

IMPORTANT NOTICE

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

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

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

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

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be a non-U.S. person purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. This Offering Circular is being sent at your request and by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, Mizuho Securities Asia Limited and UBS AG Hong Kong Branch (the “**Joint Lead Managers**”) that you are not a U.S. person or acting for the account or benefit of a U.S. person (in each case as defined in Regulation S), the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

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

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Joint Lead Managers nor any person who controls the Joint Lead Managers, nor any director, officer, employee or agent of the Joint Lead Managers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

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



ELECT GLOBAL INVESTMENTS LIMITED

(incorporated in the British Virgin Islands with limited liability)

U.S.\$300,000,000

Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by

HYSAN DEVELOPMENT COMPANY LIMITED

希慎興業有限公司

(incorporated in Hong Kong with limited liability)

Issue Price: 100.00 per cent.

The U.S.\$300,000,000 Senior Guaranteed Perpetual Capital Securities (the "Securities") will be issued by Elect Global Investments Limited (the "Issuer") and will be unconditionally and irrevocably guaranteed (the "Guarantee of the Securities") by Hysan Development Company Limited 希慎興業有限公司 (the "Guarantor"), the holding company of the Issuer. The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and, save for such mandatory exceptions as may be provided for under applicable law, with all other present and future unsecured and unsubordinated obligations of the Issuer (including Parity Securities (as defined in "Terms and Conditions of the Securities")). The Guarantee of the Securities constitutes direct, unsecured, unconditional and unsubordinated obligations of the Guarantor which rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor (including Parity Securities), save for such mandatory exceptions as may be provided for under applicable law.

The Securities confer a right to receive distribution (the "Distribution") at 4.85 per cent. per annum. Subject to the provisions of the Securities relating to deferral of Distribution (see "Terms and Conditions of the Securities – Distribution – Distribution Deferral"), Distributions shall be payable on the Securities semi-annually in arrear on 25 February and 25 August of each year (each a "Distribution Payment Date") with the first Distribution Payment Date falling on 25 February 2021.

The Issuer may, at its sole discretion, elect to defer Distribution (in whole or in part) which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by providing the holder of the Securities (the "Holders") with not more than 10 Business Days (as defined in "Terms and Conditions of the Securities") not less than five Business Days' notice prior to a scheduled Distribution Payment Date; unless a Compulsory Distribution Payment Event (as defined in "Terms and Conditions of the Securities") has occurred. Any Distribution so deferred shall constitute "Arrears of Distribution". Each amount of Arrears of Distribution shall bear distribution as if it constituted the principal of the Securities at the Distribution Rate (as defined in "Terms and Conditions of the Securities") and the amount of such distribution payable thereon shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution as described in "Terms and Conditions of the Securities – Distribution – Cumulative Deferral". The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred except that Condition 4(c)(v) (Restrictions in the case of Deferral) of the Terms and Conditions of the Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full. See "Terms and Conditions of the Securities – Distribution – Distribution Deferral".

The Securities are perpetual securities in respect of which there is no fixed redemption date. However, the Issuer may redeem the Securities in whole, but not in part, on the Distribution Payment Date falling in August 2023 or on any Business Day thereafter (each, a "Call Settlement Date") at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amount (as defined in "Terms and Conditions of the Securities")) on the Issuer's giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Settlement Date).

The Securities may also be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amounts), if as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, 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 18 August 2020, the Issuer or the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (Taxation) in respect of the Securities or the Guarantee of the Securities and such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it.

The Securities may also be redeemed at the option of the Issuer in whole, but not in part, on the Issuer's giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Settlement Date at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amount)) if, immediately before the giving of such notice, the aggregate principal amount of the Securities outstanding is less than 25 per cent. of the aggregate principal amount originally issued.

The Securities may also be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, a change or amendment to, or a change or amendment to any interpretation of, the Relevant Accounting Standard (as defined in "Terms and Conditions of the Securities") has occurred or will occur, which change or amendment results or will result in the Securities and/or the Guarantee of the Securities, in whole or in part, not being permitted to be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard.

Application has been made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" or "SEHK") for the listing of, and permission to deal in, the Securities by way of debt issues to professional investors only (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "SFO") (together, "Professional Investors") on the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only. **Investors should not purchase the Securities in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Securities are only suitable for Professional Investors.**

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

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

Investors should be aware that the Securities are perpetual in tenor and that they have no right to require redemption, that Distribution may be deferred in the circumstances set out in "Terms and Conditions of the Securities – Distribution – Distribution Deferral", that there are limited remedies for default under the Securities and that there are various other risks relating to the Securities, the Guarantor and its subsidiaries (the "Group"), its business and its jurisdictions of operations which they should familiarise themselves with before making an investment in the Securities. See "Risk Factors" beginning on page 6.

The Securities and the Guarantee of the Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered, sold or delivered within the United States or to, or for the benefit of, U.S. persons. The Securities are being offered and sold only to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see "Subscription and Sale".

The Securities are expected to be "A3" by Moody's Investors Service Limited ("Moody's"). Such ratings of the Securities do not constitute a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by any such rating organisation. Each such rating should be evaluated independently of any other rating of the Securities, the Issuer's or the Guarantor's other securities or of the Issuer or the Guarantor.

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

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

The Securities will initially be represented by beneficial interests in a global certificate (the "Global Certificate") in registered form which will be registered in the name of a nominee for, and shall be deposited on or about the Issue Date, with a common depositary for, Euroclear Bank S.A.N.V. ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

HSBC

J.P. Morgan

Mizuho Securities

UBS

This Offering Circular is dated 18 August 2020.

IMPORTANT INFORMATION

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange 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. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Securities described in this Offering Circular. The Joint Lead Managers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Securities. To the fullest extent permitted by law, none of the Joint Lead Managers accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Securities. Each of the Joint Lead Managers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such information.

No person is or 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 information supplied in connection with the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Guarantor or any of the Joint Lead Managers.

Neither this Offering Circular nor any other information supplied in connection with the Securities (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor or any of the Joint Lead Managers that any recipient of this Offering Circular or any other information supplied in connection with the Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Securities constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor or any of the Joint Lead Managers to any person to subscribe for or to purchase any Securities.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve an adverse change in the affairs of the Issuer and/or the Guarantor since the date hereof. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular or to advise any investor in the Securities of any information coming to their attention.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of the Securities may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Joint Lead Managers do not represent that this Offering Circular may be lawfully distributed, or that any Securities 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 assume any responsibility

for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or the Joint Lead Managers which would permit a public offering of any Securities or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of the Securities. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Securities in the United States, the European Economic Area, the United Kingdom, Japan, the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), Singapore, the People's Republic of China and the British Virgin Islands, see "*Subscription and Sale*". **If a jurisdiction requires that such offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.**

Listing of the Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Securities or the Guarantee of the Securities. In making an investment decision, prospective investors must rely on their own examination of the Issuer, the Guarantor and the terms of the Securities, including the merits and risks involved. The Securities have not been approved or recommended by any Hong Kong or other regulatory authority. Furthermore, such authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this Offering Circular.

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

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N1 2: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, ANY OF THE JOINT LEAD MANAGERS ACTING AS THE STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE SECURITIES IS MADE AND, IF BEGUN, MAY

CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES. ANY STABILISATION ACTION OR OVERALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

PRESENTATION OF FINANCIAL INFORMATION

The Guarantor publishes its financial statements in Hong Kong dollars. Unless otherwise specified, where financial information in relation to the Guarantor has been translated into U.S. dollars, it has been so translated, for the convenience of the reader, at an exchange rate of HK\$7.80 = U.S.\$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be, converted into U.S. dollars at the rate indicated or at any other rate.

DOCUMENTS INCORPORATED BY REFERENCE

The published audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2019 and 2018, which include the full notes to, and the audit reports on, the consolidated audited financial statements of the Guarantor as at and for the years ended 31 December 2019 and 2018, and the unaudited but reviewed consolidated interim financial statements of the Guarantor as at and for the six months ended 30 June 2020 are incorporated by reference in this Offering Circular.

The Issuer and the Guarantor will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference. Requests for such documents should be directed to the Issuer or the Guarantor at their respective offices set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the principal office in Hong Kong of Deutsche Bank AG, Hong Kong Branch.

None of the Joint Lead Managers, the Agents, or any of their respective affiliates or advisers makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to, the Guarantor's or the Group's business, financial condition or results of operations.

CURRENCIES

All references in this document to “*U.S. dollars*” and “*U.S.\$*” refer to the currency of the United States of America, to “*Hong Kong dollars*” and “*HK\$*” refer to the currency of Hong Kong, to “*CNH*”, “*CNY*”, “*RMB*” or “*Renminbi*”, refer to the currency of the People's Republic of China (the “**PRC**”).

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THE ISSUE

The following contains some summary information about the Securities. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “*Terms and Conditions of the Securities*” shall have the same meanings in this summary. For a more complete description of the terms of the Securities, see “*Terms and Conditions of the Securities*” in this Offering Circular.

Issuer	Elect Global Investments Limited (Legal Entity Identifier: 254900MGJD77N8VPNK65)
Guarantor	Hysan Development Company Limited 希慎興業有限公司
Issue	U.S.\$300,000,000 senior guaranteed perpetual capital securities
Guarantee of the Securities	The Guarantor has, in the Deed of Guarantee, unconditionally and irrevocably guaranteed the due and punctual payment of all sums payable by the Issuer in respect of the Securities.
Status of the Securities	The Securities constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer which rank <i>pari passu</i> and without any preference among themselves and, at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer (including Parity Securities) save for such mandatory exceptions as may be provided for under applicable law.
Status of the Guarantee of the Securities	The Guarantee of the Securities constitutes direct, unsecured, unconditional and unsubordinated obligations of the Guarantor which rank <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Guarantor (including Parity Securities), save for such mandatory exceptions as may be provided for under applicable law.
Issue Price	100.00 per cent.
Form and Denomination	The Securities will be issued in registered form in the denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.
Distributions	Subject to Condition 4(c) (<i>Distribution – Distribution Deferral</i>), the Securities confer a right to receive distribution (each a “ Distribution ”) from 25 August 2020 (the “ Issue Date ”) at the Distribution Rate payable semi-annually in arrear on 25 February and 25 August of each year, with the first Distribution Payment Date falling on 25 February 2021.
Distribution Rate	The Distribution Rate shall be 4.85 per cent. per annum.
Optional Deferral of Distributions	The Issuer may, at its sole discretion, elect to defer Distribution (in whole or in part) which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving to the Holders not more than 10 Business Days’ nor less than five Business Days’ notice prior to a scheduled Distribution Payment Date; unless a Compulsory Distribution

Payment Event has occurred. Any Distribution so deferred shall constitute “**Arrears of Distribution**”.

