuen-Tung and each of their business addresses is c/o NWD at 30/F., New World Tower, 18 Queen's Road Central, Hong Kong. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer.

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

DESCRIPTION OF THE GROUP

Introduction

NWD is the holding company of one of the largest Hong Kong-based property developers listed on the HKSE in terms of market capitalisation. Established in 1970, NWD was listed on the HKSE in 1972 and its shares are currently a constituent stock of the Hang Seng Index. As at 30 June 2019, based on the closing price of its shares on the HKSE, NWD had a market capitalisation of approximately HK\$124,922.8 million.

The Group's operations are based primarily in Hong Kong, Macau and the PRC, and include business activities in the following segments:

- *Property*: The Group is one of the major property developers and investors in Hong Kong and the PRC and is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment property portfolio comprising shopping malls, offices, hotels and serviced apartments. The Group undertakes its property development and investment businesses in the PRC primarily through NWCL, its subsidiaries, associated companies and joint ventures (the "NWCL Group").
- *Service*: The Group, through NWSH and its subsidiaries, associated companies and joint ventures (the "NWSH Group"), is engaged in a diversified range of service businesses including construction, facilities management, transport and strategic investments in Hong Kong, Macau and the PRC.
- *Infrastructure*: The Group is one of the largest foreign investors and operators of infrastructure projects in Hong Kong, Macau and the PRC. Its infrastructure portfolio comprises roads, aviation, environment and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.
- *Hotels*: As at 30 June 2019, the Group operated 16 hotels in Hong Kong, Mainland China and Southeast Asia with 7,200 guest rooms.
- *Department Stores*: As at 30 June 2019, the Group, through NWDS and its subsidiaries, operated and managed 31 department stores and shopping malls in the PRC.

Within the business segments, the Group focuses on its current core businesses, which include property development, property investment, roads, aviation and construction.

The following sets forth an overview of the Group's organisation structure showing its principal functional units and business activities as at 30 June 2019:



Hong Kong Property Development and Investment

NWSH (HK stock code: 659)
Infrastructure & Service
Approximately 61 per cent.

NWCL
Mainland Property
100 per cent.

NWDS (HK stock code: 825)
Mainland Department Store
Approximately 75 per cent.

For the year ended 30 June 2019

For the year ended 30 June 2019, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK\$76,763.6 million. Profit attributable to shareholders of the Guarantor amounted to HK\$18,160.1 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK\$8,814.1 million, up 10 per cent. year-on-year.

Strategy

- NWD's overall strategic objective is to enhance shareholders' value by focusing on developing, expanding and synergising its core businesses of property development, property investment, roads, aviation and construction operations in Hong Kong, Macau and the PRC. In particular, in Hong Kong, the Group's strategy is to maintain its core position as a comprehensive property developer. The Group has continued to replenish its land bank through various means, including public auction and tender, old building redevelopment as well as agricultural land conversion. Resources consumed in its current development were replenished to provide the Group with a steady pipeline of land supply in the coming years and to plan for property development and strategies in the long term. Through these means, the Group will be able to maintain a stable level of quality land bank and thus establish a solid foundation for the Group's property development business in Hong Kong that continues to contribute to the Group's sales revenue. The launch of new residential projects including ARTISAN GARDEN, TIMBER HOUSE and ATRIUM HOUSE offer abundant saleable resources in Hong Kong.
- With a proven underlying profit track record, the Group adopts a prudent and proactive approach in financial management and execution. To strengthen the profit contributions from the Group's investment property portfolio in Hong Kong, the Group proactively reviews its assets and investments with a view to achieving substantial growth through enhancing product quality and service delivery. In the past, the Group has regularly made dividend payments.
- In the PRC, the Group's strategy is to maintain a reasonable development pace to realise the capital value of its substantial land bank in the PRC with particular focus on the development of mid-scale and large-scale mixed-use projects with varying combinations of residential, office and retail spaces. As one of the largest and earliest foreign investors in the PRC with over 30 years of experience, NWD believes it has developed strong relationships and operating experience in the PRC that give it a competitive advantage, particularly in the Greater Bay Area. NWD believes that an increasing proportion of the Group's revenues and profits will, over the next few years, be generated from the PRC activities as the Group's PRC projects continue to mature and will seek to maintain a balance between revenues from property development and property investment. The Group will continue to develop properties in top-tier cities whilst focusing on geographical diversification into emerging second-tier cities. NWD believes that the Group's geographical diversification will enable it to benefit from the stable economic growth of top-tier cities as well as the emerging infrastructure development in high growth second-tier cities, alleviate the risks associated with having too much of its operation concentrated in one particular city or region in the PRC, strengthen its regional property portfolios and position the Group as one of the leading national property developers and investors in the PRC.
- The Group's strategy in relation to its service businesses is to focus further on the construction business. For the remaining facilities management, transport and strategic investment aspects of the business, they are grouped under the strategic portfolio and the Group is looking to continue to benefit from stable income generated by its service operations.
- The Group's strategy in relation to its infrastructure businesses is to streamline the business portfolio and to focus further on the core businesses of roads and aviation. The Group continues to acquire quality

road assets including a 40 per cent. interest of Hunan Sui-Yue Expressway. The Group also invests in commercial aircraft leasing investments given their strong earnings and growth potential. This stable and recurrent income stream is expected to help fund the Group’s organic growth. Environment and logistics businesses are grouped under the Group’s strategic portfolio and the focus is to maintain operations within its current range, which provide steady and diversified sources of income to the Group.

- In relation to hotel operations, the Group aims to continue to achieve better returns from the hotels in terms of both occupancy and average room rate.
- In relation to department store operations, the Group will delve deep into its core business of offline department store retail, empower it with new technologies and continue to seek innovations and breakthroughs along the path of product differentiation and towards stereoscopic experiences. Leveraging relevant work on business reshaping and store network adjustment, the Group will adhere to its proven and effective capitalised store management principles and establish benchmark stores in its three operating regions, so as to drive resource integration in the regions and to form a strategic setup with synergised development across multiple stores. In the long run, the Group will focus on fortifying its presence, while consistently implementing the strategies of “multiple presences within a single city” and “radiation city” to reinforce the Greater Beijing, the Greater Shanghai, the Greater South Western markets.
- As part of the Group’s established strategies, the Group strives to focus on developing its current core businesses to optimise its assets and business portfolio while disposing of non-core assets. Under its dual growth engine strategy, the Group complements development properties sales with recurring investment property rentals. The Group also strives to develop strategic businesses such as HUMANSA.

Business

The following tables set forth the revenues and results for the business segments of the Guarantor and its subsidiaries for the periods indicated:

	For the year ended 30 June			
	2019		2018	
	<i>HK\$ million</i>	%	<i>HK\$ million</i>	%
Revenue				
Property sales.....	38,511.5	50.2	23,380.8	38.5
Rental.....	3,669.4	4.8	3,109.9	5.1
Contracting	17,359.6	22.6	15,488.2	25.5
Provision of services.....	9,238.8	12.0	10,423.5	17.2
Infrastructure operations	2,698.5	3.5	2,814.6	4.7
Hotel operations.....	1,490.9	1.9	1,479.0	2.5
Department store operations	3,357.8	4.4	3,670.9	6.0
Others	437.1	0.6	321.8	0.5
Total	76,763.6	100.0	60,688.7	100.0

Note:

- (1) Revenue breakdown shown above reflects the Group's Executive Committee Categorisation, and differs slightly from the announced segmental results.

	For the year ended 30 June			
	2019		2018	
	<i>HK\$ million</i>	%	<i>HK\$ million</i>	%
Segment results (including share of results of joint ventures and associated companies)				
Property development	15,037.1	73.5	9,475.5	60.1
Property investment	2,142.9	10.5	2,452.2	15.5
Service	111.6	0.5	858.4	5.4
Infrastructure	3,689.8	18.0	3,201.4	20.3
Hotel operations.....	(249.5)	(1.2)	(76.5)	(0.5)
Department stores	202.2	1.0	232.4	1.5
Others	(468.9)	(2.3)	(369.9)	(2.3)
Total	20,465.2	100.0	15,773.5	100.0

The following tables set forth the Guarantor and its subsidiaries' share of results of joint ventures (those over which the Guarantor and its subsidiaries exercise joint control along with their partners pursuant to contractual arrangements) and their associated companies (those over which the Guarantor and its subsidiaries may exert influence through representations on the board of directors of such companies), by business segments for the fiscal years indicated:

	For the year ended 30 June			
	2019		2018	
	<i>HK\$ million</i>	%	<i>HK\$ million</i>	%
Share of results of joint ventures				
Property development	1,603.0	43.7	264.7	14.0
Property investment	326.2	8.9	451.0	23.9
Service	194.0	5.3	152.8	8.1
Infrastructure	1,752.8	47.7	1,183.4	62.8
Hotel operations.....	11.8	0.3	32.8	1.7
Department stores	—	—	—	—
Others	(217.5)	(5.9)	(198.5)	(10.5)
Total	3,670.3	100.0	1,886.2	100.0

For the year ended 30 June

	2019		2018	
	<i>HK\$ million</i>	%	<i>HK\$ million</i>	%
Share of results of associated companies				
Property development.....	(4.1)	(0.4)	46.8	3.9
Property investment.....	199.1	19.7	373.2	31.2
Service.....	10.8	1.1	60.1	5.0
Infrastructure.....	802.5	79.2	708.9	59.3
Hotel operations.....	—	—	—	—
Department stores.....	—	—	(0.6)	(0.1)
Others.....	4.5	0.4	8.0	0.7
Total.....	1,012.8	100.0	1,196.4	100.0

Recent Developments

Property

Hong Kong – Property overview

The Group is one of the major property developers in Hong Kong and is engaged in the development of residential, retail, office and hotel properties. As at 30 June 2019, the Group possessed a land bank with attributable gross floor area (“GFA”) of approximately 9.1 million sq.ft. for immediate development. Of which, attributable residential GFA amounted to approximately 4.2 million sq.ft. Meanwhile, the Group had a total of approximately 16.9 million sq.ft. of attributable agricultural land area in the New Territories pending for usage conversion, which are mainly located in Yuen Long. Sales of property in Hong Kong historically have been a significant source of the Group’s operating profits.

There has been a decrease in primary private residential transactions in Hong Kong’s property market from 2018 to the first quarter of 2019 as a result of the US-China trade tensions and weakening investor sentiment. However, ongoing housing demand in Hong Kong, coupled with a shortage of long term housing supply and the adjustment of residential prices led to a market rebound in the second quarter of 2019. The Group launched a number of key projects in the first half of 2019. For the year ended 30 June 2019, the Group’s attributable contracted sales in Hong Kong amounted to HK\$10.5 billion.

In light of the following favourable factors, namely supply and demand imbalance, solid economic fundamentals of Hong Kong and the financial strengths of home buyers in this user-dominated market, it is anticipated that the local residential market will have a stable development.

Through its subsidiaries, NWD oversees and largely performs all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for zoning and modifications, the design and construction of development projects, and the marketing, leasing and management of completed projects. The typical development cycle for vacant land in Hong Kong from acquisition of the site and preparation of architectural plans until expected completion date is approximately three to five years. However, if there is a variance of land usage required, the process may take longer and may involve the payment to the government of substantial land premiums in connection with the modification of the land use restrictions. The development cycle for urban property may also be longer, since such sites generally are not vacant and frequently contiguous multiple sites or separate units within a site must be assembled before development can begin.

In general, the Group's practice is to pre-sell its developments before completion and the granting of occupation permits by government authorities in order to improve its financial liquidity and reduce market risk. Revenues and profits from such sales are only recognised when or as the control is transferred to the customer. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

Hong Kong – Property investment

The completed investment property portfolio of the Group in Hong Kong amounted to approximately 19.3 million sq.ft. of total GFA (approximately 11.2 million sq.ft. of total attributable GFA) as at 30 June 2019. The business segment continues to be a key source of income for the Group in the medium to long term.

The portfolio consists of retail shopping centres and office buildings which collectively accounted for approximately 43.3 per cent. of the Group's completed investment properties in attributable GFA terms, with the balance being luxury serviced apartments and hotels (which together accounted for approximately 27.9 per cent. of the Group's completed investment properties), logistic centres and carparks.

In relation to offices, there is a trend for enterprises to relocate from Central to nearby sub-core districts where rents are lower, resulting in an improvement in leasing performance in such districts. Leasing performance in Central also remains stable as the vacancy rate is low.

In relation to retail shops, following the operation of High Speed Rail and Hong Kong-Zhuhai-Macao Bridge, the number of tourists increased which resulted in a 8.7 per cent. increase in total retail sales in Hong Kong in 2018. However, from 2019, due to the US-China trade tension, the depreciation of RMB and recent social events, consumer sentiment became more cautious.

The Group performs the rental management and marketing of most of its investment properties through a division of NWD and a subsidiary, K11 Concepts Limited. The Group proactively reviews its investment assets with a view to enhancing its product quality and service delivery including performing periodic property renovations.

The leases the Group has granted are typically for two or three years for office and retail tenants occupying relatively small commercial floor space and longer lease periods can be granted for those tenants occupying relatively large commercial floor space. The rental income from the investment portfolio is expected to continue to provide a stable and recurrent income base to the Group. Notwithstanding that such properties are classified as investment properties, the Group will evaluate offers from potential purchasers and may dispose of certain of its investment properties if the price offered is competitive.

In accordance with HKFRS, the Group values its investment properties at every reporting balance sheet date at their fair market value determined by professional valuation. Any change in the valuation is charged or credited, as the case may be, to the consolidated income statement. The Group's financial performance is therefore subject to fluctuation from period to period in light of the movements in property value in Hong Kong, which has been cyclical in the past and could result in a significant accounting profit or loss for the Group.

The Group's rents in Hong Kong are generally quoted in sq.ft. per lettable area. In most cases, the rents quoted by the Group do not include property management charges or government rates payable by its tenants.

The table below sets out the Group's major property investment and other projects in Hong Kong as at 30 June 2019.