The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(c)(i) (*Distribution – Distribution Deferral – Optional Deferral*) and any such failure to pay Distribution shall not constitute a default of the Issuer in respect of the Securities or of the Guarantor in respect of the Guarantee of the Securities.

Any Distribution so deferred shall bear interest as if it constituted the principal of the Securities at the Distribution Rate. The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred except that Condition 4(c)(v) (*Distribution – Distribution Deferral – Restrictions in the case of Deferral*) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

Satisfaction of Arrears of Distribution and Additional Distribution Amounts

Any Arrears of Distribution and any Additional Distribution Amount (a) may be satisfied by the Issuer (in whole or in part) at any time by giving notice of such election to Holders and the Fiscal Agent not more than 20 Business Days nor less than 10 Business Days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution and all Additional Distribution Amounts on the payment dates specified in such notice) and (b) must be satisfied by the Issuer (in whole but not in part) in certain other circumstances in accordance with Condition 4(c)(vi)(B) (*Distribution – Distribution Deferral – Satisfaction of Arrears of Distribution and Additional Distribution Amounts by payment*).

Restrictions in the case of a Deferral

If, on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full by reason of Condition 4(c) (*Distribution – Distribution Deferral*), the Issuer and the Guarantor shall not:

- (A) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of its Junior Securities or (except on a pro-rata basis) its Parity Securities, provided that such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or

(B) redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities, provided that such restriction shall not apply to an exchange of any Parity Securities in whole for Junior Securities or a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants,

unless and until: (i) the Issuer or the Guarantor has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amounts; or (ii) permitted to do so by an Extraordinary Resolution (as defined in the Agency Agreement) of the Holders.

Issue Date 25 August 2020.

Maturity Date The Securities are perpetual securities in respect of which there is no fixed redemption date.

Redemption at the Option of the Issuer The Issuer may redeem the Securities in whole, but not in part, on the Distribution Payment Date falling in August 2023 or on any Business Day thereafter (each, a “**Call Settlement Date**”) at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amount) on the Issuer’s giving not less than 30 days’ nor more than 60 days’ notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Settlement Date).

Redemption for tax reasons The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days’ nor more than 60 days’ notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, 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 18 August 2020, the Issuer or the Guarantor has or would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) in respect of the Securities or the Guarantee of the Securities and such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it.

Redemption in the case of minimal outstanding amount The Securities may be redeemed at the option of the Issuer in whole, but not in part, on the Issuer’s giving not less than 30

days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Settlement Date at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amount)), if, immediately before the giving of such notice, the aggregate principal amount of the Securities outstanding is less than 25 per cent. of the aggregate principal amount originally issued.

Redemption for accounting reasons.....

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, a change or amendment to, or a change or amendment to any interpretation of, the Relevant Accounting Standard has occurred or will occur, which change or amendment results or will result in the Securities and/or the Guarantee of the Securities, in whole or in part, not being permitted to be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard.

Substitution or Variation

If a Special Event has occurred and is continuing, then the Issuer may, subject to Condition 4 (*Distribution*) (without any requirement for the consent or approval of the Holders) and subject to the receipt by the Fiscal Agent of the certificate of the directors of the Guarantor referred to in the Agency Agreement immediately prior to the giving of any notice referred to herein certifying that the provisions of Condition 12(c) (*Meetings of Holders; Modification – Substitution or Variation*) have been complied with, and having given not less than 30 days' nor more than 60 days' irrevocable notice to the Fiscal Agent and, in accordance with Condition 14 (*Notices*), the Holders, at any time either (a) substitute all, but not some only, of the Securities for, or (b) vary the terms of the Securities with the effect that they remain or become (as the case may be), Qualifying Securities. Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with Condition 12(c) (*Meetings of Holders; Modification – Substitution or Variation*).

“**Special Event**” means a Gross-Up Event, an Accounting Event or any combination of the foregoing.

Governing Law

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

Rating	The Securities are expected to be rated “A3” by Moody’s. Such ratings of the Securities do not constitute a recommendation to buy, sell or hold the Securities and may be subject to revision or withdrawal at any time by any such rating organisation.
Clearing Systems	The Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depository for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Securities have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS2216209333 Common Code: 221620933
Fiscal Agent, Paying Agent, Calculation Agent, Registrar and Transfer Agent.	Deutsche Bank AG, Hong Kong Branch
Listing	Application has been made to list the Securities by way of debt issues to Professional Investors only (as described in this Offering Circular) on the Hong Kong Stock Exchange.
Use of Proceeds	See “ <i>Use of Proceeds</i> ”.

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully, together with the information contained and deemed to be contained in this Offering Circular, the risks and uncertainties described below. The business, financial condition or results of operations of the Guarantor and its subsidiaries (the “Group”) could be materially adversely affected by any of these risks. Additional consideration and uncertainties not presently known to the Issuer or the Guarantor, or which the Issuer or the Guarantor currently deem immaterial, may also have an adverse effect on an investment in the Securities.

Risks Relating to Investments in Real Estate

General risks relating to real estate investment, development and management

The Group is engaged principally in the investment, development and management of real estate properties and is therefore subject to risks inherent in such activities which include: (i) adverse changes in national or economic conditions; (ii) adverse local market conditions; (iii) the financial conditions of tenants, buyers and sellers of properties; (iv) changes in the relative popularity of property types and locations affecting supply and demand of a particular type of property in a given market; (v) competition among property owners for tenants; (vi) changes in interest rates, exchange rates and other operating expenses; (vii) changes in laws and regulations, including environmental and zoning laws and other governmental rules and fiscal policies; (viii) claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or other inherent defects; (ix) changes in energy prices and changes in costs of labour and materials; (x) availability of land suitable for development; (xi) developed properties for sale may not be sold on profitable terms or buyers of properties may default on payments; (xii) changes in availability of debt financing or the inability to obtain financing for developments on favourable terms; (xiii) insufficiency of insurance coverage and uninsurable losses; (xiv) inability of the portfolio manager to provide or procure the provision of adequate maintenance and other services; (xv) illiquidity of real estate investments; (xvi) dependence on cash flow for the maintenance of, and improvements to, the portfolio properties; (xvii) risks and operating problems arising out of the presence of certain construction materials; (xviii) project delays due to work stoppages and interruptions due to inclement weather or unforeseen engineering, environmental or geological problems; and (xix) acts of God and other factors.

The Group has in place an asset enhancement programme. This involves selective refurbishment, renovation or re-development of its properties, such as the re-development project for Lee Garden Three, which was completed in December 2017. The Group also successfully bid for residential lots (Tai Po Town Lot Nos. 223 and 229) in Hong Kong’s Tai Po area in late 2016. The sites are now being developed as a joint venture project with HKR International, a company with a recognised track record for developing quality low density residential projects. Major interior designs and visual mock-ups of the development have been completed. Superstructure works are in progress and the target completion date of the construction work will be in the second half of 2021, subject to government approval. Interior design of the show flats is also in progress. Such refurbishment, renovation, re-development and development works are subject to the usual risks associated with property developments and construction including, in particular, changes in construction costs and delays in completion due to reasons such as shortages in equipment, material and labour, changes in governmental regulations including changes in building and planning regulations, delays or failure to obtain requisite construction and occupancy approvals and adverse weather conditions that may require construction workers to stop work in outdoor areas, leading to possible delays to and higher costs of construction. While the Group attempts to manage risks and control costs, there is no assurance that such major refurbishment, renovation, re-development and development projects will be completed on schedule or that construction costs will not exceed projected costs. Delays in completion of major enhancement works and development projects and cost overruns will adversely affect the Group’s income and operating results.

Risks affecting property rentals and values

Income from, and expenditures in relation to, the Group's investment properties may not be as expected, which may adversely affect the Group's financial condition. Income from the Group's properties may be adversely affected by the general economic climate and local conditions such as over-supply of properties or reduction in demand for properties in the market in which the Group operates, the attractiveness of the Group's properties to tenants, management style, competition from other available properties or defaults in payment of rents by tenants. The Group's income would be adversely affected if a significant number of tenants were unable to pay rent or its properties could not be rented out on favourable terms. Additionally, the Group's income will be affected if tenants seek to re-negotiate existing rents downwards.

For instance, since the outbreak of the novel coronavirus ("COVID-19") and due to governmental measures to prevent the spread of the virus including prohibition of group gathering, prolonged closures of certain public areas and business premises, many of the Group's tenants have seen a significant drop in customer volume. In turn, some of the Group's tenants may face difficulties in paying rental due to the sharp decline in their businesses. As such, the Group has implemented measures to alleviate the burden of its tenants, including offering rental assistance in the form of concession or deferment, lease restructuring plus targeted marketing and operational support. See also "*Risks Relating to Hong Kong and the PRC – Risks associated with outbreak of severe communicable diseases*" for more information.