No.	Name of project	Total attributable GFA		Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Serviced apartment (sq.ft.)	Others (sq.ft.)	Total number of carpark	Land lease expiry
		Total GFA (sq.ft.)	GFA (sq.ft.)							
COMPLETED										
Hong Kong Island										
1	Manning House, Central	110,040	110,040	63,383	46,657					2843
2	New World Tower, Central.....	640,135	640,135	77,948	562,187				385	2863
3	K11 ATELIER KING'S ROAD, North Point	487,504	487,504	7,160	480,344				165	2083 2088 2090
4	Shun Tak Centre, Shopping Arcade, Sheung Wan.....	214,336	96,451	96,451					85	2055
5	Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai.....	87,999	87,999	69,173				18,826 ⁽²⁾	1,070	2060
6	Grand Hyatt Hong Kong	524,928	262,464			262,464				2060
7	Renaissance Harbour View Hotel Hong Kong	544,518	272,259			272,259				2060
8	Pearl City, Causeway Bay — Ground Floor to 4th Floor	53,691	21,476	21,476						2868
	Pearl City, Causeway Bay — Ground Floor to Basement	24,682	24,682	24,682						2868
9	EIGHT KWAI FONG, Happy Valley	65,150	57,965				57,965			2079
10	Methodist House, Wan Chai ⁽¹⁾ ...	40,813	40,405		40,405					2084
	Subtotal	2,793,796	2,101,380	360,273	1,129,593	534,723	57,965	18,826	1,705	
Kowloon										
11	K11 ATELIER of Victoria Docksides, Tsim Sha Tsui	435,145	435,145		435,145					2052
	Rosewood Hong Kong & Rosewood Residences of Victoria Docksides, Tsim Sha Tsui	1,105,644	1,105,644			1,105,644				2052
	K11 MUSEA of Victoria Docksides, Tsim Sha Tsui	1,156,356	1,156,356	1,156,356						2052
	K11 ARTUS of Victoria Docksides, Tsim Sha Tsui	379,720	379,720				379,720		1,116 ⁽⁷⁾	2052
12	Telford Plaza, Kowloon Bay ⁽¹⁾ ..	335,960	335,960	335,960					136	2047
13	K11, Tsim Sha Tsui	335,939	335,939	335,939					240	2057
	Hyatt Regency Hong Kong, Tsim Sha Tsui.....	277,877	138,939			138,939				2057
14	pentahotel Hong Kong, Kowloon.....	285,601	285,601			285,601				2057
15	KOHO, Kwun Tong.....	204,514	204,514	1,567	202,947				28	2047
16	THE FOREST, Mong Kok ⁽¹⁾	53,337	26,669	26,669					7	2062
17	ARTISAN HUB, San Po Kong	64,519	64,519	31,087	33,432					2047
	Subtotal	4,634,612	4,469,006	1,887,578	671,524	1,530,184	379,720		1,527	
New Territories										
18	ATL Logistic Centre, Kwai Chung	9,329,000	3,190,518					3,190,518 ⁽³⁾		2047
19	D • PARK, Tsuen Wan	466,400	466,400	466,400					1,000	2047
20	PopCorn II, Tseung Kwan O ⁽¹⁾ ..	125,730	88,011	88,011					50	2047
21	Hyatt Regency Hong Kong, Sha Tin ⁽¹⁾	538,000	538,000			538,000			100	2047
22	Citygate, Tung Chung ⁽⁴⁾	659,003	131,801	99,697	32,104				1,231	2047
	Novotel Citygate Hong Kong....	236,758	47,352			47,352			7	2047
23	Tung Chung Town Lot No. 11, Tung Chung	473,655	94,731	68,231		26,393		107	127	2063

No.	Name of project	Total attributable GFA		Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Serviced apartment (sq.ft.)	Others (sq.ft.)	Total number of carpark	Land lease expiry
		Total GFA (sq.ft.)	GFA (sq.ft.)							
24	PARK SIGNATURE, Yuen Long.....	24,155	24,155	24,155						2058
	Subtotal	11,852,701	4,580,968	746,494	32,104	611,745		3,190,625	2,515	
	Grand Total.....	19,281,109	11,151,354	2,994,345	1,833,221	2,676,652	437,685	3,209,451	5,747	
	TO BE COMPLETED/UNDER CONSTRUCTION.....									
25	21 Luk Hop Street, San Po Kong.....	100,798	100,798					100,798 ⁽⁵⁾		2047
26	New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan	998,210	998,210	38,062	960,148					2067
27	SKYCITY Project ⁽¹⁾	3,767,389	3,767,389	2,707,491	562,311			497,587 ⁽⁶⁾		2066

Notes:

- (1) Properties in which the Group has a development interests: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements after completion
- (2) Meeting rooms
- (3) Logistics centre
- (4) Includes Tung Chung Crescent
- (5) Industrial
- (6) Includes carparking and transport terminal
- (7) Total number of carpark of Victoria Dockside

Set forth below is a brief description of selected rental property:

Victoria Dockside, a new global landmark located at the core area of Tsim Sha Tsui waterfront in Kowloon with a total GFA of approximately 3 million sq.ft., accommodates K11 ATELIER, K11 ARTUS, K11 MUSEA, Rosewood Hong Kong and Rosewood Residences.

The Grade A office building K11 ATELIER commenced operation in the second half of 2017. As at 30 June 2019, around 80 per cent. were leased, with several large multinational corporations engaged. K11 ARTUS is the first luxury hospitality and serviced apartment extension of K11 which shapes up a unique hospitality culture. The project comprises 287 suites and has begun operation in stages since July 2019, with leading monthly rent for serviced apartments in Kowloon.

K11 MUSEA, a cultural landmark situated in the heart of Victoria Dockside, commenced operation in late August 2019 to create a new museum-retail experience for consumers. Created by 100 local and international designers, K11 MUSEA houses more than 250 international brands and flagship stores. As at 30 June 2019, over 95 per cent. were leased.

K11 ATELIER KING'S ROAD, a Grade A office building on Island East and the first in the world awarded Platinum levels of the WELL Building Standard™ Pre-certification, occupies a total GFA of approximately 488,000 sq.ft. and is located next to the Quarry Bay MTR station. As at 30 June 2019, around 57 per cent. was committed. The project is expected to be delivered starting from the fourth quarter of 2019.

Citygate extension in Tung Chung, in which the Group has a 20 per cent. interest, opened in August 2019. With a total GFA of approximately 470,000 sq.ft., 98 per cent. was leased. In addition, the development of Grade A office building project in King Lam Street, West Kowloon is on schedule. With a total GFA of approximately 1 million sq.ft., the project will contribute to the development of the emerging business district.

As at 30 June 2019, Hong Kong K11 recorded an occupancy rate of 99 per cent., with an average monthly footfall of approximately 1.5 million. Major renovation for Hong Kong K11 is now in progress. The whole revamp is scheduled to be completed in phases by mid-2020.

For office buildings, New World Tower and Manning House located in Central reported stable performance. For the year ended 30 June 2019, the gross rental income of New World Tower increased by mid-single digit while the office portion recorded an occupancy rate of 98 per cent. In terms of the occupancy of the investment properties portfolio in Hong Kong, as at the date of this Offering Circular the offices of New World Tower and Manning House in Central have an occupancy ranging from 95 per cent. to 100 per cent. whereas the malls including Hong Kong K11, D•PARK and THE FOREST have an occupancy ranging from 94 per cent. to 99 per cent.

For the year ended 30 June 2019, the gross rental income in Hong Kong has increased by 12 per cent., which is mainly attributable to the full year contribution from K11 ATELIER at Victoria Dockside.

Hong Kong – Property development

In 2018, there has been a decrease in primary private residential transactions in Hong Kong's property market as a result of the US-China trade tension and weakening investor sentiment. However, ongoing housing demand in Hong Kong, coupled with a shortage of long term housing supply and the adjustment of residential prices led to a market rebound in the second quarter of 2019.

On 16 October 2019, the Hong Kong government announced plans to expand eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio will be raised from HK\$4 million to HK\$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent loan-to-value ratio will also be raised from HK\$6 million to HK\$10 million.

During the year ended 30 June 2019, the Group's attributable contracted sales in Hong Kong amounted to HK\$10.5 billion, being mainly contributions from residential projects including ARTISAN GARDEN in Ma Tau Kok, MOUNT PAVILIA in Clear Water Bay, FLEUR PAVILIA in North Point, TIMBER HOUSE in Ho Man Tin, ATRIUM HOUSE in Yuen Long, The Masterpiece in Tsim Sha Tsui, Reach Summit in Yuen Long, two non-core industrial projects with an area of 160,000 sq.ft. in aggregate together with a commercial property on Hong Kong Island.

In the first half of 2019, the Group launched three new residential projects, namely ARTISAN GARDEN, TIMBER HOUSE and ATRIUM HOUSE, offering 847 units in total. Among them, as at the date of this Offering Circular, ARTISAN GARDEN and TIMBER HOUSE are sold out and nearly 73 per cent. of the units of ATRIUM HOUSE have been sold.

To focus on developing its core businesses and optimising its assets and business portfolio, the Group has disposed a number of non-core assets, namely car-park spaces in Riviera Gardens, Tsuen Wan, a commercial property on Hong Kong Island, and two industrial projects in Kwun Tong, for a total consideration of HK\$2.3 billion.

The table below sets out the Group's major property development projects in Hong Kong as at 30 June 2019:

No.	Name of Property Development Projects	Site Area (sq.ft.)	Total GFA (sq.ft.)	The Group's Interest (%)	Attributable GFA				Total Attributable GFA (sq.ft.)	Stage of Completion ⁽¹⁾
					Residential (sq.ft.)	Retail (sq.ft.)	Office (sq.ft.)	Others (sq.ft.)		
Hong Kong Island										

No.	Name of Property Development Projects	Site Area (sq.ft.)	Total GFA (sq.ft.)	The Group's Interest (%)	Attributable GFA				Total Attributable GFA (sq.ft.)	Stage of Completion ⁽¹⁾
					Residential (sq.ft.)	Retail (sq.ft.)	Office (sq.ft.)	Others (sq.ft.)		
1	4A-4P Seymour Road, Mid-levels.....	52,466	472,186	35.00	165,265				165,265	F
	Subtotal.....		472,186		165,265				165,265	
	Kowloon									
2	TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin.....	11,256	94,974	51.00	43,055	5,382			48,437	S
3	ARTISAN GARDEN, 68 Kowloon City Road, Ma Tau Kok ⁽²⁾	14,897	111,730	100.00	111,730				111,730	S
4	Yau Tong Redevelopment Project, Kowloon East.....	810,454	3,992,604	10.88	423,683	10,793			434,476	LE
5	New Kowloon Inland Lot No. 6574, 4B3, Kai Tak.....	104,475	574,615	29.30	168,362				168,362	P
6	New Kowloon Inland Lot No. 6552, 4C2, Kai Tak.....	105,110	641,168	18.00	111,624	3,786			115,410	P
7	New Kowloon Inland Lot No. 6576, 4B1, Kai Tak.....	103,151	722,060	10.00	72,206				72,206	P
8	New Kowloon Inland Lot No. 6582, Cheung Shun Street, Cheung Sha Wan.....	44,897	524,766	100.00		152	488,256	36,358(3)	524,766	F
9	New Kowloon Inland Lot No. 6572, Wing Hong Street, New Kowloon Inland Lot No. 6572, Wing Hong Street, New Kowloon Inland Lot No. 6572, Wing Hong Street, Cheung Sha Wan.....	30,925	363,094	100.00		5,234	357,860		363,094	F
	Subtotal.....		7,025,011		930,660	25,347	846,116	36,358	1,838,481	
	New Territories									
10	STTL No. 520, Tai Wai Station Property Development, Sha Tin ⁽³⁾	521,107	2,050,327	100.00						
	Phase 1.....				495,323				495,323	S
	Phase 2.....				871,965				871,965	S
	Phase 3.....				683,039				683,039	F
11	Reach Summit, Sereno Verde Phase 5, 99A Tai Tong Road, Yuen Long.....	48,933	171,265	20.97	35,914				35,914	S
12	ATRIUM HOUSE, 99 Shap Pat Heung Road, Yuen Long.....	24,230	121,148	100.00	121,148				121,148	S
13	Lung Tin Tsuen (Phase 2), Yuen Long.....	88,157	440,785	100.00	440,785				440,785	LE
14	Tong Yan San Tsuen (Phase 3), Yuen Long.....	88,658	88,658	100.00	88,658				88,658	LE
15	Tong Yan San Tsuen (Phase 4), Yuen Long.....	193,591	193,591	100.00	193,591				193,591	
16	Sha Po North (Phase 2), Yuen Long...	TBC	373,240	34.81	129,925				129,925	
17	DD110, Kam Tin, Yuen Long.....	169,855	67,942	100.00	67,942				67,942	LE
18	DD221, Sha Ha, Sai Kung.....	593,635	890,452	76.00	676,744				676,744	P
	Subtotal.....		4,397,408		3,805,034				3,805,034	
	Grand Total.....		11,894,605		4,900,959	25,347	846,116	36,358	5,808,780	

Remarks:

- (1) P=Planning; D=Demolition; SP=Site Preparation; F=Site Formation / Foundation; S=Superstructure; C=Completed (OP Issued); LE=Land Exchange; TBC=To be confirmed
- (2) Property in which the Group is entitled to a share of development profits in accordance with the terms and conditions of the respective development agreements
- (3) Include public carpark, but exclude government accommodations (i.e., children care centre and elderly care centre)

The Group has been disposing of non-core assets according to its established strategies focusing on developing core business to optimise its assets and business portfolio. The Group will continue to review the opportunities for non-core assets disposal.

The Group plans to launch a key residential project at Tai Wai station in 2020, of which more than 3,000 residential units will be rolled out gradually by phases. In addition, the office building project in Cheung Shun Street, West Kowloon with a total GFA of approximately 520,000 sq.ft. is expected to be launched in 2020.

Sales of property development in Hong Kong to be recognised in FY2020 (as at 31 August 2019)	Total no. of units	Attributable income
		<i>HK\$ million</i>
MOUNT PAVILIA	86	2,770
The Masterpiece	3	339
FLEUR PAVILIA	32	276
THE PAVILIA HILL	1	127
Others and carparks	—	528
Total		4,040

Sales of property development in Hong Kong to be recognised in FY2021 (as at 31 August 2019)	Total no. of units	Attributable income
		<i>HK\$ million</i>
ARTISAN GARDEN	294	1,772
PARK VILLA	38	1,583
ATRIUM HOUSE	213	1,108
Reach Summit	481	478
The Masterpiece	3	395
MOUNT PAVILIA	8	358
FLEUR PAVILIA	32	322
Others and carparks	—	30
Total		6,046

Hong Kong – Land bank

It is the Group's policy to use various channels to replenish its Hong Kong land bank. Apart from public auction and tender, the Group has also pursued diversified means, including old building acquisitions and agricultural land usage conversion, to secure a stable supply of land resources for development. As at 30 June 2019, the Group possessed a land bank with attributable GFA of approximately 9.1 million sq.ft. for immediate development. Of which, attributable residential GFA amounted to approximately 4.2 million sq.ft. Meanwhile, the Group had a total of approximately 16.9 million sq.ft. of attributable agricultural land area reserve in the New Territories pending for usage conversion, which are mainly located in Yuen Long.

Land bank by district	Property development total attributable GFA	Property investment total attributable GFA	Total attributable GFA
	<i>(sq.ft. '000)</i>	<i>(sq.ft. '000)</i>	<i>(sq.ft. '000)</i>
Hong Kong Island	165	—	165

Land bank by district	Property development total attributable GFA	Property investment total attributable GFA	Total attributable GFA
	<i>(sq.ft. '000)</i>	<i>(sq.ft. '000)</i>	<i>(sq.ft. '000)</i>
Kowloon.....	1,838	1,099	2,937
New Territories.....	2,207	3,767	5,974
Total	4,210	4,866	9,076

Agricultural land bank by district	Total land area	Total attributable land area
	<i>(sq.ft. '000)</i>	<i>(sq.ft. '000)</i>
Yuen Long District.....	12,595	11,596
Northern District.....	2,600	2,245
Sha Tin District and Tai Po District.....	1,955	1,901
Sai Kung District.....	1,309	1,118
Tuen Mun District.....	19	19
Total	18,478	16,879

During the financial year ended 30 June 2019, the Group through a consortium was awarded the bids for three residential sites on the Kai Tak runway. The three projects have a total GFA of 1.9 million sq.ft. in aggregate, of which approximately 360,000 sq.ft. is attributable to the Group. In furtherance of the Group's strategy of development in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"), on 2 May 2018, the Group won a successful bid for an iconic world-class commercial development in SKYCITY at Hong Kong International Airport ("**HKIA**"). Situated next to HKIA, the development will involve total investment of HK\$20 billion and take up a GFA of approximately 3.77 million sq.ft., comprising 2.1 million sq.ft. for dining and retail outlets and 570,000 sq.ft. each for experience-based entertainment facilities and office space. The remaining floor area will be used for public facilities and carparks. The project is scheduled to be completed in phases from 2023 to 2027.

The Group will be responsible for the design, development and management of the entire project, aiming to build this strategically located project into a commercial and entertainment hub in Hong Kong and the Greater Bay Area at large, offering high-tech experiential entertainment, making it a new landmark in Hong Kong for locals and visitors from overseas and a population of more than 60 million people of the Greater Bay Area.

During the financial year ended 30 June 2019, the Group acquired over 90 per cent. ownership of State Theatre Building, a residential and commercial property located at 277-291 King's Road, North Point. The site area of this old building redevelopment project is approximately 36,200 sq.ft. and the court application for compulsory sale has been made.

In December 2018, Kai Tak Sports Park Limited, a subsidiary owned by the Guarantor and NWSH, was also awarded the contract for the design, construction and operation of Kai Tak Sports Park for a period of 25 years. Construction work for the Kai Tak Sports Park commenced in the second quarter of 2019 and is expected to be completed in 2023.

The PRC – Property overview

The Group entered the PRC property market in the early nineties and has since then expanded its business operations to the southern, central, eastern, northern and north-eastern regions of the PRC. The Group is now one of the largest foreign property developers and investors in the PRC. The Group is engaged in property development and investment in the PRC principally through its solely-owned subsidiary, the NWCL.

The NWCL Group's core business is the development and sale of mid-sized to large-scale residential projects. The NWCL Group is also engaged in other complementary property-related businesses such as land preparatory work, property investment, hotel operations and property management services.

As at 30 June 2019, the NWCL Group had a total land bank held for property development of approximately 6.5 million square metres (“sq.m.”) available for immediate development in the PRC, of which, residential GFA amounted to approximately 3.9 million sq.m. As at 30 June 2019, the NWCL Group's core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.3 million sq.m., of which 51 per cent. was located in the Greater Bay Area and 2.9 million sq.m. was for residential use.

The PRC – Property Investment

The NWCL Group's investment property portfolio comprises completed residential, commercial and office properties and car park spaces held for long-term investment, and as at 30 June 2019, amounted to 2.7 million sq.m. in total GFA. For the years ended 30 June 2019 and 30 June 2018, the NWCL Group's consolidated revenue derived from property investment amounted to HK\$796.7 million and HK\$807.9 million, respectively. The NWCL Group's investment property portfolio (including those held by joint ventures and associated companies) as of 30 June 2019 comprise property projects in the Pearl River Delta region and top-tier and second-tier cities in the PRC, including Beijing, Guangzhou, Shenyang, Wuhan, Tianjin, Dalian, Anshan, Tangshan, Foshan, Nanjing, Jinan, Zhaoqing, Langfang and Changsha. New World • NEW PARK in Guangzhou commenced operation in December 2018. Shanghai Hong Kong New World Tower which houses Shanghai K11, the first art mall in Mainland China, recorded satisfactory occupancy rate. Such investment properties are typically developed by the NWCL Group and are located within its property developments. Developments of investment properties are conducted in accordance with the specific requirements of the approved master design plans. It is the NWCL Group's policy to commence the development of the commercial properties at the early stage of the property development. Since a well-equipped living environment is of utmost importance in formulating the NWCL Group's marketing strategy and promoting the overall image of its quality property projects, the NWCL Group believes that the provision of commercial facilities for residents at an early stage of its residential community project could enhance the value of the project.

The NWCL Group's rents are generally quoted per sq.m. of lettable area. In most cases, the rents that it quotes do not include property management charges and rates payable by its tenants. Commercial and office leases are typically entered into for two to three year terms, some of which have the option to renew. In connection with longer term leases, the tenancy agreements usually contain rent review clauses or rent adjustment provisions. For the year ended 30 June 2019, the Group recorded a gross rental income of HK\$1,727.1 million in Mainland China, representing an increase of 26 per cent. from the year ended 30 June 2018. The majority of the completed investment properties of the NWCL Group are being managed by the NWCL Group's own property management companies for the purposes of providing premier estate management services and maintaining high quality and conditions of the premises. Only some of the investment properties of the NWCL Group are

managed by outsourced management companies. Notwithstanding that such commercial facilities are classified as investment properties, the NWCL Group will evaluate offers from potential purchasers and may dispose of certain of its investment properties if the price offered is competitive. Set forth below is a brief description of some of the NWCL Group's and NWD Group's major investment property projects in the PRC:

Beijing New World Centre, Phases I and II

Beijing New World Centre comprises joint ventures between the NWCL Group and local partners, providing NWCL with a 70 per cent. and 100 per cent. attributable interest for the development of Phases I and II respectively. Phase I, which has approximately 94,188 sq.m. of total GFA, comprises a large retail shopping arcade and two levels of basement parking. Phase II, which has approximately 74,359 sq.m. of total GFA, mainly comprises a large retail shopping arcade and basement parking facilities.

Tianjin Xin An New World Plaza

Tianjin Xin An New World Plaza is owned by a wholly-owned subsidiary of the NWCL Group. The project, which was completed in June 1997, is among the PRC's largest shopping arcades, comprising retail and commercial space of approximately 98,338 sq.m. of total GFA.

Tangshan New World Centre

Tangshan New World Centre is fully owned by the NWCL Group. The project, which is adjacent to 150,000 sq.m. Dazhao Park, comprises offices, retail shops and service apartments.

Wuhan New World International Trade Towers, Towers I and II

The NWCL Group holds a 100 per cent. attributable interest in Wuhan New World International Trade Tower for the development of Towers I and II. Towers I and II have in aggregate approximately 131,833 sq.m. of total GFA and primarily comprises office space.

Wuhan New World Centre

Wuhan New World Centre is a mixed development complex which comprises retail, office and car park spaces of approximately 76,164 sq.m. of total GFA.

Wuhan Guanggu New World

The NWD Group holds a 100 per cent. attributable interest in Wuhan Guanggu New World. The project is divided into commercial and residential sections, including hotel, shops and grade A office and space for innovative enterprises which offer attractive rental rates.

Langfang New World Centre

The NWCL Group holds a 100 per cent. attributable interest in Langfang New World Centre. The project is located in the commercial district of Zhougezhuang. This project comprises high-end offices, hotel and retail shops.

Guangzhou Park Paradise

The NWCL Group holds a 100 per cent. attributable interest in Guangzhou Park Paradise. The project comprises seven high-rise buildings complemented by a 500,000 sq.m mixed-use complex that includes service apartments, retail shops and recreational facilities.

The table below sets out the NWCL Group's major property investment projects in the PRC as at 30 June 2019.

No	Name of completed project	Accounting classification	Attributable interest	Total GFA	Serviced apartment	Commercial	Office	Carpark and others
				(sq m)	(sq m)	(sq m)	(sq m)	(sq m)
1	Guangzhou Covent Garden	Subsidiary	100%	48,212		23,752		24,460
2	Guangzhou Park Paradise	Subsidiary	100%	181,712	22,112	58,872		100,728
3	Guangzhou Xintang New World Garden	Joint venture	63%	37,892		27,299		10,593
4	Guangzhou Central Park-view Area L8	Subsidiary	91%	52,434	29,869	17,408		5,157
5	Guangzhou New World Oriental Garden Phase 1	Subsidiary	100%	22,483		21,654		829
6	Guangzhou Dong Yi Garden Phase 2	Subsidiary	100%	7,937		7,443		494
7	Canton First Estate CF19A (T5, T6)	Subsidiary	85%	11,043	11,043			
	Canton First Estate CF21	Subsidiary	85%	3,375		3,375		
8	Zhaoqing New World Garden	Subsidiary	100%	15,062		15,062		
9	Shunde New World Centre	Joint venture	42%	48,517		33,577		14,940
10	Wuhan Guanggu New World A	Subsidiary	100%	103,742			81,771	21,971
	Wuhan Guanggu New World B	Subsidiary	100%	2,521		2,521		
	Wuhan K11 Select	Subsidiary	100%	112,592		56,354	801	55,437
11	Wuhan New World International Trade Tower 1	Subsidiary	100%	121,828			104,556	17,272
	Wuhan New World International Trade Tower 2	Subsidiary	100%	10,005			10,005	
12	Wuhan New World Centre	Subsidiary	100%	76,164		45,766	2,504	27,894
13	Wuhan K11 Gourmet Tower	Subsidiary	100%	20,947		10,367		10,580
14	New World Wuhan Hotel	Joint venture	60%	6,202			563	5,639
15	Nanjing New World Centre	Subsidiary	100%	52,794		41,712		11,082
16	Shanghai Hong Kong New World Tower	Subsidiary	50%	130,385		35,474	80,549	14,362
17	Beijing New World Centre Phase 1	Joint venture	70%	94,188		74,232		19,956
	Beijing New World Centre Phase 2	Subsidiary	100%	74,359		47,345		27,014
18	Beijing New View Garden	Joint venture	70%	20,018		4,030		15,988
19	Beijing Xin Yu Garden	Joint venture	70%	24,800		3,603		21,197
20	Beijing Xin Kang Garden	Joint venture	70%	40,196		12,011		28,185
21	Beijing Baoding Building Shopping Arcade	Subsidiary	100%	62,286		40,286		22,000
22	Tianjin Xin An New World Plaza .	Subsidiary	100%	98,338		80,440	6,614	11,284
23	Tianjin Xin Hui Hua Ting	Subsidiary	100%	25,876		25,876		
24	Langfang New World Centre B	Subsidiary	100%	7,016		7,016		
25	Tangshan New World Centre Phase 2	Subsidiary	100%	86,061		37,776	48,285	
26	Jinan New World Sunshine Garden West	Subsidiary	100%	4,498		4,498		
27	Shenyang New World Garden Phase 1E	Subsidiary	100%	27,543		5,026		22,517
	Shenyang New World Garden Phase 2A	Subsidiary	100%	159,624		4,601		155,023
	Shenyang New World Garden Phase 1XA	Subsidiary	100%	5,862		3,859	2,003	
	Shenyang New World Garden Phase 2D1	Subsidiary	100%	62,182		7,911		54,271

No	Name of completed project	Accounting classification	Attributable interest	Total GFA (sq m)	Serviced apartment (sq m)	Commercial (sq m)	Office (sq m)	Carpark and others (sq m)
	Shenyang New World Garden Phase 2D2.....	Subsidiary	100%	76,636		11,314		65,322
28	Shenyang New World Centre.....	Subsidiary	100%	501,972		264,038		237,934
29	Anshan New World Garden.....	Subsidiary	100%	153,256		5,083		148,173
30	Dalian New World Plaza.....	Subsidiary	88%	69,196		49,413		19,783
31	Dalian New World Tower.....	Subsidiary	100%	51,146		29,231	81,771	21,915
	Total			2,710,900	63,024	1,118,225	337,651	1,192,000

The PRC – Property Development

Overview: The NWCL Group has extensive experience in property development in Beijing, Wuhan, Shenyang, Tianjin, Guangzhou, Shenzhen and the Pearl River Delta region and has expanded into other major cities in the PRC including Changsha, Foshan, Anshan, Langfang, Yiyang, Ningbo, Jinan and Huizhou. Development of the NWCL Group’s properties usually entails seven phases: land acquisition, project planning, financing, design, project construction, pre-sales and sales, and after-sales services. For the years ended 30 June 2019 and 30 June 2018, the NWCL Group’s consolidated revenue derived from property development amounted to approximately HK\$20,914.1 million and HK\$16,213.7 million, respectively. For the year ended 30 June 2019, overall property contracted sales area in Mainland China was approximately 670,000 sq.m. and gross sales proceeds amounted to RMB19.8 billion.