In addition, profits from real estate investments may be affected by factors such as the cost of regulatory compliance, changes in laws and increased operating costs (including real estate taxes) and expenses, interest rate levels and the availability of financing. If the Group's properties do not generate revenues sufficient to meet operating expenses, debt service and capital expenditure, the Group's financial condition will be adversely affected. Capital expenditure and other expenses may be irregular since continuing repairs and maintenance involve significant, and potentially unpredictable, expenditure. Both the amount and timing of expenditure will have an impact on the cash flow of the Group. Certain significant expenditures associated with investments in real estate (such as insurance costs and operating and maintenance costs) may increase in circumstances which also cause a reduction in income from a property, which could have an adverse effect on the financial condition and results of operations of the Group.

Risks associated with the performance of its tenants and its financial condition

The Group is dependent to a significant degree on a limited number of tenants. The Group's financial condition and results of operations may be adversely affected by a downturn in the business of those tenants whose rents make up a material proportion of the Group's operating income, which may lead to such tenants deciding not to renew their leases or to terminate their leases before they expire (in cases where tenants have termination rights exercisable by written notice). In the event of a decline in financial condition of a tenant, such tenant may be unable to pay its rents and/or other charges. If tenants default, the Group is likely to experience delays and costs in enforcing its rights as lessor. Tenants experiencing financial difficulties may also request reduction in their leased space or rent. All such factors may lead to higher tenant turnover rates which would cause higher costs incurred in lease enforcement, loss of rental income arising from delinquent rent and vacant periods and increased costs in securing new tenants, which could adversely affect the financial condition and results of operations of the Group.

Risks of uninsured, under-insured or uninsurable losses

The Group is covered by insurance policies which cover fire, flood, other material damage to property and general liability under combined all risks material damage/business interruption and public liability insurance. While 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, there is no assurance that insurance against some or all of these risks will in the future continue to be available, or be available in amounts that are equal to the full market value or replacement cost of the insured assets. In addition, there can be no assurance that the particular risks which are currently insured will continue to be insurable on an economically feasible basis or at all.

Risks associated with the illiquidity of real estate investments

Real estate investments are relatively illiquid in nature. Such illiquidity may affect the Group's ability to speedily vary its investment portfolio or liquidate part of its assets in response to changes in economic, financial, real estate market or other conditions. Certain risk factors may affect the eventual liquidity of all investments of the Group according to its realisation strategy. For instance, the Group may be unable to liquidate its assets on short notice, or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets if it is under pressure for a quick sale. These factors could have an adverse effect on the Group's financial condition and results of operations. In addition, investment properties are not readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand or other factors. The conversion of investment properties to alternative uses would generally require substantial capital expenditures. In particular, the Group may be required to expend funds to maintain properties, correct defects or make improvements before an investment property can be sold. There is no assurance that the Group will have funds available for these purposes. These factors and any other factors that would impede the Group's ability to respond to adverse changes in the performance of its investment properties could affect its ability to retain tenants and to compete with other market participants, as well as affecting its results of operations.

Risks associated with latent building or equipment defects

If any of the Group's properties has design, construction or other latent property or equipment defects, it may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties. Costs or liabilities arising from such property or equipment defects may have a material adverse effect on the Group's earnings and cash flows.

Market competition

Hong Kong properties in the office, retail, residential and carpark sectors are highly competitive. New properties and facilities built in other districts of Hong Kong as well as in the vicinity of the Group's properties 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 the properties. 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, 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.

Risks associated with geographic and market concentration and general economic conditions

The Group derives its revenue and operating profits primarily from its Hong Kong property investment activities and is consequently dependent on the state of the Hong Kong property market. As the Group's property investment portfolio is concentrated in Causeway Bay, Hong Kong, a disaster affecting that area or changes in the political, economic and socio-economic environment of Hong Kong would have a greater impact on the Group than if its properties were more geographically diversified.

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. The Group's property interests in Hong Kong are affected by the strength or weakness of Hong Kong's economy. Hong Kong's gross domestic product in real terms decreased by 1.2 per cent. for 2019 as compared to 2018, according to the Hong Kong Census and Statistics Department. Since 2019, there was a decrease in inbound tourism to Hong Kong and consumer spending that cast an overall impact on the domestic economy. For the year ended 2019, the total visitor arrivals to Hong Kong had decreased by 14.2 per cent. as compared to the same period in 2018. In the first half of 2020, the total visitor arrivals to Hong Kong had decreased by 89.9 per cent. as compared to the same period in 2019. External economic conditions, such as the PRC economy and fluctuations in interest rates, could also adversely affect the commercial/retail property

market in Hong Kong. There can be no assurance that rent and property values will not decline, tightening of credit provided by banks will not increase, interest rates will not rise and the Hong Kong Government will not introduce further measures in the future. These factors could have an adverse effect on the economic condition of Hong Kong that may impact the Group's business, operating results and financial condition in Hong Kong.

On 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the European Union. On 29 March 2017, the United Kingdom's Prime Minister officially notified the European Union that the United Kingdom is leaving the European Union, triggering a two-year negotiation period. The June 2016 referendum created significant political, social and macroeconomic uncertainty which had a material adverse effect on global credit and financial markets.

On 17 October 2019, the United Kingdom and the European Union agreed a withdrawal agreement under which the United Kingdom exited the European Union on 31 January 2020, with plans to sign a free trade agreement before the transition period for the United Kingdom's exit from the European Union ends on 31 December 2020. The referendum and ongoing negotiations have created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the trade relationship (including, for example, tariffs and non-tariff barriers), and the laws and regulations that will apply as the United Kingdom determines which European Union derived laws to replace or replicate in the event of a withdrawal. The United Kingdom's exit from the European Union could have a material adverse effect on global economic conditions and the stability of global financial markets. The long-term impact of the United Kingdom's decision to leave the European Union is not known and there is considerable uncertainty as to the impact of the referendum on the general economic conditions in the United Kingdom or its wider impact in the European Union.

In addition, starting April 2018, there has been on-going trade tension between the PRC and the United States involving the mutual introduction of tariffs on certain imported products. Although the United States and the PRC entered into "phase one" of an economic and trade agreement in January 2020 as an initial step towards resolving the trade disputes between them, the effect of such an agreement and the amicable resolution of such a trade war remains elusive, and the lasting impact that any trade war may have on the global economy and the industries that the Group operates in remain uncertain. There remains considerable uncertainty as to the timeline and outcome of the trade negotiations between the United States and the PRC. Failure of trade negotiations between the United States and the PRC may have an adverse impact on the future economic development of the two countries. Further, unfavourable political, financial or economic environments, such as the recent escalation of geopolitical tensions, may have an adverse impact on investors' confidence and global financial markets.

There can be no assurance that the Hong Kong leasing market will not be affected by slow demand in light of uncertain global business conditions, or that any measures or actions taken by the PRC government with an aim to increasing investors' confidence in the PRC's economy in the PRC and elsewhere in the world will be effective. Other economic developments outside Hong Kong, including but not limited to currency movements in the Renminbi, the global credit and liquidity crisis and interest rate movements in the United States, could also adversely affect the property market in Hong Kong.

In the event of economic decline, the Group may experience market pressures that affect Hong Kong property companies, such as pressures from tenants or prospective tenants to provide rent reductions or other incentives. Rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation. New commercial and residential properties are scheduled for completion over the next few years and the additional supply of properties could also adversely affect commercial and residential rents and occupancy rates as well as sale price for new residential units. In addition, from time to time during economic downturns, the Group has experienced pressure from existing and prospective commercial tenants to provide rent reductions or longer rent-free periods than usually given. This has had an 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 and financial condition.

There is no assurance that the problems of oversupply, falling property prices and tightening of credit provided by lenders will not recur or that the recurrence of such problems with respect to the Hong Kong or PRC property markets will not adversely affect the business, financial condition and results of operations of the Group. Any slowdown in the economies of the United States, the European Union and certain Asian countries may adversely affect economic growth in Hong Kong, the PRC and in other jurisdictions.

Lease renewals

The leases that the Group has granted are typically three years for office leases and retail leases and two years for residential leases. Longer lease terms may be signed on a case-by-case basis. The rents charged are generally reviewed every two to three years and are 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.

Effects of property revaluations

In accordance with Hong Kong Financial Reporting Standards, the Group values its investment properties at every reporting 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 statement of profit or loss. The fair value of each of the Group's investment properties is likely to fluctuate with political, economic and market conditions and other risks factors in the future, and the Group's historic results, including the fair value gains, should not be regarded as an indicator of its future profit. There is no assurance that the fair value of the Group's investment properties will not decrease in the future. Any such decrease in the fair value of the Group's investment properties will reduce its profit.

In addition, the results of the Group are recorded in Hong Kong dollars but the Guarantor and its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies and may hold properties valued in other currencies, including Renminbi. Any currency fluctuations on translation of the accounts of the Guarantor, these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's performance.

PRC property market risks

The Group has an associate-level interest in the Shanghai Grand Gateway project, a multi-level retail complex, office tower and residential tower project in Shanghai, the PRC. The Group holds its interest through a joint venture entity, which may involve risks associated with the ability of the joint venture partners to fulfil their obligations under the joint venture and generally of having business interests and goals which are inconsistent with those of the Group.

The Group's interest in the Shanghai Grand Gateway project also subjects it to risks usually associated with property investment in the PRC. In the event of economic decline, the Group may experience market pressures that affect PRC property companies, such as pressures from tenants or prospective tenants to provide rent reductions. Rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation. Additional supply of new residential and office properties in the PRC is also scheduled for completion over the next few years and such additional supply may also adversely affect residential and office rents and occupancy rates. For example, the Group may experience pressure from existing and prospective commercial tenants to provide rent reductions or longer rent-free periods than usually given. This may have an impact on the Group's rental income from the Shanghai Grand Gateway project and therefore may have an adverse effect on the Group's business, operating results and financial condition.

Risks associated with the effect of global credit markets on the economy and of a global economic slowdown

Economic developments outside Hong Kong could also adversely affect the property market in Hong Kong and the Group's overall business. The outlook for the world economy and financial markets remains uncertain. Global financial markets have experienced, and continue to experience, uncertainty brought on by various political events such as Brexit and monetary policies among the world's major economies, which may prompt a new round of volatility in capital flows. The Chinese economy has also experienced a slowdown in overall economic growth, which has led to reduced economic activity. It is uncertain whether various macroeconomic measures and monetary policies adopted by the Chinese government will be effective in sustaining the growth rate of the Chinese economy. Sustained tension between the United States and the PRC over trade policies could significantly undermine the stability of the global economy.

In addition, the tightening of liquidity in global financial markets coupled with the withdrawal or potential withdrawal of existing monetary and fiscal stimuli measures put in place by various governments, such as austerity measures undertaken to reduce public spending, have in recent years affected the availability of credit and led to an increase in the cost of financing. In the United States, the Federal Open Market Committee ("FOMC") reduced the target federal funds rate by 50 basis points to 1.00% – 1.25 % on 3 March 2020. Subsequently on 16 March 2020, the FOMC further reduced the target federal funds rate by an additional 100 basis points to 0.00% – 0.25%. These reductions in interest rates may result in continued significant volatility in global capital markets. There is uncertainty as to the pace of future interest rates cuts, which would have a material impact on global borrowing costs. The Group may face difficulty in 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. The Group may also be subject to solvency risks of its banks and of its counterparties in its financial investments and arrangements. These may have a material adverse impact on the operations of the Group.

Risks Relating to Hong Kong and the PRC

Risks associated with the political, economic and socio-economic situation in Hong Kong and the PRC may adversely affect the Group's business, financial condition or the results of its operations

On 1 July 1997, Hong Kong became a Special Administrative Region of the PRC. Although Hong Kong has thus far enjoyed a relatively high degree of legislative, judicial and economic autonomy since the handover, there can be no assurance that there will not be a change in political or regulatory oversight as a consequence of the exercise of the PRC's sovereignty over Hong Kong or, should such change occur, that the Group's business, financial condition and the results of its operations will not be adversely affected.

The Group's revenue is mainly generated from its operations in Hong Kong, especially Causeway Bay which has traditionally been a popular shopping area for both the local population and tourists. Future political or economic instability or a sustained slowdown in domestic economic activities, especially in relation to property and tourism, will adversely affect the Group's business if it leads to an increase in defaults of tenants and lower rental income. Moreover, civil unrest and an uncertain political environment may decrease consumer spending and affect inbound tourism to Hong Kong, which in turn may have a negative impact on the Hong Kong economy and result in an economic slowdown. In September 2014, a civil disobedience campaign was launched, known as the "Occupy Central" movement, in Hong Kong, resulting in closure of main roads in various parts of Hong Kong Island (including Causeway Bay) and Kowloon and had a short-term adverse impact on some retailers in the affected areas. In February 2016, a protest to crackdown on illegal street food hawkers in the Mong Kok district, escalated into violence and was classified by the Hong Kong government as a riot. Throughout 2019 and in May 2020, there were protests and disruption to businesses and transportation in various parts of Hong Kong (including Causeway Bay). Civil unrest is outside the control of the Group and there can be no assurance that further large-scale protests will not

occur in the future or as to the authorities' reactions to any such protests if they recur and the effect on the stability of the political, economic and socio-economic conditions in the region.

On 30 June 2020, the Standing Committee of the National People's Congress of the PRC passed the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (the "**Hong Kong National Security Law**"), which took effect on 30 June 2020. The Hong Kong government stated in a press release that the purposes of the Hong Kong National Security Law are to, amongst others, prevent, curb and punish specific crimes threatening national security, maintain prosperity and stability of Hong Kong and protect the lawful rights and interests of Hong Kong residents. On 14 July 2020, the President of the U.S. signed into law the Hong Kong Autonomy Act (the "**Autonomy Act**"), which authorises the President of the U.S. to impose sanctions on non-U.S. persons, entities, and financial institutions relating to the situation in Hong Kong. On the same day, the President of the U.S. issued Executive Order 13936, The President's Executive Order on Hong Kong Normalization ("**EO 13936**"). Under EO 13936, amongst other things, existing license exceptions and preferential status for Hong Kong under relevant U.S. export control laws and regulations are revoked. At this stage, it is difficult to predict whether any trade restrictions and sanction will adversely affect the Group's business, financial condition and results of operations. Certain other foreign governments and organisations have also taken actions in response to or expressed concern regarding the enactment of the Hong Kong National Security Law and there is a risk that actions that have or may be taken will have a detrimental effect, either directly or indirectly, on Hong Kong and therefore, to the Group. There can be no assurance that the political and legal environment in the Hong Kong will remain favourable to the Group's business in future.

In addition, although the Hong Kong dollar has been linked to the U.S. dollar since 1983, there can be no assurance that such linkage will be maintained in the future. Any discontinuation of the link could adversely impact the Hong Kong economy and entail adverse consequences for the Group's business.

Risks associated with outbreak of severe communicable diseases

In 2003, the Severe Acute Respiratory Syndrome ("**SARS**") that began in the PRC and Hong Kong 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.

There have been sporadic outbreaks of the H5N1 virus or the "Avian Influenza A" among birds and poultry and, in some isolated cases, transmission of Avian Influenza A virus from animals to human beings, as well as outbreaks among humans of the influenza A/H1N1 virus globally. In 2014, West Africa experienced the largest outbreak of the Ebola virus disease ("**Ebola**") to date, putting Hong Kong and many other countries globally on high alert for the Ebola virus, which is highly contagious and has a high risk of death. Middle East Respiratory Syndrome ("**MERS**"), a viral respiratory illness which was first reported in Saudi Arabia in 2012, has since spread to other countries and in 2015, an outbreak of MERS was reported in South Korea. In 2016, countries in South East Asia such as Thailand, Singapore, Malaysia and the Philippines reported cases of Zika, a virus which is primarily transmitted to people through the bite of an infected mosquito. There is no assurance that such outbreaks would not develop into epidemics that have adverse impact on the economies of countries within the region. The Group's business could be adversely affected by the effects of such epidemics or outbreaks.

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

Since December 2019, the outbreak of COVID-19 has resulted in a widespread and global health crisis, restrictions on travel and public transport and prolonged closures of workplaces. Such outbreak affects investment sentiment and

results in sporadic volatility in global capital markets and oil prices. It has caused stock markets worldwide to lose significant value and has impacted economic activity worldwide. A number of governments have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, recession or depression despite monetary and fiscal interventions by governments and central banks globally. Any material change in the financial markets or global economy as a result of these events and development may disrupt the Group's business operations and consequently have an adverse effect on its financial condition and operating results.

Concerns about the outbreak and rapid spread of such contagious diseases, including COVID-19, have caused governments to take measures to prevent the spread of the virus. The outbreak of communicable diseases on a global scale has caused significant disruption to economies around the world, and in particular to the travel, tourism, hotel and retail segments, resulting in sporadic volatility in global capital markets. The outbreak of COVID-19 has resulted in restrictions on travel and transportation as well as prolonged closures of workplaces, businesses, schools and certain public areas, all of which could have a material adverse effect on the Group's business operations, financial condition and operating results. As more travel restrictions are imposed, both locally and in terms of border-crossings, and with employees being asked to work from home and citizens being advised to stay at home as much as possible, traffic volumes may be adversely affected, which may in turn result in lower revenues for the Group's various businesses, including retail, office and residential businesses. Demand for food and beverages and catering services also dropped as citizens avoided going to restaurants, shopping malls and other public places. Some of the Group's retail tenants are experiencing a sharp decline in sales due to severely dented local consumption demand and limited inbound tourism. There is no assurance how long such travel and transportation restrictions or advisories may be in place or whether traffic volumes will return to pre-epidemic levels even after such restrictions or advisories are lifted. Additionally, governments are taking unprecedented action to prevent the spread of COVID-19 and such current or future government action could have a material adverse effect on the Group's business operations, financial condition and results of operations. Additionally, if any of the Group's tenants is infected by COVID-19, the Group may be required to carry out disinfection of all affected areas or to close the affected areas or properties for a short period of time, which could have an adverse effect on the Group's business operations. For instance, in response to confirmed cases of COVID-19 infection in Lee Garden One in April 2020 and July 2020, the Group carried out measures such as disinfection of common areas, the air-conditioning system and all lift cars and escalators to safeguard the health of its customers, tenants and staff. Furthermore, if any of the Group's employees or the Group's contractors' employees are identified as a possible source of spreading COVID-19, the Group may be required to quarantine employees that are suspected of being infected, or the Group's contractors may be required to quarantine employees that are suspected of being infected, as well as others that have come into contact with those employees which could have an adverse effect on the Group's business operations.

Furthermore, COVID-19 has produced a significant negative impact on the level of global economic activity, which has resulted in a substantial decline in demand for hydrocarbons. Since the COVID-19 outbreak, this weakening demand for hydrocarbons has led to a steep decline in oil prices. In April 2020, the West Texas Intermediate crude oil prices dropped below zero for the first time in history due to decreased demand and limited available storage capacity in the United States. Further, disagreement between Saudi Arabia and Russia on daily production output of crude oil has led to a significant decline in global crude oil prices. Although the situation with COVID-19 has already started normalising in some countries or regions with respective recovery in demand for hydrocarbons, the exact scale and duration of its negative impact globally remains uncertain. Such incidents could cause volatility to global

capital markets, which could have an adverse effect on the global and local economic environment in which the Group operates.

As a result, the global economy is facing significant uncertainties and the global financial markets are experiencing significant volatilities, which may have an adverse impact on the Group's business, financial condition, operating results and outlook.

There can be no assurance that a more severe outbreak of COVID-19 will not continue in Hong Kong or the PRC, or that there will not be another significant outbreak of a highly contagious disease in Hong Kong or the PRC in the future. A prolonged outbreak of an adverse public health development in Hong Kong or elsewhere in the world may materially and adversely affect the Group's business, financial condition and results of operations.