Properties under development: As at 30 June 2019, the NWCL Group has a total GFA of 8.89 million sq.m. of properties under development, which comprise residential, commercial, office, hotel properties and car park spaces in the Pearl River Delta region and top-tier and second-tier cities in the PRC, including Guangzhou, Shenzhen, Foshan, Shenyang, Wuhan, Beijing, Changsha, Anshan, Ningbo, Yiyang, Langfang, Jinan and Huizhou.

Land acquisition strategy: The NWCL Group has an established land acquisition strategy which takes into account its short-, medium- to long-term development requirements. The NWCL Group focuses on acquiring land in prime urban locations of key top-tier cities with a sizable population of middle to high income households.

The NWCL Group places a strong emphasis on its land acquisition strategy and considers it fundamental to the success of a property development project. The NWCL Group typically prefers to acquire interests in land through cooperative investment or acquisition of existing interests as opposed to acquisition through public tenders. The major considerations the NWCL Group applies are:

- location and population demographics: focus on acquiring land in prime urban locations with a sizable population of middle to high income households;
- cost, investment and financial returns;
- site area: focus on sites with a GFA of less than 500,000 sq.m.;
- accessibility of the site and availability of infrastructure support; and
- synergies with other existing projects located within the same region.

The NWCL Group designs and develops the land granted to it according to its overall master development plan. The NWCL Group is actively involved in all of the different stages of the development process in order to control the costs, schedule and quality of its projects including the selection and acquisition of land, the

resettlement process, the preparation of feasibility studies and market surveys, the obtaining of government approvals for development, the design of development projects, the supervision of construction and the sales and marketing and management of completed projects.

Sales of property development in Mainland China to be recognised (as at 31 August 2019)	FY2020 Gross income	FY2021 Gross income
	<i>RMB million</i>	<i>RMB million</i>
Southern region	2,263	—
Central region.....	52	85
Eastern region	42	202
Northern region	209	—
North-eastern region	613	48
Total	3,179	335

The PRC – Land Bank

As at 30 June 2019, the total GFA of the NWCL Group's land bank held for property development amounted to 8.9 million sq.m. of which 53.8 per cent. has yet to be developed, while properties under development accounted for 46.2 per cent. of the NWCL Group's land bank.

The following table sets forth a breakdown of the NWCL Group's land bank by development stage and usage as at 30 June 2019:

	Total GFA	Residential	Commercial	Office	Hotel	Carpark and others
			<i>(sq.m.)</i>			
Properties under development.....	4,107,475	1,479,246	433,803	851,837	254,891	1,087,698
Properties under planning	4,787,404	2,429,788	594,295	354,709	84,891	1,323,721
Total	8,894,879	3,909,034	1,028,098	1,206,546	339,782	2,411,419

The following table sets forth a breakdown of the NWCL Group's land bank by usage and location as at 30 June 2019:

	Total GFA	Residential	Commercial	Office	Hotel	Carpark and others
			<i>(sq.m.)</i>			
Region						
Beijing	916,895	236,590	252,172	41,171	—	386,962
Langfang.....	41,238	17,860	—	—	—	23,378
Jinan.....	80,837	—	5,697	37,162	19,545	18,433
Shenyang	1,331,356	828,288	50,286	189,231	99,675	163,876
Anshan.....	455,103	385,303	22,969	—	—	46,831
Wuhan.....	663,941	37,522	64,244	320,557	—	241,618
Changsha	517,378	348,851	17,631	—	—	150,896

	Total GFA	Residential	Commercial	Office	Hotel	Carpark and others
	<i>(sq.m.)</i>					
Yiyang	433,669	287,920	63,475	—	—	82,274
Shenzhen.....	822,102	54,726	272,087	227,949	—	267,340
Foshan	1,158,613	802,512	1,092	—	84,891	270,118
Guangzhou.....	1,560,971	709,481	149,307	202,000	94,402	405,781
Ningbo.....	816,698	137,652	121,698	188,476	41,269	327,603
Huizhou	96,078	62,329	7,440	—	—	26,309
Total.....	8,894,879	3,909,034	1,028,098	1,206,546	339,782	2,411,419

Hotel operations

NWD is engaged in hotel investment through various subsidiaries and joint ventures. As at 30 June 2019, the Group owned a total of 16 completed and operating hotels over 7,000 guest rooms in Hong Kong, the PRC and Southeast Asia.

The Group's premium hotel projects in Hong Kong primarily serving business travellers are the main source of income of its hotel operations. For the year ended 30 June 2019, the average occupancy rate of Hyatt Regency Hong Kong and Grand Hyatt Hong Kong was 94 per cent. and 83 per cent., respectively. Adjacent to the Hong Kong Convention and Exhibition Centre, Renaissance Harbour View Hotel continued to enjoy the benefits from the growing number of conferences and exhibitions, with the average occupancy rate at 83 per cent..

In Mainland China, the three hotels of different segments operated by the Group in Beijing have all recorded satisfactory performance with average occupancy rates ranging from 78 per cent. to 85 per cent. for the year ended 30 June 2019.

Rosewood Hong Kong, situated in Victoria Dockside at the core location of Tsim Sha Tsui in Kowloon, opened in March 2019 and offers 413 guest rooms and 186 luxury Rosewood Residences. The hotel has a 34,450 sq.ft. meeting and event space. In addition, the pillarless Grand Ballroom with an area of 10,700 sq.ft., the Pavilion with an area of 10,700 sq.ft., and Pavillion Hall with an area of 3,122 sq.ft. are being offered.

The table below sets forth the number of rooms and the Group's effective interest in its hotel properties as at 30 June 2019.

No.	Name of Hotels	Total Number of Rooms as at 30 June 2019	The Group's effective interest
Hong Kong			
1	Grand Hyatt Hong Kong	542	50%
2	Renaissance Harbour View Hotel	861	50%
3	Rosewood Hong Kong ⁽²⁾	599	100%
4	Hyatt Regency Hong Kong, Tsim Sha Tsui.....	381	50%
5	Pentahotel Hong Kong, Kowloon	695	100%
6	Hyatt Regency Hong Kong, Sha Tin.....	562	(1)
7	Novotel Citygate Hong Kong.....	440	20%

No.	Name of Hotels	Total Number of Rooms as at 30 June 2019	The Group's effective interest
	Subtotal	4,080	
	Mainland China		
8	Rosewood Beijing	283	82%
9	New World Beijing Hotel	309	70%
10	Pentahotel Beijing	307	55%
11	New World Shunde Hotel	370	37%
12	New World Wuhan Hotel	327	60%
	Subtotal	1,596	
	Southeast Asia		
13	New World Makati Hotel, The Philippines	584	62%
14	New World Saigon Hotel, Vietnam	533	67.5%
15	Renaissance Riverside Hotel Saigon, Vietnam	336	72%
16	Rosewood Phuket, Thailand	71	100%
	Subtotal	1,524	
	Grand Total	7,200	

Notes:

- (1) Hotel properties in which the Group has development interests. The Group financed the construction costs (occasionally land costs) whilst the corresponding land are provided by other parties. The Group is entitled to share of operation and development profits in accordance with terms and conditions of the respective joint development agreements.
- (2) Rosewood Hong Kong: 413 rooms; Rosewood Residences: 186 rooms.

Services

The Group is engaged in a diversified range of services businesses, including facilities management, construction, transport and strategic investments covering mainly Hong Kong and primarily through its 60.86 per cent.-owned subsidiary, NWSH, the shares of which are listed on the Hong Kong Stock Exchange with a total market capitalisation of HK\$62,812.8 million as at 30 June 2019. The NWSH Group's services businesses generate recurring cash flows and have a strong track record in Hong Kong.

In December 2018, NWSH entered into a share purchase agreement to purchase the entire interest of FTLife Insurance Company Limited ("FTLife"). The transaction is subject to the relevant regulatory approvals and fulfilment and/or waiver of other conditions as set out in NWSH's announcement dated 27 December 2018. Upon completion of the transaction that took place on 1 November 2019, FTLife has become an indirect wholly-owned subsidiary of NWSH.

Construction

The NWSH Group's construction business offers professional construction services in Hong Kong and Macau. For the year ended 30 June 2019, the contributions from the construction business amounted to 14 per cent.. As at 30 June 2019, the gross value of contracts on hand for the construction business was approximately HK\$55.6 billion and the remaining works to be completed amounted to approximately HK\$41.6 billion.

The NWSH Group undertakes construction services through Hip Hing Construction Company Limited ("**Hip Hing**"). Hip Hing's workload is derived from government and other public sector/institutional development projects; and other private sector property projects from large developers. The NWSH Group also participated in building construction projects including the Tamar Development Project, HKCEC, Times Square, MGM Macau, Elements, the Masterpiece and K11, Wanchai Police Headquarter, Tseung Kwan O Hospital, etc.

Facilities management

The NWSH Group's facilities management segment provides both Hong Kong and overseas customers with a comprehensive range of facilities management services including the management and operation of venues for exhibitions and conventions. The NWSH Group, through its Free Duty business, also undertakes a duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise retail business at various cross-border terminals in Hong Kong, Hong Kong-Zhuhai-Macao-Bridge and Macau International Airport respectively.

The NWSH Group operates and manages the Hong Kong Convention and Exhibition Centre ("**HKCEC**"), Hong Kong's largest multi-functional facility, which provides venues, food and beverages as well as other related services for exhibitions, conventions, meetings, entertainment, special events, banquets and catering events, with a total rentable space of 91,500 sq.m. and offers uniquely convenient, world-class services to both Hong Kong and overseas customers. HKCEC was named the "Best Convention and Exhibition Centre in Asia-Pacific" in the 2018 CEI Readers' Choice Award conducted by CEI Asia magazine, one of the most influential trade publications in the region.

Free Duty was established as part of a long term commitment to the duty free business in Hong Kong. It has shops located at Hung Hom, Lo Wu and Lok Ma Chau MTR stations, Hong Kong-Zhuhai-Macao-Bridge, Hong Kong International Airport and Macau International Airport selling duty free liquor, tobacco, perfume, cosmetics, package food and general merchandise.

Gleneagles Hong Kong Hospital ("**GHK Hospital**"), in which the Group has 40 per cent. interest, was officially opened in late March 2018, around one year after commencing initial services. Since opening for business in early 2017, GHK Hospital enjoyed continuous patient volume growth and has been operating smoothly in delivering innovative, transparent and high-quality healthcare services in Hong Kong. GHK Hospital is a 500-bed private hospital with more than 35 specialties and subspecialties. It offers a comprehensive range of healthcare facilities and services, including 24-hour outpatient and emergency, cardiovascular laboratory, clinical laboratory, critical care unit, radiotherapy and oncology centre, radiology, endoscopy centre, chemotherapy centre, dialysis centre, health screening, rehabilitation, specialist outpatient clinics, dietetic services, etc. GHK Hospital won the "Management Innovation of the Year Award" in Healthcare Asia Awards 2019 for initiating a number of innovative initiatives that aim to deliver excellent and transparent healthcare services to patients and to introduce new concepts and systems to Hong Kong private healthcare.

Transport

The public transportation services provided by the NWSH Group include franchised and non-franchised bus services and passenger ferry services in Hong Kong. Through NWS Transport Services Limited, a company wholly-owned by NWSH, the NWSH Group operates a full range of transport related businesses in Hong Kong. As at 30 June 2019, New World First Bus Services Limited operates 93 franchised bus routes in Hong Kong

and Citybus Limited operates 118 franchised bus routes covering Hong Kong Island and cross-harbour routes and also connecting Hong Kong International Airport and Tung Chung. At the same time, New World First Ferry Services Limited operates five ferry routes in the inner harbours and outlying islands in Hong Kong. New World First Ferry had an average daily patronage of approximately 36,300 for the year ended 30 June 2019.

Strategic investments

The NWSH Group's strategic investments segment includes investments with strategic value to the NWSH Group, growth potential which will enhance and create value for the Shareholders.

NWSH has also streamlined the business portfolio and focused further on the core businesses by disposing of some non-core assets, namely Urban Parking (Beijing) Limited, minority interests in Tianjin Orient Container Terminal and Tianjin Five Continents International Container Terminal, and shares of Beijing Capital International Airport Co., Ltd (the "BCIA"), for a total consideration of HK\$1.3 billion.

Infrastructure

The Group is engaged in the development, investment, operation and/or management of infrastructure projects in Hong Kong, Macau and the PRC primarily through the NWSH Group. The NWSH Group is one of the largest foreign investors in, and operators of, infrastructure projects in the PRC. As a diversified infrastructure investor, the NWSH Group's infrastructure portfolio includes roads, aviation, environment and logistics projects and is engaged in developing, owning, operating and managing a portfolio of toll roads, water and wastewater treatment and waste management plants, power stations, ports and pivotal rail container terminals in the PRC; a logistics centre in Hong Kong and commercial aircraft leasing to worldwide airline operators as at 30 June 2019. The majority of the NWSH Group's assets in this division are located in Hong Kong and the PRC.

The NWSH Group focuses on strategic alliances with major international and PRC infrastructure and infrastructure-related companies. The NWSH Group believes that its network of strategic partners enables it to secure local support, diversify risks and continue to develop new projects in Hong Kong, the PRC and Macau. The NWSH Group believes that these strategic relationships will lead to co-investment opportunities in new projects for the NWSH Group.