Risks associated with regulatory changes in Hong Kong

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 (the "**Vacancy Tax Bill**"). On 23 June 2020, the Legislative Council decided to discontinue its scrutiny work on the Vacancy Tax Bill and did not proceed to implementing such bill. The Hong Kong government announced that it might consider the re-introduction of the Vacancy Tax Bill in the next term of the Legislative Council should market circumstances require. If the Vacancy Tax Bill is re-introduced and implemented, the Vacancy Tax may present a financial burden to the Group, in particular, in respect of the residential development project in Tai Po, which may have an adverse effect on its business, operating results and financial condition.

Risks associated with the Group failing to recruit and retain skilled personnel

The Group's performance depends, in part, upon the service and performance of certain executive officers and key employees of the Group, as well as its ability to hire, train and retain qualified employees to undertake day-to-day operations. There has been greater competition for skilled personnel with relevant industry expertise and front-line staff has on occasion been in short supply. Any shortages in the future may increase competition for such personnel and hence staff turnover and/or employment costs incurred may increase. Any inability by the Group to recruit and retain skilled employees necessary for its operations, or the inability to replace such individuals with similarly qualified personnel, may limit the Group's capabilities and result in a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

See also "*Risks Relating to Investments in Real Estate – General risks relating to real estate investment, development, and management*" for further information on risks relating to labour shortages and their impact on the Group's ongoing refurbishment and/or re-development projects.

Risks Relating to the Securities and the Guarantee of the Securities

The Issuer has no material assets and relies on the Guarantor to make payments under the Securities

The Issuer, a wholly-owned subsidiary of the Guarantor, was established specifically for the purpose of raising finance for the Group and will on-lend the net proceeds from the offering of the Securities to the Guarantor and/or any other members of the Group which will be used for general corporate purposes. The Issuer does not and will not have any business activities (other than the issue of debt securities) nor any material assets (other than amounts due to it from the Guarantor and/or any other member of the Group in respect of such on-loan). The Issuer's ability to make payments under the Securities will depend on its receipt of timely remittance of and availability of funds from

the Guarantor and/or its subsidiaries and other members of the Group. In the event that the Guarantor and/or its subsidiaries and other members of the Group do not make payments due to lack of available cash flows or other factors, the Issuer's ability to make payments under the Securities could be adversely affected.

Holding company structure

The Guarantor is a holding company that operates through subsidiaries and investments. As a result, the Guarantor's obligations under the Guarantee of the Securities will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and associated companies. All claims of creditors of these subsidiaries and associated companies, including trade creditors, lenders and all other creditors, will have priority as to the assets of such entities over claims of the Guarantor and its creditors, including holders of the Securities as beneficiaries of the Guarantee of the Securities.

As it is principally a holding company with limited operations of its own, the Guarantor will depend, to a significant extent, upon the receipt of dividends from its subsidiaries and associated companies to meet its overhead expenses and to make payments with respect to its obligations, including its obligations under the Guarantee of the Securities, and in order to provide funds to its subsidiaries and associated companies. The ability of subsidiaries and associated companies of the Guarantor to pay dividends to their shareholders (including the Guarantor) is subject to the performance and cash flow requirements of such subsidiaries and associated companies and to applicable law and restrictions contained in debt instruments of such subsidiaries and associated companies, if any. No assurance can be given that the Guarantor will have sufficient cash flow from dividends to satisfy its obligations, including the obligations under the Guarantee of the Securities or otherwise to enable the Issuer to make payments under the Securities, or that its subsidiaries and associated companies will pay dividends at all.

The Securities are perpetual securities and investors have no right to require redemption

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

There is no mechanism for any adjustment to the Distribution Rate of the Securities

The Distribution Rate applicable to the Securities is 4.85 per cent. per annum as described in "*Terms and Conditions of the Securities*"). The Distribution Rate of the Securities will not be reset automatically after a certain date, nor will it be subject to any step up or contain any incentive for the Issuer to redeem. In addition, the Distribution Rate of the Securities is not linked to any credit rating of the Issuer or the Guarantor, and will not be adjusted according to changes in the credit rating of the Issuer or the Guarantor in the future. Investors should consider whether the Distribution Rate of the Securities aligns with the investment objectives of the investor.

The Issuer and the Guarantor may raise other capital which affects the price of the Securities

The Issuer and/or the Guarantor may raise additional capital through the issue of further securities (see "*Terms and Conditions of the Securities – Further Issues*"), other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer and the Guarantor may issue or incur and which rank senior to, or *pari passu* with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on a Winding-Up (as defined in "*Terms and Conditions of the Securities*") of the Issuer and/or the Guarantor and/or may increase the likelihood of a deferral of Distribution under the Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Securities and/or the ability of Holders of the Securities to sell their Securities.

Holders of the Securities will not receive Distribution payments if the Issuer validly elects to defer Distribution payments

The Issuer may, at its sole discretion, elect to defer Distribution (in whole or in part) which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving to the Holders not more than 10 Business Days' (as defined in "Terms and Conditions of the Securities") nor less than five Business Days' notice prior to a scheduled Distribution Payment Date; unless a Compulsory Distribution Payment Event (as defined in "Terms and Conditions of the Securities") has occurred.

Each of the Issuer and the Guarantor is subject to certain restrictions in relation to the payment of dividends and/or other distributions or payments on its Junior Securities or (except on a pro rata basis) its Parity Securities (as described in the "Terms and Conditions of the Securities") and the redemption and repurchase of its Junior Securities or Parity Securities until all outstanding Arrears of Distribution and Additional Distribution Amounts are satisfied in full. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred pursuant to the Terms and Conditions of the Securities subject to compliance with the foregoing restrictions. Although Distributions are cumulative, the Issuer may defer its payment for an indefinite period of time by delivering the relevant deferral notices to the Holders of the Securities, and Holders of the Securities have no rights to claim any Distribution, Arrears of Distribution or Additional Distribution Amount if there is such a deferral.

Any deferral of Distribution will likely have an adverse effect on the market price of the Securities. In addition, as a result of the Distribution deferral provision in the Terms and Conditions of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or distribution accrues that are not subject to such deferrals.

The Securities may be redeemed at the Issuer's option on the Distribution Payment Date falling in August 2023 or on any Business Day thereafter or on the occurrence of certain other events

The Terms and Conditions of the Securities provide that the Issuer may redeem the Securities in whole, but not in part, on the Distribution Payment Date falling in August 2023 or on any Business Day thereafter (each, a "Call Settlement Date") at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution (as defined in "Terms and Conditions of the Securities") and any Additional Distribution Amount (as defined in "Terms and Conditions of the Securities").

The Terms and Conditions of the Securities also provide that:

- The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, 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 18 August 2020, the Issuer or the Guarantor has or would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) in respect of the Securities or the Guarantee of the Securities.
- The Securities may be redeemed at the option of the Issuer in whole, but not in part, on the Issuer's giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Settlement Date at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amount)), if, immediately before the giving of such notice, the aggregate principal amount of the Securities outstanding is less than 25 per cent. of the aggregate principal amount originally issued.

- The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, a change or amendment to, or a change or amendment to any interpretation of, the Relevant Accounting Standard has occurred or will occur, which change or amendment results or will result in the Securities and/or the Guarantee of the Securities, in whole or in part, not being permitted to be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard.

The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual Holders of the Securities. This may be disadvantageous to Holders of the Securities in light of market conditions or the individual circumstances of the Holder of Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Securities.

There are limited remedies for default under the Securities and the Guarantee of the Securities

Any scheduled Distribution will not be due if the Issuer has elected to, or is required to, defer that Distribution pursuant to the Terms and Conditions of the Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings is limited to circumstances where payment has become due and the Issuer (failing which, the Guarantor) fails to make the payment when due and such failure continues for a period of 10 days or more after the date on which such payment is due. The only remedy against the Issuer and the Guarantor available to any Holder of the Securities, for recovery of amounts in respect of the Securities or the Guarantee of the Securities following the occurrence of a payment default under the Securities (in the case of the Issuer) or the Guarantee of the Securities (in the case of the Guarantor) will be instituting proceedings for the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or proving in such Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or claiming in the liquidation of the Issuer, the Guarantor or both of them (as applicable) in respect of any payment obligations of the Issuer under the Securities and/or the Guarantor under the Guarantee of the Securities.

The Securities contain provisions regarding modification, waivers and substitution which may affect the rights of holders of the Securities

The Terms and Conditions of the Securities contain provisions for calling meetings of Holders of the Securities to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders of the Securities, including Holders of the Securities who did not attend and vote at the relevant meeting and Holders of the Securities who voted in a manner contrary to the majority. In addition, a resolution in writing signed by or on behalf of the Holders of the Securities of not less than 90 per cent. of the aggregate principal amount of Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders of the Securities duly convened and held.

The Terms and Conditions of the Securities also provide that the Terms and Conditions of the Securities, the Deed of Covenant, the Agency Agreement and the Deed of Guarantee may be amended without the consent of the Holders of the Securities to correct a manifest error. Any such modification shall be binding on the Holders of the Securities.

The Terms and Conditions of the Securities also provide that if a Special Event (as defined in "*Terms and Conditions of the Securities*") has occurred and is continuing, then the Issuer may, without the consent of Holders, subject to the receipt by the Fiscal Agent of the certificate of the directors of the Guarantor certifying that the provisions of Condition 12(c) (*Meetings of Holders; Modification – Substitution or Variation*) of the Terms and Conditions of the Securities have been complied with and giving not less than 30 days' nor more than 60 days' irrevocable notice to the Fiscal Agent and, in accordance with Condition 14 (*Notices*) of the Terms and Conditions of the Securities, the Holders (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the

effect that they remain or become (as the case may be), Qualifying Securities (as defined in “*Terms and Conditions of the Securities*”).

Certain initial investors or a single initial investor may purchase a significant portion of the Securities and may potentially be able to exercise certain rights and powers on their own

Certain initial investors or a single initial investor may purchase a significant portion of the aggregate principal amount of the Securities. Any Holder of a significant percentage of the aggregate principal amount of the Securities will be able to exercise certain rights and powers and will have significant influence on matters voted on by Holders. For example, Holders of one more than half (or at adjourned meetings no minimum per cent.) of the aggregate principal amount of the outstanding Securities would form quorum for the purposes of passing an Extraordinary Resolution (other than one relating to a Reserved Matter (as defined in “*Terms and Conditions of the Securities*”)), while Holders of not less than three quarters (or at adjourned meetings not less than one quarter) of the aggregate principal amount of the outstanding Securities would form quorum for the purposes of voting on Reserved Matters.

In addition, as the passing of Extraordinary Resolutions at meetings of Holders requires a majority of not less than 75 per cent. of the votes cast, any holder of a significant percentage of the Securities, even if less than a majority, will on its own be able to take certain actions that would be binding on all Holders. For example, holders of more than 25 per cent. of the principal amount of Securities represented at a meeting of Holders would be able to block the passing of Extraordinary Resolutions.

Additionally, the existence of any such significant Holder may reduce the liquidity of the Securities in the secondary trading market.

Changes in accounting standards may impact the Guarantor’s financial condition or the characterisation of the Securities, which may result in the occurrence of an Accounting Event

The HKICPA is continuing its policy of issuing HKFRS and interpretations which fully converge with IFRS. HKICPA has issued and may in the future issue more new and revised standards and interpretations, including those required to conform with standards and interpretations issued from time to time by the IASB. Such factors may require adoption of new accounting policies.

In June 2018, the IASB published the discussion paper DP/2018/1 on “Financial Instruments with Characteristics of Equity” (the “**DP/2018/1 Paper**”). If the 34 proposals set out in the DP/2018/1 Paper are implemented, the current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change and, if similar changes are also implemented on HKFRS, this may result in the occurrence of an Accounting Event.

There can be no assurance that the adoption of new accounting policies or new HKFRS will not have a significant impact on the Guarantor’s financial condition and results of operations. Any change or amendment to, or any change or amendment to any interpretation of, HKFRS may result in the reclassification of the Securities such that the Securities, in whole or in part, are not permitted to be recorded as “equity” of the Guarantor, and will give the Issuer the right to elect to redeem the Securities. See “– *The Securities may be redeemed at the Issuer’s option on the Distribution Payment Date falling in August 2023 or on any Business Day thereafter or on the occurrence of certain other events*”.

The insolvency laws of Hong Kong and the British Virgin Islands may differ from those of another jurisdiction with which the Holders are familiar

As the Guarantor is incorporated under the laws of Hong Kong and the Issuer is incorporated in the British Virgin Islands, any insolvency proceeding relating to the Guarantor or the Issuer would likely involve Hong Kong or British Virgin Islands insolvency laws, respectively; the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Holders are familiar. There can be no assurance that any deferred distributions would constitute a claim under applicable insolvency laws of Hong

Kong or the British Virgin Islands with the same ranking as would be afforded to such deferred distributions in other jurisdictions.

The Securities may not be a suitable investment for all investors

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

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

The Securities are complex investment securities. Sophisticated institutional investors generally do not purchase complex investment securities as stand-alone investments. They purchase complex investment securities 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 the Securities unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Majority interests in meetings of holders of the Securities

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

The Securities will be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s)

The Securities will be represented by a Global Certificate. Such Global Certificate will be deposited with a common depository for Euroclear and Clearstream (each of Euroclear and Clearstream, a "**Clearing System**"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive the Securities. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Certificate. While the Securities are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Securities are represented by a Global Certificate, the Issuer or, failing which, the Guarantor will discharge its payment obligations under the Securities by making payments to the relevant Clearing System for distribution to its account holders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the Securities. 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 Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Securities. 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.

An active trading market may not develop for the Securities, and there are restrictions on the resale of the Securities

The Securities are a new issue of securities with no established trading market. The Joint Lead Managers are not obligated to make a market in the Securities and may discontinue their market-making activities at any time at their discretion without notice. In addition, the liquidity of the trading market in the Securities, and the market price quoted for the Securities, may be adversely affected by changes in the overall market for securities and by changes in the Group's financial performance or prospects of companies in its industry in general. As a result, there can be no assurance that an active trading market will develop or be maintained for the Securities. If a market for the Securities does not develop or is not maintained, the market price and liquidity of the Securities may be adversely affected. In addition, if the Securities are allocated to a limited group of investors, and a limited number of investors hold a significant proportion of the Securities, liquidity will be restricted and the development of a liquid trading market for the Securities will be affected.

In addition, the Securities are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Securities in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. Please see the section entitled "Subscription and Sale".

The liquidity and price of the Securities following the offering may be volatile

If an active trading market for the Securities were to develop, the price and trading volume of the Securities may be highly volatile. The Securities may trade at prices that are higher or lower than the price at which the Securities have been issued. The price at which the Securities trade depends on many factors, including:

- prevailing interest rates and interest rate volatility;
- the Group's results of operations, financial condition and future prospects;
- changes in the real property industry and competition;
- the market conditions for similar securities; and
- general economic conditions.

Any such developments may result in large and sudden changes in the trading volume and price of the Securities. There can be no assurance that these developments will not occur in the future.

The ratings assigned to the Securities may be lowered or withdrawn in the future.

The Securities are expected to be assigned a rating of "A3" by Moody's. The ratings address the Issuer's and the Guarantor's ability to perform their respective obligations under the Terms and Conditions of the Securities and credit risks in determining the likelihood that payments will be made when due under the Securities. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. There can be no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgement circumstances in the future so warrant. Neither the Issuer nor the Guarantor has any obligation to inform Holders of any such revision, downgrade or withdrawal. A

suspension, reduction or withdrawal at any time of the rating assigned to the Securities may adversely affect the market price of the Securities.

Certain facts and statistics are derived from publications not independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Agents or their respective advisers

Market data and certain information and statistics relating to the real property industry and the Guarantor's affiliated entities are derived from both public and private sources, including market research, publicly available information and industry publications. While the Issuer and the Guarantor have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Agents or their respective advisers and, therefore, neither the Issuer nor the Guarantor makes representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside Hong Kong. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

TERMS AND CONDITIONS OF THE SECURITIES

The U.S.\$300,000,000 4.85 per cent. senior guaranteed perpetual capital securities (the “**Securities**”, which expression includes any further securities issued pursuant to Condition 13 (*Further Issues*) and forming a single series therewith) of Elect Global Investments Limited (the “**Issuer**”) are constituted by a deed of covenant dated on or about 25 August 2020 (as amended or supplemented from time to time, the “**Deed of Covenant**”) entered into by the Issuer and are the subject of (a) a deed of guarantee dated on or about 25 August 2020 (as amended and supplemented from time to time, the “**Deed of Guarantee**”) entered into by Hysan Development Company Limited (the “**Guarantor**”) and (b) a fiscal agency agreement dated on or about 25 August 2020 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, Deutsche Bank AG, Hong Kong Branch as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Securities), Deutsche Bank AG, Hong Kong Branch as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Securities) and calculation agent (the “**Calculation Agent**”, which expression shall include its calculation agent appointed from time to time in connection with the Securities), the transfer agent named therein (the “**Transfer Agent**”, which expression includes any successor or additional transfer agent appointed from time to time in connection with the Securities) and 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 Securities). References herein to the “**Agents**” are to the Registrar, the Fiscal Agent, the Transfer Agent, the Calculation Agent and the Paying Agents and any reference to an “**Agent**” is to any one of them. Certain provisions of these terms and conditions (the “**Conditions**”) are summaries of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and subject to their detailed provisions. The Holders (as defined in Condition 3(a) (*Register, Title and Transfers – Register*)) 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 Holders with prior written notice during normal business hours at the principal office for the time being of the Fiscal Agent, being at the date hereof Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form and Denomination

The Securities are in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).

2. Status of the Securities and the Guarantee of the Securities

- (a) *Status of the Securities:* The Securities constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and, at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (including Parity Securities (as defined in Condition 4(c)(viii) (*Distribution – Distribution Deferral – Definitions*))), save for such mandatory exceptions as may be provided for under applicable law.
- (b) *Guarantee of the Securities; Status of the Guarantee of the Securities:* The Guarantor has, in the Deed of Guarantee, unconditionally and irrevocably guaranteed the due and punctual payment of all sums payable by the Issuer in respect of the Securities. This guarantee (the “**Guarantee of the Securities**”) constitutes a direct, unsecured, unconditional and unsubordinated obligation of the Guarantor which ranks *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor (including Parity Securities), save for such mandatory exceptions as may be provided for under applicable law.

3. Register, Title and Transfers

- (a) *Register:* The Registrar will maintain a register (the “**Register**”) in respect of the Securities outside the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (each, a “**Certificate**”) will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Title:* The Holder of each Security shall (except as otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.
- (c) *Transfers:* Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Security may be transferred upon surrender of the relevant 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 Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are Authorised Denominations. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor.
- (d) *Registration and delivery of Certificates:* Within five business days of the surrender of a Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Securities 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, excluding a Saturday and a Sunday, 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.
- (e) *No charge:* The transfer of a Security will be effected without charge by or on behalf of the Issuer, 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.
- (f) *Closed periods:* Holders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or Distribution (as defined in Condition 4(a) (*Distribution – Accrual of Distribution*)) in respect of the Securities.
- (g) *Regulations concerning transfers and registration:* All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The parties to the Agency Agreement may agree, without the consent of

the Holders, to any modifications to any provisions thereof (including the regulations concerning the transfer of Securities). A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

4. **Distribution**

(a) *Accrual of Distribution:*

Subject to Condition 4(c) (*Distribution – Distribution Deferral*), the Securities confer a right to receive distribution (each a “**Distribution**”) from 25 August 2020 (the “**Issue Date**”) at the Distribution Rate in accordance with this Condition 4. Subject to Condition 4(c) (*Distribution – Distribution Deferral*), Distribution shall be payable on the Securities semi-annually in arrear on 25 February and 25 August of each year (each, a “**Distribution Payment Date**”), with the first Distribution Payment Date falling on 25 February 2021.