The NWSH Group seeks to develop infrastructure projects in areas it expects will experience significant economic growth in the near term, but which may lack the infrastructure necessary to achieve or sustain such growth. In the PRC, rapid economic growth in recent years has provided significant opportunities for the NWSH Group. The Group believes its projects are well-positioned to benefit from the continued economic growth in the PRC.

Roads

The NWSH Group is engaged in the construction, management and operation of its road projects. The operations of the project companies are located in the PRC. In road projects in the PRC, the NWSH Group has a number of local partners supervised by local government authorities.

Due to the fluctuation of RMB during the year ended 30 June 2019, the contribution of the roads business decreased by 7 per cent. compared to the year ended 30 June 2018.

As at 30 June 2019, the NWSH Group had interests in 15 roads and related projects in strategic locations in Mainland China, namely Guangdong, Guangxi, Zhejiang, Shanxi, Tianjin, Hubei and Hunan, covering approximately 700 km in length. Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) contributed more than 80 per cent. to the roads business.

Following the acquisition of Hubei Suiyuanan Expressway in January 2018, the NWSH Group acquired 40 per cent. interest of Hunan Sui-Yue Expressway during the financial year ended 30 June 2019.

Aviation

The NWSH Group's aviation business includes NWSH's commercial aircraft leasing business, namely Goshawk Aviation Limited ("**Goshawk**"), and its investment in BCIA. The NWSH Group had disposed of all its remaining shareholdings in BCIA for a consideration of HK\$778 million. The NWSH Group completed its acquisition of Sky Aviation Leasing International Limited in September 2018.

The NWSH Group invests in commercial aircraft for leasing to worldwide airline operators through Goshawk. For the year ended 30 June 2019, the fleet size of Goshawk grew from 105 aircraft as at 30 June 2018 to 154 aircraft as at 30 June 2019 and the average age of the aircraft as at 30 June 2019 was 3.9 years, while the customer base comprised of 60 airlines in 33 countries. Through the issuance of Asset-Backed Securities in June 2019, Goshawk raised a total of U.S.\$643.6 million. As at 30 June 2019, the combined market value of Goshawk's owned, managed and committed fleet amounted to approximately U.S.\$11.3 billion.

Environment

As at 30 June 2019, the NWSH Group engaged in environmental business across the Greater China region through SUEZ NWS Limited ("**SUEZ NWS**") and Chongqing Derun Environment Co., Ltd. These two platforms provide one-stop environmental services, including water and wastewater treatment, sludge treatment, waste collection and treatment, industrial and municipal waste incineration, landfill and landfill restoration and environmental remediation.

In addition, the Group operates two power plants in Guangdong and Sichuan with a total installed capacity of approximately 1,820 MW.

During the financial year ended 30 June 2019, the NWSH Group expanded into the renewable energy sector in Europe and formed an investment platform named ForVEI II to invest in solar power segment mainly in Italy. A total of 2.86 MW installed capacity of solar plants were acquired during this period.

Logistics

The NWSH Group invested in a joint venture, China United International Rail Containers Co., Limited, to develop and operate a large-scale pivotal rail container terminal network across the PRC. As at 30 June 2019, the rail container terminals in Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan, Xian, Ningbo, Tianjin, Urumqi and Qinzhou were operational and handled 3,438,000 twenty-foot equivalent units ("**TEUs**") during the year ended 30 June 2019. The development of the remaining terminals is in progress.

As at 30 June 2019, the NWSH Group also invested in one logistics centre in Hong Kong that offer a total leasable area of 5.9 million sq.ft., and one port project in Mainland China with container handling capacity of 9.1 million TEUs per year.

The following table sets forth the NWSH Group's major infrastructure projects as at 30 June 2019:

No.	Name of Projects	Capacity/Installed Capacity	No. of Projects	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Operation Date	Year of Expiry ⁽¹⁾
Environment							
E1	SUEZ NWS Limited..	Water and wastewater treatment: 9.41 million m ³ /day Sludge treatment: 2,140 tonnes/day	38 4	Equity	42.0	May-1985#	N/A

No.	Name of Projects	Capacity/Installed Capacity	No. of Projects	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry ⁽¹⁾
		Waste collection and treatment: 11,283 tonnes/day	13				
		Industrial and municipal waste incineration: 778,300 tonnes/year	9				
		Landfill and landfill restoration: 96 million m ³ (excluding landfill restoration)	9				
		Total	73				
E2	Chongqing Derun Environment Co., Ltd.	N/A		Equity	12.6	Oct-2014 [#]	N/A
E3	Chongqing Silian Optoelectronics Science & Technology Co., Ltd.....	N/A		EJV	20.0	Jul-2008	N/A
E4	Zhujiang Power Station — Phase II	620 MW		EJV	25.0	Apr-1996	2020
E5	Chengdu Jintang Power Plant	1,200 MW		Equity	35.0	Jun-2007	2040
E6	Guangzhou Fuel Company.....	Coal Pier: 7 million tonnes/year		EJV	35.0	Jan-2008	2033
E7	ForVEI II S.r.l.	Installed capacity: 2.86 MW	3	Equity	40.0	Jun-2018 [#]	2050

Notes:

(1) Project or JV expiry date

Date of incorporation

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Operation Date	Year of Expiry ⁽¹⁾
Roads						
R1	Guangzhou City Northern Ring Road.....	22.0 km	CJV	65.3	Jan-1994	2023
R2	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)		CJV	25.0		2030
	Section I	8.6 km			Dec-1999	
	Section II.....	49.6 km			Dec-1999	
R3	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)	27.0 km	CJV	15.0	Dec-2005	2032
R4	Guangzhou-Zhaoqing Expressway		CJV	25.0		2031
	Phase I.....	48.0 km			Sept-2002	
	Phase II	5.4 km			Sept-2010	
R5	Shenzhen-Huizhou Expressway (Huizhou Section) ..	34.7 km	CJV	33.3	Jun-1993	2023
R6	Guangzhou Dongxin Expressway.....	46.2 km	Equity	45.9	Dec-2010	2035

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Operation Date	Year of Expiry ⁽¹⁾
R7	Guangzhou City Nansha Port Expressway	72.4 km	Equity	22.5	Dec-2004	2030
R8	Guangdong E-serve United Co., Ltd.....	N/A	Equity	1.4	Jan-2013	N/A
R9	Hangzhou Ring Road	103.4 km	Equity	100.0	Jan-2005	2029
R10	Roadway No. 321 (Wuzhou Section)		CJV	52.0		2022
	Phase I.....	8.7 km			Mar-1997	
	Phase II	4.3 km			Dec-1998	
R11	Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)	36.0 km	CJV	60.0 ⁺	Apr-1999	2025
R12	Roadway No. 309 (Changzhi Section).....	22.2 km	CJV	60.0 ⁺	Jul-2000	2023
R13	Taiyuan – Changzhi Roadway (Changzhi Section)...	18.3 km	CJV	60.0 ⁺	Aug-2000	2023
R14	Tangjin Expressway (Tianjin North Section).....		CJV	60.0 [#]		2039
	Section I	43.5 km			Dec-1998	
	Section II.....	17.2 km			Dec-2000	
R15	Hubei Suiyuanan Expressway	98.1 km	EJV	30.0	Mar-2010	2040
R16	Hunan Sui-Yue Expressway	24.1 km	EJV	40.0	Dec-2011	2038
	Total Length	689.7 km				

Notes:

(1) Project or JV expiry date

+ Cash sharing ratio of 90% for the first 12 years from the operation date and thereafter 60%

Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

No.	Name of Projects	Investment Scope Leasable Area/ Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Operation Date	Year of Expiry ⁽¹⁾
	Logistics					
L1	China United International Rail Containers Co., Limited	Pivotal rail container terminal network	EJV	30.0	Kunming: Jan-2008 Chongqing: Dec-2009 Chengdu: Mar-2010 Zhengzhou: Apr-2010 Dalian: Jul-2010 Qingdao: Aug-2010 Wuhan: Aug-2010 Xian: Dec-2010 Ningbo: Jan-2011 Tianjin: Jan-2017 Urumqi: Jun-2017 Qinzhou: Jun-2019	2057
L2	ATL Logistics Centre Hong Kong Limited.....	5,900,000 sq.ft. leasable area	Equity	56.0	Phase I: Feb-1987 Phase II: Mar-1988 Phase III: Feb-1992 Phase IV: Jan-1994 Phase V: Nov-1994	2047
L3	Xiamen Container Terminal Group Co., Ltd.	9,100,000 TEUs p.a.	EJV	20.0	Dec-2013	2063

Notes:

- (1) Project or JV expiry date
 CJV = Co-operative Joint Venture (profit sharing percentage)
 EJV = Equity Joint Venture (percentage of equity interest)
 p.a. = Per annum

No.	Name of Projects	Facility/No. of Aircraft	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Operation Date	Year of Expiry ⁽¹⁾
Aviation						
A1	Goshawk Aviation Limited	No. of Aircraft Owned: 154	Equity	50.0	Oct-2013 [#]	N/A
		3 runways and 3 terminals (total floor area: 1.41 million sq.m.)				
A2	Beijing Capital International Airport Company Limited	1.41 million sq.m.)	Equity	2.8	Oct-1999 [#]	N/A

Notes:

- (1) Project or JV expiry date
 # Date of incorporation
 CJV = Co-operative Joint Venture (profit sharing percentage)
 EJV = Equity Joint Venture (percentage of equity interest)

Department Stores

The Group's department store development and management operations are undertaken by NWD's retail arm, NWDS. As at 30 June 2019, NWDS operated and managed a total of 31 department stores and shopping malls in Mainland China with total GFA of about 1,251,950 sq.m. The department store business operates primarily on a concessionary basis, and commission income from concessionaire sales contribute a substantial amount of NWDS' revenue.

Insurance

The Group is covered by insurance policies arranged with reputable insurance agents which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group's insurance coverage, damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons and other natural disasters could nevertheless have a material adverse effect on the Group's financial condition and results of operations.

Government Regulations

The operations of the Group are subject to various laws and regulations of Hong Kong, the PRC and the other countries and regions in which it has operations. The Group's activities conducted on its investment and development properties are limited by zoning ordinances and other regulations. Developing properties,

refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. From time to time, new regulations may be imposed on landlords such as mandatory retrofitting of upgraded safety and fire systems in all buildings. The Group's properties are subject to routine inspections by government officials with regard to various safety and environmental issues. NWD believes that the Group is in compliance in all material respects with government safety regulations currently in effect. The Group has not experienced significant problems with any regulation with regard to these issues, and is not aware of any pending legislation that might have a material adverse effect on its properties.

Environmental Matters

NWD believes that the Group is in compliance in all material respects with applicable environmental regulations in Hong Kong and the PRC. NWD is not aware of any environmental proceedings or investigations to which it is or might become a party.

Legal Proceedings

The Group is involved in litigation as part of its day to day business and neither NWD nor any of its subsidiaries is involved in any litigation which would have a material adverse effect on the business or financial position of the Group.

Employees

As at 30 June 2019, over 45,000 employees were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share options schemes of the Guarantor and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Guarantor and certain employees of the Group to subscribe for shares in the Guarantor and/or the respective subsidiaries.

The Group has not experienced any strikes or disruptions due to labour disputes. NWD considers its relations with its employees to be good.

Principal subsidiaries, joint ventures and associated companies

The principal subsidiaries, principal joint ventures and principal associated companies of NWD as at 30 June 2019 are set out in notes 49, 50 and 51, respectively of the 2019 Audited Financial Statements.

RECENT DEVELOPMENTS

NWSH subsidiary won a bid for acquiring the concession right to operate Changliu Expressway in Hunan Province, the PRC

On 19 July 2019, Guangdong Xin Chuan Co., Ltd. (“**Xin Chuan**”, an indirect wholly-owned subsidiary of NWSH) was determined as the winning bidder at an online public auction in its bid for acquiring the concession right (and other related rights and assets) to operate Changliu Expressway in Hunan Province, the PRC at the bid purchase price of RMB4,571.0 million (equivalent to approximately HK\$5,194.3 million). As of 25 September 2019 (being the date of the Guarantor’s Annual Report for 2019), Xin Chuan has fully paid the bid purchase price and is in the process of negotiation for a concession right agreement to be entered into with the Department of Transportation of Hunan Province, the PRC.

NWCL acquisition of the remaining 51 per cent. interest in Silvery Yield Development Limited

On 26 July 2019, Esteemed Sino Limited (“**Esteemed Sino**”), an indirect wholly-owned subsidiary of NWCL, entered into a sale and purchase agreement with Praiseworth International Limited (“**Praiseworth**”) and Property Giant Investments Limited (“**Property Giant**”), which are wholly-owned by CTF, whereby Praiseworth and Property Giant agreed to sell and assign, and Esteemed Sino agreed to acquire 51 per cent. interest of the entire issued share capital of Silvery Yield Development Limited (“**Silvery Yield**”) and accept the assignment of shareholders’ loans owing from Silvery Yield to Praiseworth and Property Giant, for a consideration of RMB4,010.0 million (equivalent to approximately HK\$4,556.8 million) (the “**Acquisition**”). Silvery Yield and its subsidiaries are principally engaged in the business of property development of Ningbo New World Plaza in Ningbo City, Zhejiang Province, the PRC. Completion of the Acquisition took place immediately after the signing of the Agreement and Silvery Yield became an indirect wholly-owned subsidiary of NWCL.

NWCL won the bidding of land use right in Hangzhou

On 30 July 2019, Honour Team International Limited (“**Honour Team**”), an indirect wholly-owned subsidiary of NWCL, won the bidding in respect of the state-owned construction land use right of a parcel of land in Wangjiang New Town, Shangcheng District, Hangzhou, PRC for residential, business commercial and public carparking development through listing-for-sale at a consideration of RMB9,791,870,000. Subject to Honour Team’s fulfilment of the requirements and conditions under the listing-for-sale documents and the qualification examination to be conducted by Hangzhou Public Resource Trading Center (杭州市公共資源交易中心), Hangzhou Bureau of Planning and Natural Resources (“**HBPNR**”) will issue the confirmation notice to Honour Team in accordance with such conditions. Honour Team will subsequently enter into the grant contract for the state-owned construction land use right in Hangzhou with HBPNR.