If a Distribution is required to be paid in respect of a Security on any date other than a Distribution Payment Date, it shall be calculated by applying the Distribution Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Security divided by the Calculation Amount, where “**Calculation Amount**” means U.S.\$1,000 and “**Day Count Fraction**” means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

Unless otherwise provided for in these Conditions, each Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused. In such latter event, Distribution will continue to accrue at the Distribution Rate (after as well as before any judgment) up to but excluding whichever is the earlier of (a) the date on which all sums due in respect of any Security are received by or on behalf of the relevant Holder and (b) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Securities up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Holders under these Conditions).

Distribution payable under this Condition will be paid in accordance with Condition 6 (*Payments*).

(b) *Rate of Distribution:*

The rate of distribution (“**Distribution Rate**”) applicable to the Securities shall be 4.85 per cent. per annum.

(c) *Distribution Deferral:*

(i) *Optional Deferral:*

The Issuer may, at its sole discretion, elect to defer Distribution (in whole or in part) which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an “**Optional Deferral Notice**”) to the Holders (in accordance with Condition 14 (*Notices*)) not more than 10 Business Days nor less than five Business Days prior to a scheduled Distribution Payment Date; unless a Compulsory Distribution Payment Event has occurred (an “**Optional Deferral Event**”). Any partial payment of outstanding Distributions (including any Arrears of Distribution

and any Additional Distribution Amount) by the Issuer shall be shared by the Holders of all outstanding Securities on a pro rata basis.

- (ii) *No obligation to pay:* The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 4(c)(i) (*Distribution – Distribution Deferral – Optional Deferral*) and any such failure to pay Distribution shall not constitute a default of the Issuer in respect of the Securities or of the Guarantor in respect of the Guarantee of the Securities.
- (iii) *Requirements as to Notice:* Each Optional Deferral Notice shall be accompanied by a certificate in the form scheduled to the Agency Agreement signed by an authorised signatory of the Guarantor confirming that no Compulsory Distribution Payment Event has occurred.
- (iv) *Cumulative Deferral:* Any Distribution deferred pursuant to this Condition 4(c) shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(c) except that Condition 4(c)(v) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

Each amount of Arrears of Distribution shall bear distribution as if it constituted the principal of the Securities at the Distribution Rate and the amount of such distribution (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

- (v) *Restrictions in the case of Deferral:* If on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full by reason of this Condition 4(c), the Issuer and the Guarantor shall not:
 - (A) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of its Junior Securities or (except on a pro rata basis) its Parity Securities, provided that such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or
 - (B) redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities, provided that such restriction shall not apply to an exchange of any Parity Securities in whole for Junior Securities or a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants,

unless and until: (i) the Issuer or the Guarantor has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amounts; or (ii) permitted to do so by an Extraordinary Resolution (as defined in the Agency Agreement) of the Holders.

(vi) *Satisfaction of Arrears of Distribution and Additional Distribution Amounts by payment:*
The Issuer:

(A) may satisfy any Arrears of Distribution and any Additional Distribution Amount (in whole or in part) at any time by giving notice of such election to the Holders (in accordance with Condition 14 (*Notices*)) and the Fiscal Agent not more than 20 Business Days nor less than 10 Business Days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution and all Additional Distribution Amounts on the payment date specified in such notice); and

(B) in any event must satisfy any outstanding Arrears of Distribution and any Additional Distribution Amount (in whole but not in part) on the earlier of (1) the date of redemption of the Securities in accordance with Condition 5(b) (*Redemption and Purchase – Redemption for tax reasons*), 5(c) (*Redemption and Purchase – Redemption for accounting reasons*), 5(d) (*Redemption and Purchase – Redemption at the option of the Issuer*) or 5(e) (*Redemption and Purchase – Redemption in the case of Minimal Outstanding Amount*); (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(c)(v) (*Distribution – Restrictions in the case of Deferral*); (3) the date such amount becomes due under Condition 8 (*Non-payment*) and (4) the date of any substitution or variation in accordance with Condition 12(c) (*Substitution or Variation*).

Any partial payment of outstanding Arrears of Distribution and any Additional Distribution Amount by the Issuer shall be shared by the Holders of all outstanding Securities on a pro rata basis.

(vii) *No default:* Notwithstanding any other provision in these Conditions, the deferral of any Distribution payment in accordance with this Condition 4(c) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 8 (*Non-payment*)) on the part of the Issuer or the Guarantor.

(viii) *Definitions:* For the purposes of these Conditions:

“**Business Day**” means any day, excluding a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in Hong Kong and New York;

“**Compulsory Distribution Payment Event**” means circumstances in which during the three months ending on the day before the relevant scheduled Distribution Payment Date a dividend, distribution or other payment has been paid or declared by the Guarantor on or in respect of its Junior Securities or its Parity Securities (except (i) in relation to Parity Securities of the Guarantor, on a pro rata basis, or (ii) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants);

“**HKFRS**” means Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

“**Junior Security**” means, in relation to the Issuer or the Guarantor, as the case may be, (i) any class of its share capital (including preference shares) qualifying as equity under HKFRS, (ii) any instrument or security issued or entered into by or other obligation of the Issuer or the Guarantor which ranks, or is expressed to rank, junior to the Issuer’s obligations under the Securities or the Guarantor’s obligations under the Guarantee of the Securities, and (iii) any security or other obligation guaranteed by the Issuer or the Guarantor where the Issuer’s or the Guarantor’s obligations under the relevant guarantee rank or are expressed to rank junior to the Issuer’s obligations under the Securities or the Guarantor’s obligations under the Guarantee of the Securities; and

“**Parity Security**” means, in relation to the Issuer or the Guarantor, as the case may be, any instrument or security issued, entered into or guaranteed by the Issuer or the Guarantor (i) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Securities (in the case of the Issuer) or the Guarantee of the Securities (in the case of the Guarantor) and (ii) for the purposes of Condition 4(c)(i) and Condition 4(c)(v) only, the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer or, as the case may be, the Guarantor.

5. Redemption and Purchase

- (a) *No fixed redemption date*: The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2 (*Status of the Securities and the Guarantee of the Securities*) and without prejudice to Condition 8 (*Non-payment*)), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.
- (b) *Redemption for tax reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if:
 - (i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 August 2020; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
 - (ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Securities) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Securities, as the case may be, 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 18 August 2020 and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

(each a “**Gross-Up Event**”);

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Securities were then due or (as the case may be) a demand under the Guarantee of the Securities were then made.

Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Guarantor shall deliver or procure that there is delivered to the Fiscal Agent:

- (A) a certificate, signed by one director of the Issuer, stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two directors of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and
- (B) an opinion of independent legal advisers 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, provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(b).

- (c) *Redemption for accounting reasons:* The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, a change or amendment to, or a change or amendment to any interpretation of, HKFRS or any other accounting standards that may replace HKFRS for the purposes of the consolidated financial statements of the Guarantor (the “**Relevant Accounting Standard**”), has occurred or will occur, which change or amendment results or will result in the Securities and/or the Guarantee of the Securities, in whole or in part, not being permitted to be recorded as “equity” of the Guarantor pursuant to the Relevant Accounting Standard (an “**Accounting Event**”).

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Guarantor shall deliver or procure that there is delivered to the Fiscal Agent:

- (A) a certificate, signed by two directors of the Guarantor, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) an opinion of the Guarantor’s independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect, provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

The period during which the Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event shall start on the date on which the change in the Relevant Accounting Standard (the “**Change**”) is officially adopted. For the avoidance of doubt such period shall include any transitional period between the date on which the Change is officially adopted and the date on which it comes into effect.

Upon the expiry of any such notice as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(c) provided that such date for redemption shall be no earlier than the last day before the date on which the Securities and/or the Guarantee of the Securities must not or must no longer be so recorded as “equity” of the Guarantor pursuant to the Relevant Accounting Standard.

- (d) *Redemption at the option of the Issuer:* The Securities may be redeemed at the option of the Issuer in whole, but not in part on the Distribution Payment Date falling in August 2023 or on any Business Day (as defined in Condition 4) (*Distribution*) thereafter (each, a “**Call Settlement Date**”) on the Issuer’s giving not less than 30 nor more than 60 days’ notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Settlement Date at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amount)).
- (e) *Redemption in the case of Minimal Outstanding Amount:* The Securities may be redeemed at the option of the Issuer in whole, but not in part on the Issuer’s giving not less than 30 nor more than 60 days’ notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Settlement Date at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amount)) if, immediately before giving such notice, the aggregate principal amount of the Securities outstanding is less than 25 per cent. of the aggregate principal amount originally issued. Upon expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem the Securities in accordance with this Condition 5(e).
- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Securities and shall have no obligation to make any payment of principal in respect of the Securities otherwise than as provided in Conditions 5(b) (*Redemption for tax reasons*) to 5(e) (*Redemption in the case of Minimal Outstanding Amount*) above.
- (g) *Purchase:* The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Securities in the open market or otherwise and at any price.
- (h) *Cancellation:* All Securities so redeemed or purchased by the Issuer or the Guarantor shall be cancelled and may not be reissued or resold.

6. Payments

- (a) *Principal:* Payments of principal shall be made in U.S. dollars by transfer to a U.S. dollar account (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.
- (b) *Distribution:* Payments of Distribution (including any Arrears of Distribution and any Additional Distribution Amount) shall be made in U.S. dollars by transfer to a U.S. dollar account (in the case of Distribution payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

- (c) *Payments subject to fiscal laws:* All payments in respect of the Securities are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*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 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.
- (d) *Payments on business days:* Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and Distribution payable on redemption) on the later of the due date for payment and the day on which the relevant 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 Distribution payable other than on redemption) on the due date for payment. A Holder of a Security shall not be entitled to any Distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, “business day” means any day, other than a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Security, 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 Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.
- (f) *Record date:* Each payment in respect of a Security 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**”).