NWCL disposal of interest in Hunan Success New Century Investment Company Limited

In September 2019, NWCL entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset held by Hunan Success New Century Investment Company Limited is Changsha La Ville New World.

Completion of the Acquisition of FTLife Insurance Company Limited

In December 2018, Earning Star Limited (“**Earning Star**”), an indirect wholly-owned subsidiary of NWSH, entered into a share purchase agreement with Bright Victory International Limited (“**Bright Victory**”, an indirect wholly-owned subsidiary of Tongchuangjiuding Investment Management Group Co., Ltd. (同創九鼎投資管理集團股份有限公司)) and certain guarantors of Bright Victory in respect of the acquisition of the entire issued share capital of FTLife Insurance Company Limited (“**FTLife**”) by Earning Star from Bright Victory at a total consideration of HK\$21.5 billion (subject to adjustments) (the “**FTLife Acquisition**”). The FTLife Acquisition was completed on 1 November 2019, upon which FTLife became an indirect wholly-owned subsidiary of NWSH and an indirect non-wholly-owned subsidiary of NWD.

PRINCIPAL SHAREHOLDER

The major shareholder of NWD is CTFEL which, together with its subsidiaries, held approximately 44.37 per cent. of the issued share capital of NWD as at 30 June 2019. CTFEL is a private company ultimately 81.03 per cent.-owned by Chow Tai Fook Capital Limited, which is controlled by the family members of the late Dato' Dr. Cheng Yu-Tung, one of the founders and the previous chairman of NWD. The late Dato' Dr. Cheng's family members continue to exert considerable influence over the management and affairs of the Group.

Certain transactions may occur between NWD and/or its subsidiaries and CTFEL, or entities associated with CTFEL which are connected persons of NWD under the Listing Rules. Under the Listing Rules, certain connected transactions, although entered into on an arm's length basis, will, depending on the nature and the size of each such transaction, be subject to certain disclosure requirements and/or the approval by the shareholders of NWD in a general meeting, in which CTFEL will abstain from voting and other requirements under the Listing Rules. See note 47 to the 2019 Audited Financial Statements.

DIRECTORS

Directors

The following table sets forth the names of the directors of NWD (the “Directors”) and their position within NWD:

Executive Directors

Dr. Cheng Kar-Shun, Henry *GBM GBS (Chairman)*

Dr. Cheng Chi-Kong, Adrian JP (Executive Vice-chairman and General Manager)

Mr. Cheng Chi-Heng

Ms. Cheng Chi-Man, Sonia

Mr. Au Tak-Cheong

Mr. Sitt Nam-Hoi

Mr. So Chung-Keung, Alfred

Non-executive Directors

Mr. Doo Wai-Hoi, William JP (Non-executive Vice-chairman)

Mr. Cheng Kar-Shing, Peter

Ms. Ki Man-Fung, Leonie *GBS SBS JP*

Independent Non-executive Directors

Mr. Yeung Ping-Leung, Howard

Dr. Cha Mou-Sing, Payson *JP*

Mr. Cha Mou-Zing, Victor (Alternate Director to Mr. Cha Mou-Sing, Payson)

Mr. Ho Hau-Hay, Hamilton

Mr. Lee Luen-Wai, John *BBS, JP*

Mr. Liang Cheung-Biu, Thomas

Mr. Ip Yuk-Keung

Certain additional information in relation to the Directors of NWD is set out below:

Dr. Cheng Kar-Shun, Henry *GBM GBS*, aged 72, was appointed as Director in October 1972, Executive Director in 1973, became Managing Director from 1989 and Chairman from March 2012. Dr. Cheng is a member of the Remuneration Committee and the chairman of the Nomination Committee and Executive Committee of the Board of Directors of NWD. Dr. Cheng is the chairman and executive director of NWS Holdings Limited and Chow Tai Fook Jewellery Group Limited, the chairman and non-executive director of New World Department Store China Limited and FSE Services Group Limited, the vice-chairman and non-executive director of i-CABLE Communications Limited, and a non-executive director of DTXS Silk Road Investment Holdings Company Limited, all of them are listed public companies in Hong Kong. He was the chairman and executive director of International Entertainment Corporation up to his resignation on 10 June 2017, an independent non-executive director of HKR International Limited and Hang Seng Bank Limited up to his resignation on 31 March 2018 and retirement on 10 May 2018 respectively, the chairman and non-executive

director of Newton Resources Ltd up to his resignation on 9 April 2018 and a non-executive director of SJM Holdings Limited up to his retirement on 11 June 2019, all of them are listed public companies in Hong Kong. Dr. Cheng is the chairman and managing director of NWCL, the chairman of New World Hotels (Holdings) Limited and a director of certain subsidiaries of the Group. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of NWD. Dr. Cheng is the chairman of the Advisory Council for The Better Hong Kong Foundation. He was a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China. Dr. Cheng was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 2001 and 2017 respectively by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the father of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng.

Dr. Cheng Chi-Kong, Adrian JP, aged 40, was appointed as an Executive Director in March 2007, became Executive Director and Joint General Manager from March 2012, re-designated as Executive Vice-chairman and Joint General Manager from April 2015 and re-designated as Executive Vice-chairman and General Manager from March 2017. Dr. Adrian Cheng is a member of the Executive Committee and the chairman of the Sustainability Committee of the Board of Directors of NWD. Dr. Cheng is an executive director of NWS Holdings Limited, New World Department Store China Limited and Chow Tai Fook Jewellery Group Limited, and a non-executive director of Giordano International Limited and New Century Healthcare Holding Co. Limited, all being listed public companies in Hong Kong. He was an executive director of International Entertainment Corporation, a non-executive vice chairman of Modern Media Holdings Limited and a non-executive director of i-CABLE Communications Limited, all being listed public companies in Hong Kong, up to his resignation on 10 June 2017, 26 August 2017 and 2 July 2019 respectively. He is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of NWD. Dr. Cheng is also the chairman of New World Group Charity Foundation Limited, an executive director of NWCL and a director of certain subsidiaries of the Group. Dr. Cheng oversees the strategic direction for NWD's property development and investment activities. He has launched New World's The Artisanal Movement since January 2015, and is currently overseeing NWD's large-scale developments including Victoria Dockside and Skycity. In 2008, Dr. Cheng launched the K11 brand, a museum-retail complex that is at the nexus of art and commerce and has since extended K11's reach across retail, hospitality, offices and non-profit art education through K11 Art Foundation. He also directs early-stage funding to start-ups and technology-driven platforms. He is the vice-chairman of All-China Youth Federation, a member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference, the chairman of China Young Leaders Foundation and the honorary chairman of K11 Art Foundation. He was acknowledged by Fortune as one of "40 Under 40" global business stars and a "Young Global Leader" by the World Economic Forum in 2012. In 2016, he was appointed as the Justice of Peace by the Government of the Hong Kong Special Administrative Region and was made an Officer in the Ordre des Arts et des Lettres by the French Government in 2017. Dr. Cheng holds a Bachelor of Arts Degree (cum laude) from Harvard University, and was conferred the Honorary Doctorate of Humanities by the Savannah College of Art and Design in 2014. Dr. Cheng worked in a major international bank prior to joining the Group in September 2006 and has substantial experience in corporate finance. He is the son of Dr. Cheng Kar-Shun, Henry, the brother of Ms. Cheng Chi-Man, Sonia, the nephew of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Cheng Chi-Heng, aged 42, was appointed as an Executive Director in June 2010. Mr. Cheng is a member of the Executive Committee of the Board of Directors of NWD. He also acts as director of certain subsidiaries of the Group. Mr. Cheng is an executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Mr. Cheng is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of NWD. Mr. Cheng worked in Yu Ming Investment

Management Limited from 1999 to 2000 as a corporate finance executive. He obtained his Bachelor of Arts Degree majoring in Economics from the University of Western Ontario, Canada in 1999. He is the son of Mr. Cheng Kar-Shing, Peter, the nephew of Dr. Cheng Kar-Shun, Henry and Mr. Doo Wai-Hoi, William, and the cousin of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Ms. Cheng Chi-Man, Sonia, aged 39, was appointed as an Executive Director in March 2012. Ms. Cheng is a member of the Executive Committee of the Board of Directors of NWD. She currently oversees the hotel division and the project management division of the Group. She is an executive director of NWCL and a director of certain subsidiaries of the Group. Ms. Cheng is a non-executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Before joining the Group in 2008, Ms. Cheng worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Ms. Cheng holds a Bachelor of Arts Degree with a concentration in Applied Mathematics from Harvard University in the U.S.A. Ms. Cheng is the chief executive officer of Rosewood Hotel Group, chairman of the advisory committee of the School of Hotel and Tourism Management at The Chinese University of Hong Kong and member of the advisory committee of the School of Hotel & Tourism Management Industry at The Hong Kong Polytechnic University. She is a member of the Y. Elites Association, the Young Presidents' Organization and the Hong Kong United Youth Association, and a non-official member of the Family Council and the Advisory Committee on Gifted Education. Ms. Cheng is the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Dr. Cheng Chi-Kong, Adrian, the niece of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Au Tak-Cheong, aged 68, was appointed as an Executive Director in July 2013. Mr. Au is a member of the Executive Committee of the Board of Directors of NWD. Mr. Au joined NWD in 1975. He is currently the Head of the Finance and Accounts and senior management of NWD and is responsible for overseeing compliance of policy and procedures in relation to accounting matters of the Group. He possesses over 40 years of experience in finance and accounting and treasury. He is also a non-executive director of New World Department Store China Limited, a listed public company in Hong Kong, and a director of certain subsidiaries of the Group.

Mr. Sitt Nam-Hoi, aged 65 was appointed as an Executive Director in June 2018. Mr. Sitt is a member of the Executive Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Sitt joined the Group and was appointed as Head of Projects (Hong Kong) of NWD in February 2011. He is currently the senior director of the Project Management Department of NWD, director and chief design officer of NWCL and director of certain subsidiaries of the Group. Before joining NWD, he was the project director of a listed public company in Hong Kong which he worked for over 25 years. Before that, Mr. Sitt had been working in Buildings Department of the Government of the Hong Kong Special Administrative Region. Mr. Sitt obtained his Bachelor of Architecture and Bachelor of Arts in Architectural Studies from the University of Hong Kong. He is a Registered Architect, an Authorised Person and is responsible for overseeing all project management matters for all property development projects of the Group in Hong Kong. He has extensive project management experience and participated in various significant projects in Hong Kong and mainland China.

Mr. So Chung-Keung, Alfred, aged 71, was appointed as an Executive Director in June 2018. Mr. So is a member of the Executive Committee of the Board of Directors of NWD. Mr. So joined the Group as the chief executive officer of NWCL in January 2016. He is currently a director and chief executive officer of NWCL and director of certain subsidiaries of the Group. Prior to joining the Group, Mr. So worked with a listed company in Hong Kong for over 30 years, he was a member of its executive committee, and also served as executive director and non-executive director of its subsidiaries. He was also appointed as adviser to a mainland China property developer listed in Hong Kong. Mr. So holds a Master of Science degree in Mathematics from the University of Toronto. He has extensive experience in the business world as a veteran property development

professional, having played pivotal roles in launching a host of significant projects in both Hong Kong and mainland China.

Mr. Doo Wai-Hoi, William JP, aged 75, was appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is also a non-executive director of Lifestyle International Holdings Limited and an independent non-executive director of Shanghai Industrial Urban Development Group Limited, both being listed public companies in Hong Kong. Mr. Doo was an independent non-executive director of The Bank of East Asia, Limited, a listed public company in Hong Kong, up to his resignation on 18 February 2017. Mr. Doo is also a director of certain subsidiaries of the Group. He is the chairman and director of Fungseng Prosperity Holdings Limited. Mr. Doo is a Justice of the Peace appointed by the Government of the Hong Kong Special Administrative Region. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was further promoted to the Officier de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Heng.

Mr. Cheng Kar-Shing, Peter, aged 67, was appointed as a Director in October 1994. Mr. Cheng is also an independent non-executive director of King Fook Holdings Limited, a listed public company in Hong Kong. Also, he is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of NWD. Mr. Cheng is an executive director of NWCL, a director of New World Hotels (Holdings) Limited, NWS Service Management Limited and certain subsidiaries of the Group. Mr. Cheng is committed to community services and is serving as the chairman of Chow Tai Fook Charity Foundation, the chairman of Chow Tai Fook Medical Foundation Limited, the chairman of Antonia Welfare Fund Limited, the vice-chairman of Hong Kong Economic Exchange and a director of Green Council. He is the University Assembly member of University of Macau. He is a Fellow of The Hong Kong Institution of Engineers, Hong Kong Institute of Arbitrators, Hong Kong Construction Arbitration Centre and The Chartered Institute of Arbitrators. He is a CEDR Accredited Mediator and on the lists of the Mediators of Hong Kong Mediation Accreditation Association Limited, Hong Kong International Arbitration Centre, Hong Kong Mediation Centre and Financial Dispute Resolution Centre. He is on the Panel of Arbitrators of South China International Economic and Trade Arbitration Commission/Shenzhen Court of International Arbitration and an Arbitrator of Huizhou Arbitration Commission as well as a Member of Society of Construction Law Hong Kong. Mr. Cheng is the brother of Dr. Cheng Kar-Shun, Henry, the brother-in-law of Mr. Doo Wai-Hoi, William, the father of Mr. Cheng Chi-Heng, and the uncle of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Ms. Ki Man-Fung, Leonie GBS, SBS, JP, aged 72, was appointed as a Non-executive Director in December 2008 and was re-designated as Executive Director in March 2012 and re-designated as Non-executive Director in June 2018. Ms. Ki has been the managing director of New World China Enterprises Projects Limited (a subsidiary of NWD) since 1997 and is also a director of certain subsidiaries of the Group. Ms. Ki is an independent non-executive director of Sa Sa International Holdings Limited, a listed public company in Hong Kong. She was an independent non-executive director of Clear Media Limited (a listed public company in Hong Kong) up to her retirement on 7 September 2019. Ms. Ki is also a director of Chow Tai Fook Charity Foundation. Ms. Ki has more than 30 years' experience in integrated communication and marketing services. She was the founder, partner and chairman/chief executive officer of Grey Hong Kong Advertising Limited and Grey China Advertising Limited. Ms. Ki is committed to the community and public services. She was the first chief executive of The Better Hong Kong Foundation. She is currently a director of PMQ Management Company Limited, founder and honorable president of Wu Zhi Qiao Charitable Foundation, a member of the Asian Advisory Board of Cheng Yu Tung Management Institute, Richard Ivey School of Business (University of Western Ontario, Canada), a member of the Advisory Board of the EMBA Programme of The Chinese

University of Hong Kong, the honorary consultant for the School of Hip Hop of Youth Outreach and a member of Hong Kong Institute of Construction Management Board. Ms. Ki is a recipient of Honorary University Fellowship from The Open University of Hong Kong and The University of Hong Kong. She has been awarded the honour of Beta Gamma Sigma by the Faculty of Business Administration of The Chinese University of Hong Kong, and Justice of the Peace, the Silver Bauhinia Star and the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. She was a National Committee Member of the 12th Chinese People's Political Consultative Conference (CPPCC) of The People's Republic of China and a member of the 10th, 11th and 12th CPPCC of Yunnan Provincial Committee.

Mr. Yeung Ping-Leung, Howard, aged 62, was appointed as a Director in November 1985. Mr. Yeung is a member of the Audit Committee and the Remuneration Committee of the Board of Directors of NWD. He is also an independent non-executive director of Miramar Hotel and Investment Company, Limited, a listed public company in Hong Kong.

Mr. Cha Mou-Sing, Payson JP, aged 77, was appointed as a Director in April 1989. Mr. Cha is a member of the Audit Committee, the Remuneration Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Cha is also the chairman of HKR International Limited, the non-executive chairman of Hanison Construction Holdings Limited and Million Hope Industries Holdings Limited, all of them are listed public companies in Hong Kong. Mr. Cha was an independent non-executive director of Munsun Capital Group Limited (formerly known as China Precious Metal Resources Holdings Co., Ltd.), a listed public company in Hong Kong, up to his resignation on 23 December 2016. He is also an independent non-executive director of Eagle Asset Management (CP) Limited — Manager of Champion Real Estate Investment Trust which is listed on The Stock Exchange of Hong Kong Limited, the chairman of Mingly Corporation and an independent non-executive director of Hong Kong International Theme Parks Limited.

Mr. Cha Mou-Zing, Victor (Alternate Director to Mr. Cha Mou-Sing, Payson), aged 70, was appointed as an Alternate Director in September 2000. Mr. Cha is the deputy chairman and managing director of HKR International Limited, a listed public company in Hong Kong. He was an independent non-executive director of SOHO China Limited, a listed public company in Hong Kong, up to his resignation on 17 August 2018. He has extensive experience in the textile manufacturing and real estate businesses.

Mr. Ho Hau-Hay, Hamilton, aged 68, was appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in November 2007. Mr. Ho was an Alternate Director of NWD from 7 January 2004 to 29 August 2004. Mr. Ho is the chairman of the Remuneration Committee and a member of the Audit Committee of the Board of Directors of NWD. He is also an independent non-executive director of King Fook Holdings Limited (a listed public company in Hong Kong), and an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.

Mr. Lee Luen-Wai, John BBS, JP, aged 70, was appointed as an Independent Non-executive Director in August 2004. Mr. Lee is the chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee of the Board of Directors of NWD. Mr. Lee is also the managing director and chief executive officer of Lippo Limited, an executive director and the chief executive officer of Lippo China Resources Limited and Hongkong Chinese Limited, as well as an independent non-executive director of UMP Healthcare Holdings Limited, all being listed public companies in Hong Kong. Mr. Lee was also a non-executive non-independent chairman of Healthway Medical Corporation Limited, a company listed on the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited, up until his retirement on 26 April 2019. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Price Waterhouse (now PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong and a Justice of Peace in Hong Kong. He serves as a member on a number of Public

Boards and Committees including the Chairman of the Investment Committee of the Hospital Authority Provident Fund Scheme, a member of the Public Service Commission and the Chairman of the Hospital Governing Committee of Hong Kong Children's Hospital.

Mr. Liang Cheung-Biu, Thomas, aged 72, was appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in March 2012. Mr. Liang is a member of the Audit Committee and the Nomination Committee of the Board of Directors of NWD. Mr. Liang is an independent non-executive director of Miramar Hotel and Investment Company, Limited (a listed public company in Hong Kong) and the group chief executive of Wideland Investors Limited. Mr. Liang is a member of the Council of The Chinese University of Hong Kong, a member of the Court of the Hong Kong Baptist University and a member of the Board of Governors, The Hang Seng University of Hong Kong. He has extensive experience in financial management, corporate finance, banking, real estate development and equity investment.

Mr. Ip Yuk-Keung, aged 67, was appointed as an Independent Non-executive Director in June 2018. Mr. Ip is a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Ip is an independent non-executive director of TOM Group Limited, Power Assets Holdings Limited and Lifestyle International Holdings Limited, all being listed public companies in Hong Kong. He is also a non-executive director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust (a listed real estate investment trust). He was the executive director and chief executive officer of LHIL Manager Limited which is the trustee-manager of Langham Hospitality Investments (a listed fixed single investment trust) and Langham Hospitality Investments Limited until his resignation on 1 April 2019. In addition, he was an independent non-executive director of AEON Credit Service (Asia) Company Limited (a listed public company in Hong Kong), Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited, a listed public company in Hong Kong) and Hopewell Holdings Limited (a listed public company in Hong Kong until its delisting on 3 May 2019) up to his resignation in September 2016, May 2018 and May 2019, respectively. Mr. Ip is an international banking and real estate executive with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and the United States. His areas of expertise are in real estate, corporate banking, risk management, transaction banking and wealth management. Mr. Ip is an Honorary Professor of Business of Lingnan University, a Professor of Practice (International Banking and Real Estate) at The Hong Kong Polytechnic University, an Adjunct Professor of City University of Hong Kong, The Hong Kong University of Science and Technology, The Hang Seng University of Hong Kong and the School of Hotel and Tourism Management at The Chinese University of Hong Kong, an Adjunct Distinguished Professor in Practice of University of Macau, a Council Member of The Hong Kong University of Science and Technology, Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology, a trustee of the Board of Trustees at Washington University in St. Louis, and a Vice Chairman of the Board of Governors of World Green Organization Limited. He is a member of the Committee on Certification for Principalship under the Education Bureau of the Government of the Hong Kong Special Administrative Region. Mr. Ip holds a Bachelor of Science degree at Washington University in St. Louis (summa cum laude) and Master of Science degrees at Cornell University and Carnegie-Mellon University. He is an Honorary Fellow of Vocational Training Council.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

Directors' Interests in Securities

As at 30 June 2019, the interests of the Directors and their associates in shares, underlying shares and debentures of NWD or any of its associated corporations which were recorded in the register required to be kept by NWD under Section 352 of the SFO were as follows:

(I) Long positions in shares

	Number of shares			Total	Approximate % to the relevant issued share capital as at 30 June 2019
	Personal interests	Spouse interests	Corporate interests		
NWD					
(Ordinary shares)					
Mr. Doo Wai-Hoi, William	—	—	29,117,081 ⁽¹⁾	29,117,081	0.28
Dr. Cheng Chi-Kong, Adrian	700,000	—	—	700,000	0.01
Mr. Cheng Kar-Shing, Peter.....	—	566,567	—	566,567	0.01
Mr. Ho Hau-Hay, Hamilton	—	—	878,353 ⁽²⁾	878,353	0.01
Mr. Liang Cheung-Biu, Thomas	10,429	—	—	10,429	0.00
Ms. Ki Man-Fung, Leonie.....	90,000	—	—	90,000	0.00
New World Department Store China Limited					
(Ordinary shares of HK\$0.10 each).....					
Ms. Ki Man-Fung, Leonie.....	20,000	—	—	20,000	0.00
Ms. Cheng Chi-Man, Sonia.....	92,000	—	—	92,000	0.01
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each).....					
Dr. Cheng Kar-Shun, Henry.....	18,349,571	—	12,000,000 ⁽³⁾	30,349,571	0.78
Mr. Doo Wai-Hoi, William.....	—	—	6,802,903 ⁽⁴⁾	6,802,903	0.17
Mr. Cheng Kar-Shing, Peter.....	320,097	—	6,463,227 ⁽⁵⁾	6,783,324	0.17
Ms. Ki Man-Fung, Leonie.....	15,000	—	—	15,000	0.00
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter.....	—	—	5,000,5000 ⁽⁶⁾	5,000,5000	50.00

Notes:

- (1) These shares are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.
- (2) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.
- (3) These shares are beneficially owned by a company which is wholly-owned by Dr. Cheng Kar-Shun, Henry.
- (4) These shares are beneficially owned by a company which is wholly-owned by Mr. Doo Wai-Hoi, William.
- (5) These shares are beneficially owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.
- (6) These shares are beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

(II) Long positions in share options**(i) NWD**

Name of Director	Date of grant	Exercisable period	Number of share options	Exercisable price per share
		(Notes)		HK\$
Dr. Cheng Kar-Shun, Henry	10 June 2016	(1)	10,675,637	7.540
	3 July 2017	(2)	2,000,000	10.036
Mr. Doo Wai-Hoi, William.....	3 July 2017	(2)	100,000	10.036
Dr. Cheng Chi-Kong, Adrian.....	9 March 2016	(3)	3,800,000	7.200
	10 June 2016	(1)	3,736,471	7.540
	3 July 2017	(2)	2,000,000	10.036
Mr. Yeung Ping-Leung, Howard	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cha Mou-Sing, Payson	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cheng Kar-Shing, Peter	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Ho Hau-Hay, Hamilton	10 June 2016	(4)	333,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Lee Luen-Wai, John.....	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Liang Cheung-Biu, Thomas.....	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Ms. Ki Man-Fung, Leonie	10 June 2016	(4)	1,202,016	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cheng Chi-Heng	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Ms. Cheng Chi-Man, Sonia	10 June 2016	(1)	3,202,688	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Au Tak-Cheong	10 June 2016	(4)	336,693	7.540
	3 July 2017	(5)	200,000	10.036
Mr. Sitt Nam-Hoi.....	10 June 2016	(4)	574,827	7.540
	3 July 2017	(2)	300,000	10.036
	6 July 2018	(6)	600,000	11.040
Mr. So Chung-Keung, Alfred	3 July 2017	(2)	2,300,000	10.036
	6 July 2018	(6)	600,000	11.040
Mr. Ip Yuk-Keung	6 July 2018	(6)	600,000	11.040
			<u>36,664,785</u>	

Notes:

- (1) Divided into 4 tranches, exercisable from 10 June 2016, 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.
- (2) Divided into 4 tranches, exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.
- (3) Divided into 4 tranches, exercisable from 9 March 2016, 9 March 2017, 9 March 2018 and 9 March 2019 respectively to 8 March 2020.
- (4) Divided into 3 tranches, exercisable from 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.
- (5) Divided into 3 tranches, exercisable from 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.
- (6) Divided into 4 tranches, exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.
- (7) The cash consideration paid by each Director for each grant of share options is HK\$10.0.

(ii) **NWS Holdings Limited**

Name of Director	Date of grant	Exercisable period	Number of share options	Exercisable price per share
		(Notes)		HK\$
Dr. Cheng Kar-Shun, Henry	9 March 2015	(1)	7,420,739	14.120

Notes:

- (1) 60% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40.0% of the share options are divided into two tranches, exercisable from 9 March 2016 and 9 March 2017, respectively to 8 March 2020.
- (2) The cash consideration paid by the above Director for grant of the share options is HK\$10.0.

(III) **Long positions in debentures**

(i) **The Issuer**

Amount of debentures issued by the Issuer

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 30 June 2019
	HK\$	HK\$	HK\$	HK\$	
Mr. Doo Wai-Hoi, William	—	23,400,000 ⁽¹⁾	156,000,000 ⁽²⁾	179,400,000	0.77
Ms. Ki Man-Fung, Leonie.....	11,800,000 ⁽³⁾	—	—	11,800,000	0.05
	11,800,000	23,400,000	156,000,000	191,200,000	

Notes:

- (1) These debentures were issued in U.S.\$ and had been translated into HK\$ using the rate of U.S.\$1.0 = HK\$7.8.
- (2) These debentures are beneficially owned by a company which is wholly-owned by Mr. Doo Wai-Hoi, William and were issued in U.S.\$ and had been translated into HK\$ using the rate of U.S.\$1.0 = HK\$7.8.
- (3) This amount includes HK\$7,800,000 debentures which were issued in U.S.\$ and had been translated into HK\$ using the rate of U.S.\$1.0 = HK\$7.8.

(ii) **NWD Finance (BVI) Limited (“NWD Finance”)**

Amount of debentures issued by NWD Finance

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 30 June 2019
	US\$	US\$	US\$	US\$	
Mr. Doo Wai-Hoi, William	—	—	31,550,000 ⁽¹⁾	31,550,000	1.86
Ms. Ki Man-Fung, Leonie	1,000,000	—	—	1,000,000	0.06
	<u>1,000,000</u>	<u>—</u>	<u>31,550,000</u>	<u>32,550,000</u>	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(iii) **Fita International Limited (“Fita”)**

Amount of debentures issued by Fita

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 30 June 2019
	US\$	US\$	US\$	US\$	
Mr. Doo Wai-Hoi, William	—	2,900,000	12,890,000 ⁽¹⁾	15,790,000	2.11
Mr. Lee Luen-Wai, John	1,000,000	1,000,000	—	2,000,000	0.27
	<u>1,000,000</u>	<u>3,900,000</u>	<u>12,890,000</u>	<u>17,790,000</u>	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(iv) **NWCL**

Amount of debentures issued by NWCL

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 30 June 2019
	HK\$	HK\$	HK\$	HK\$	
Mr. Doo Wai-Hoi, William	—	54,600,000 ⁽¹⁾	1,282,620,000 ⁽²⁾	1,337,220,000	10.57
Mr. Cheng Kar-Shing, Peter	—	15,600,000 ⁽³⁾	—	15,600,000	0.12
Mr. Ip Yuk-Keung	—	3,900,000 ⁽⁴⁾	—	3,900,000	0.03

Amount of debentures issued by NWCL

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 30 June 2019
	—	74,100,000	1,282,620,000	1,356,720,000	

Notes:

- (1) These debentures are held by the spouse of Mr. Doo Wai-Hoi, William, all of which were issued in U.S.\$ and had been translated into HK\$ using the rate of U.S.\$1.0 = HK\$7.8.
- (2) These debentures are held by companies which are wholly-owned by Mr. Doo Wai-Hoi, William, of which HK\$1,134,120,000 debentures were issued in U.S.\$ and had been translated into HK\$ using the rate of U.S.\$1.0 = HK\$7.8.
- (3) These debentures are jointly-held by Mr. Cheng Kar-Shing, Peter and his spouse, all of which were issued in U.S.\$ and had been translated into HK\$ using the rate of U.S.\$1.0 = HK\$7.8.
- (4) These debentures are jointly-held by Mr. Ip Yuk-Keung and his spouse, all of which were issued in U.S.\$ and had been translated into HK\$ using the rate of U.S.\$1.0 = HK\$7.8.

(v) **Celestial Dynasty Limited (“CDL”)**

Amount of debentures issued by (CDL)

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 30 June 2019
	US\$	US\$	US\$	US\$	
Mr. Doo Wai-Hoi, William.....	—	—	2,800,000 ⁽¹⁾	2,800,000	0.43

Notes:

- (1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(vi) **Celestial Miles Limited (“CML”)**

Amount of debentures issued by CML

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 30 June 2019
	US\$	US\$	US\$	US\$	
Mr. Doo Wai-Hoi, William.....	—	—	34,600,000 ⁽¹⁾	34,600,000	3.46
Mr. Cheng Kar-Shing, Peter.....	2,000,000	—	—	2,000,000	0.20
Mr. Lee Luen-Wai, John.....	—	61,000	—	61,000	0.01
	2,000,000	61,000	34,600,000	36,661,000	

Note:

- (1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

Save as disclosed above, as at 30 June 2019, none of the directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of NWD or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by NWD pursuant to Section 352 of the SFO or were required to be notified to NWD and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders' Interests in Securities

As at 30 June 2019, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of NWD as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares of NWD

Name	Number of shares of NWD			Approximate % of shareholding as at 30 June 2019
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") ⁽¹⁾	—	4,535,634,444	4,535,634,444	44.37
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") ⁽²⁾	—	4,535,634,444	4,535,634,444	44.37
Chow Tai Fook Capital Limited ("CTFC") ⁽³⁾	—	4,535,634,444	4,535,634,444	44.37
Chow Tai Fook (Holding) Limited ("CTFHL") ⁽⁴⁾	—	4,535,634,444	4,535,634,444	44.37
Chow Tai Fook Enterprises Limited ("CTFE") ⁽⁵⁾	4,123,491,293	412,143,151	4,535,634,444	44.37

Notes:

- (1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFC.
- (2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFC.
- (3) CTFC holds 81.03% direct interest in CTFHL and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFHL.
- (4) CTFHL holds 100% direct interest in CTFE and is accordingly deemed to have an interest in the shares of NWD interested by or deemed to be interested by CTFE.
- (5) CTFE together with its subsidiaries.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2019.

TAXATION

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

British Virgin Islands

As the Issuer is incorporated pursuant to the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands (the “**BVI**”) (i) payment of principal, premium, (if any) and interest in respect of the Notes will not be subject to taxation in the BVI, (ii) no withholding tax will be required to be deducted by the Issuer on such payments to any holder of a Note, and (iii) the Notes will not be liable to stamp duty in the BVI. Gains derived from the sale of the Notes by persons who are non resident in the BVI or not otherwise liable to BVI income tax will not be subject to BVI income tax. The BVI currently has no capital gains, estate duty, inheritance tax or gift tax.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes, in respect of any capital gains arising from the sale of the Notes or in respect of payments under the Guarantee of the Notes.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes issued outside Hong Kong in any circumstances or, if issued in Hong Kong, provided 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 or transfer of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

- (i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

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 the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (“**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 company, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Notes may be subject to profits tax. Sums received by or accrued to a company, 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 the Notes may be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source 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.

PRC Taxation

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, potential purchasers 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 jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Pursuant to the BIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “*de facto* management bodies” are within the territory of the PRC shall be PRC tax resident enterprises for the purpose of the BIT Law and they shall pay enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside the PRC. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “*de facto* management body” of the Issuer is within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the BIT Law and be subject to enterprise income tax at the rate of 25 per cent. for its income sourced from both within and outside PRC. As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the BIT Law. On that basis, holders of the Notes will not be subject to withholding tax, income tax or any other taxes or duties (including stamp duty) imposed by any governmental authority in the PRC in respect of the holding of the Notes or any repayment of principal and payment of interest made thereon.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the BIT Law and related implementation regulations in the future. Pursuant to the BIT Law and its implementation regulations, any non-resident enterprise without establishment within the PRC or its income has no actual connection to its establishment inside the PRC shall pay enterprise income tax at the rate of 10 per cent. on the incomes sourced inside the PRC, and such income tax shall be withheld at source by the PRC entity making payment, who shall be obliged to withhold the tax amount from each payment or payment due. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer shall withhold income tax from the payments of interest in respect of the Notes for any non-PRC enterprise Noteholder. However, notwithstanding the potential withholding of PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Notes so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes.

Non-PRC Noteholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Notes consummated outside mainland China between non-PRC Noteholders, except however, if the Issuer is treated as a PRC tax resident enterprise under the BIT Law and related implementation regulations in the future, any gain realised by the non-PRC enterprise Noteholders from the transfer of the Notes may be regarded as being derived from sources within the PRC and accordingly would be subject to up to 10 per cent. of PRC withholding tax.

No PRC stamp duty will be chargeable upon the issue or transfer (for so long as the register of Noteholders is maintained outside the PRC) of a Note.

United States’ Foreign Account Tax Compliance Act (“FATCA”) Tax Provisions

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthrough 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 the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior

to the date that is two years after the publication of the final regulations defining “foreign passthrough payment” and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthrough payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders 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.

Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

Remittance of Renminbi into and Outside the PRC

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

Current Account Items

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

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

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

The PBoC also permit enterprises in the China (Shanghai) Free Trade Pilot Zone (“**Shanghai FTZ**”) to establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pooling programme. In November 2016, PBoC Shanghai Headquarters further allowed banks in Shanghai to provide multinational enterprise groups with services of full-function onshore cash pooling, which will enable broader scope for utilising pooled cash.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Capital Account Items

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

being improved. Approval, registration and filing requirements specifically for capital account payments in Renminbi are being removed gradually.

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

Since September 2015, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group. Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor (“RQFII”) regime and the China Interbank Bond Market (“CIBM”), have been further liberalised for foreign investors. PBoC has relaxed the quota control for RQFII, and has also expanded the list of eligible foreign investors in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Interbank foreign exchange market is also opening-up. In January 2016, CFETS set forth qualifications, application materials and procedure for foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC Government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

The Dealers have, in an amended and restated dealer agreement dated 8 January 2015, as amended and restated by an amended and restated dealer agreement dated 29 January 2019 and as further amended and restated by an amended and restated dealer agreement dated 4 December 2019 (as amended and restated or supplemented from time to time (the “**Dealer Agreement**”)), agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. The Issuer (failing which, the Guarantor) will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. Where the Issuer agrees to sell to the Dealer(s), who agree to subscribe and pay for, or to procure subscribers to subscribe and pay for, Notes at an issue price (the “**Issue Price**”), any subsequent offering of those Notes to investors may be at a price different from such Issue Price. The Issuer (failing which, the Guarantor) has agreed to reimburse the Arrangers for certain of its expenses incurred in connection with the establishment, and any future update, of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis may be stated in the relevant Pricing Supplement. The Issuer, the Guarantor and the relevant Dealer(s) may also, in relation to any Tranche of Notes, agree to pay private banks or other selling agents a commission in order to facilitate the offering of the Notes.

The Issuer (failing which, the Guarantor) has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilising activities may only be carried on by the Stabilising Manager(s) named in the applicable Pricing Supplement (or persons acting on behalf of any Stabilising Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments

and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

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

Selling Restrictions

United States of America

The Notes and the Guarantee of the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. 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, and will not offer or sell, any Notes constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the 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 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); and

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

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

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any 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.

The Netherlands

Each Dealer will have represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not 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 Netherlands unless such offer is made exclusively to persons or legal entities which are qualified investors (as defined in the Regulation (EU) No 2017/1129, the “**Prospectus Regulation**”).

United Kingdom

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

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent)

for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor and would not, if it was not an authorised person, apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

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 be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a “structured product” as defined in the SFO, 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 “CWUMPO”) or which do not constitute an offer to the public within the meaning of the CWUMPO; 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.

British Virgin Islands

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

PRC

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes may not be offered or sold directly or indirectly in the PRC (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Region or Taiwan). Neither this Offering Circular nor any material or information contained or incorporated by reference herein relating to the Notes, which have not been and will not be submitted to or approved/verified by or registered with the China Securities Regulatory Commission (“CSRC”) or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations, may be supplied to the public

in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. The material or information contained or incorporated by reference in this Offering Circular relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Notes may only be offered or sold to PRC investors that are authorised to engage in the purchase of the Notes of the type being offered or sold. PRC investors are responsible for obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange, CSRC, the China Banking Regulatory Commission, the China Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) (as amended) (the “FIEA”) and disclosure under the FIEA has not been, and will not be, made with respect to the Notes. Accordingly, each Dealer has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA, and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and undertaken, 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 such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such 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:

- (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA;
- (b) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275, of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

None of the Issuer, the Guarantor or the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. These selling restrictions may be modified by the agreement of the Issuer and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

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

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business.

GENERAL INFORMATION

1. **Listing:** Application has been made to the Hong Kong Stock Exchange for the listing of the Programme, and for the permission to deal in, and for the listing of, Notes issued under the Programme by way of debt issues to Professional Investors only. The issue price of Notes issued under the Programme and listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the next business day following the date of listing of the relevant Notes.
2. **Authorisation:** The establishment of the Programme and the issue of the Notes thereunder were authorised by a resolution of the board of directors of NWD (MTN) Limited passed on 10 July 2012 and by a resolution of the board of directors of the Guarantor passed on 10 July 2012. The update of the Programme was authorised by a resolution of the board of directors of NWD (MTN) Limited passed on 2 December 2019 and by a resolution of the board of directors of the Guarantor on 2 December 2019. Each of the Issuer and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the Guarantee of the Notes relating to them.
3. **Legal and Arbitration Proceedings:** None of the Issuer, the Guarantor and any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.
4. **Significant/Material Change:** Since 30 June 2019, there has been no material adverse change in the financial position or prospects nor any significant change in the financial or trading position of the Issuer, the Guarantor and the Group.
5. **Auditor:** PricewaterhouseCoopers (Certified Public Accountants), the Guarantor's independent auditor has audited, and rendered an unqualified audit report on, the consolidated financial statements of the Guarantor as at and for the year ended 30 June 2019.
6. **Documents on Display:** Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays and public holidays excepted) at the specified offices of the Fiscal Agent and the CMU Lodging and Paying Agent at Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong for so long as the Notes are capable of being issued under the Programme:
 - (i) the memorandum and articles of association of the Issuer and the Guarantor;
 - (ii) the audited consolidated financial statements of the Guarantor for financial year ended 30 June 2019;
 - (iii) copies of the latest annual report and audited annual consolidated financial statements, and any condensed consolidated interim financial statements (whether audited or unaudited) published subsequently to such audited annual financial statements, of the Guarantor;
 - (iv) each Pricing Supplement (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such

holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity);

- (v) a copy of this Offering Circular, together with any Supplement to this Offering Circular;
- (vi) the Agency Agreement;
- (vii) the Dealer Agreement;
- (viii) the Deed of Guarantee;
- (ix) the Deed of Covenant; and
- (x) the Programme Manual (which contains the forms of the Notes in global and definitive form).

7. **Clearing of the Notes:** The Notes may be accepted for clearance through Euroclear, Clearstream, Luxembourg and the CMU Service. The appropriate common code and the International Securities Identification Number or CMU Instrument Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

ISSUER

NWD (MTN) Limited
Vistra Corporate Services Centre
Wickhams Cay II
Road Town, Tortola, VG 1110
British Virgin Islands

GUARANTOR

New World Development Company Limited
30th Floor
New World Tower
18 Queen's Road Central
Hong Kong

AUDITOR OF THE GUARANTOR

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong

**FISCAL AGENT, PAYING AGENT, TRANSFER AGENT,
CMU LODGING AND PAYING AGENT AND REGISTRAR**

The Hongkong and Shanghai Banking Corporation Limited
Level 30, HSBC Main Building
1 Queen's Road Central
Hong Kong

LEGAL ADVISERS

*To the Issuer and the Guarantor as to
English and Hong Kong law*

Linklaters
10th Floor
Alexandra House
Chater Road
Hong Kong

*To the Issuer and the Guarantor as to
British Virgin Islands law*

Conyers Dill & Pearman
29th Floor One Exchange Square
8 Connaught Place
Central
Hong Kong

To the Dealers as to English law

Clifford Chance
27th Floor
Jardine House
One Connaught Place
Central
Hong Kong