7. **Taxation**

All payments of principal and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is as 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 Holders of such amounts after such withholding or deduction 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 Security:

- (i) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Security 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 Security; or

- (ii) where (in the case of a payment of principal or Distribution on redemption) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Certificate on the last day of such period of 30 days.

In these Conditions, “**Relevant Date**” means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City 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 Holders.

Any reference in these Conditions to principal, Distribution, Arrears of Distribution or Additional Distribution Amount shall be deemed to include any additional amounts in respect of principal, Distribution, Arrears of Distribution or Additional Distribution Amount (as the case may be) which may be payable under this Condition 7.

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.

8. Non-payment

- (a) *Non-payment when due:* Notwithstanding any of the provisions below in this Condition 8, the right to institute Winding-Up (as defined in Condition 8(e) (*Non-payment – Definitions*)) proceedings is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to, or is required to, defer that Distribution in accordance with Condition 4(c) (*Distribution – Distribution Deferral*).
- (b) *Proceedings for Winding-Up:* If (i) an order is made or an effective resolution is passed for the Winding-Up of the Issuer or the Guarantor or (ii) the Issuer or the Guarantor shall not make payment in respect of the Securities or the Guarantee of the Securities, as the case may be, for a period of 10 days or more after the date on which such payment is due, the Issuer and the Guarantor shall be deemed to be in default under the Securities (in the case of the Issuer) and the Guarantee of the Securities (in the case of the Guarantor) and any Holder may institute proceedings for the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or prove in the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or claim in the liquidation of the Issuer, the Guarantor or both of them (as applicable) for such payment.
- (c) *Enforcement:* Without prejudice to Condition 8(b) (*Non-payment – Proceedings for Winding Up*), any Holder may without further notice to the Issuer and/or the Guarantor institute such proceedings against the Issuer, the Guarantor or both of them (as applicable) as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor under the Securities or the Guarantee of the Securities (other than any payment obligation of the Issuer or the Guarantor under or arising from the Securities or the Guarantee of the Securities, including, without limitation, payment of any principal or premium or satisfaction of any Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities or the Guarantee of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.
- (d) *Extent of Holders’ remedy:* No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 8, shall be available to the Holders, whether for the recovery of amounts owing

in respect of the Securities or the Guarantee of the Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities or the Guarantee of the Securities.

- (e) *Definitions:* In these Conditions, “Winding-Up” means, with respect to the Issuer or the Guarantor, a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership or similar proceedings in respect of the Issuer or the Guarantor, as the case may be.

9. Prescription

Claims against the Issuer and the Guarantor for payment in respect of the Securities shall prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of Distributions) from the appropriate Relevant Date in respect of them.

10. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange 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 Certificates must be surrendered before replacements will be issued.

11. Agents

In acting under the Agency Agreement and in connection with the Securities, 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 Holders.

The initial Agents and their initial Specified Offices are listed below. 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 registrar, fiscal agent, agent bank and additional or successor paying agents and transfer agent; provided, however, that the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar.

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

12. Meetings of Holders; Modification

- (a) *Meetings of Holders:* The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Securities, 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 Holders holding not less than one tenth of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, two or more persons being or representing Holders whatever the principal amount of the Securities held or represented; provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, to reduce the amount of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) payable on any date in respect of the Securities, to alter

the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, to change the currency of payments under the Securities, to amend the terms of the Guarantee of the Securities or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which two or more persons holding or representing not less than three quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

In addition, (i) a resolution in writing signed by or on behalf of Holders of not less than 90 per cent. of the aggregate principal amount of Securities for the time being outstanding will take effect as if it were an Extraordinary Resolution, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders and (ii) a resolution passed by way of electronic consents through the clearing systems by or on behalf of Holders of not less than 75 per cent. in aggregate principal amount of Securities for the time being outstanding with the effect as if it were an Extraordinary Resolution, in each case whether or not relating to a Reserved Matter.

- (b) *Modification:* The Securities, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Holders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree without the consent of the Holders to any such modification unless it is of a formal, minor or technical nature or it is made to correct a manifest error.
- (c) *Substitution or Variation:* If a Special Event has occurred and is continuing, then the Issuer may, subject to Condition 4 (*Distribution*) (without any requirement for the consent or approval of the Holders) and subject to the receipt by the Fiscal Agent of the certificate of the directors of the Guarantor referred to in subclause 10.9 of the Agency Agreement immediately prior to the giving of any notice referred to herein certifying that the provisions of this Condition 12(c) have been complied with, and having given not less than 30 nor more than 60 days’ irrevocable notice to the Fiscal Agent and, in accordance with Condition 14 (*Notices*), the Holders, at any time either (a) substitute all, but not some only, of the Securities for, or (b) vary the terms of the Securities with the effect that they remain or become (as the case may be), Qualifying Securities. Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 12(c).

In connection therewith, any outstanding Arrears of Distribution (including any Additional Distribution Amount) shall be satisfied in full in accordance with the provisions of Condition 4(c)(vi) (*Satisfaction of Arrears of Distribution by payment*).

In connection with any substitution or variation in accordance with this Condition 12(c), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if any such substitution or variation would itself give rise to a Special Event with respect to the Securities or the Qualifying Securities.

- (d) *Definitions:* For the purposes of these Conditions:

“**Qualifying Securities**” means securities that:

- (i) have terms not materially less favourable to an investor than the terms of the Securities (as reasonably determined by the Guarantor and an independent investment bank, and provided that a certification to such effect (and confirming that the conditions set out in (A) to (D) below have been satisfied) signed by two directors of the Guarantor and from an independent investment bank, shall have been delivered to the Fiscal Agent and, in accordance with Condition 14 (*Notices*), the Holders prior to the substitution or variation of the relevant Securities upon which certificate the Fiscal Agent shall rely absolutely and shall be binding on the Holders), provided that:
 - (A) they are issued by the Guarantor, the Issuer or any wholly owned direct or indirect finance Subsidiary of the Guarantor;
 - (B) they are unconditionally and irrevocably guaranteed by the Guarantor where not issued by the Guarantor;
 - (C) they (or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* with the Securities on a Winding-Up, shall preserve the Holders' rights to any Arrears of Distribution, any Additional Distribution Amount and any other payment that has accrued with respect to the relevant Securities, and shall contain terms which provide at least for the same Distribution Rate, subsequent Distribution Payment Dates and redemption events, from time to time applying to the Securities; and other terms of such securities are substantially identical (as reasonably determined by the Guarantor and an independent investment bank) to the Securities, save for any modifications to such terms that are required to be made to avoid or resolve the occurrence of an Accounting Event or, as the case may be, a Gross-Up Event; and
 - (D) they shall not contain loss absorbing provisions, such as principal write-offs, write-downs or conversion to equity;
- (ii) have been, or will be on issue be, assigned at least the same rating as that assigned by all relevant Rating Agencies where the Securities were so rated (other than unsolicited ratings) prior to Substitution or Variation as provided in Condition 12(c); and
- (iii) are listed on The Stock Exchange of Hong Kong Limited or another securities exchange of international standing regularly used for the listing and quoting of debt securities offered an traded in the international markets;

“Rating Agencies” means (i) Moody’s Investors Service Limited (“**Moody’s**”), (ii) Fitch Ratings Ltd. (“**Fitch**”) and (iii) if Moody’s or Fitch or both of them shall not make a rating of the Guarantor publicly available, any other rating agency or agencies, as the case may be, of equivalent international standing selected by the Guarantor, which shall be substituted for Moody’s or Fitch or both of them; and

“**Special Event**” means a Gross-Up Event, an Accounting Event or any combination of the foregoing.

13. Further Issues

The Issuer may (with the prior written consent of the Guarantor) from time to time, without the consent of the Holders, create and issue further securities having the same terms and conditions as the Securities in all

respects (or in all respects except for the first payment of Distribution) so as to form a single series with the Securities.

14. Notices

Notices to the Holders will 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.

15. Governing Law and Jurisdiction

- (a) *Governing law:* The Securities and any non-contractual obligations arising out of or in connection with the Securities are governed by, and construed in accordance with, English law.
- (b) *Jurisdiction:*
 - (i) Subject to Condition 15(b)(iii) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Securities, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Securities, (a “**Dispute**”) and accordingly each of the Issuer and the Guarantor in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
 - (ii) For the purposes of this Condition 15(b)(ii), each of the Issuer and the Guarantor waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
 - (iii) To the extent allowed by law, the Holders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.
- (c) *Appointment of Process Agent:* Each of the Issuer and the Guarantor appoints Hackwood Secretaries Limited at its registered office at One Silk Street, London EC2Y 8HQ, England as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Hackwood Secretaries Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. Each of the Issuer and the Guarantor agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

THE GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to the Securities in respect of which they are issued while they are represented by the Global Certificate, some of which modify the effect of the Terms and Conditions of the Securities. Terms defined in the Terms and Conditions of the Securities have the same meaning in the paragraphs herein.

The Securities will be represented by a Global Certificate which will be registered in the name of DB Nominees (Hong Kong) Limited as nominee for, and deposited with, a common depository for Euroclear and Clearstream.

The Global Certificate will become exchangeable in whole, but not in part, for Individual Certificates (a) if Euroclear or Clearstream 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 (b) upon a Winding-Up (as defined in “*Terms and Conditions of the Securities*”) of the Issuer or the Guarantor.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Certificate 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 Securities 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.

In addition, the Global Certificate will contain provisions that modify the Terms and Conditions of the Securities as they apply to the Securities evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Payments on business days: In the case of all payments made in respect of the Global Certificate “**business day**” means any day which is a day on which banks are open for general business (including dealings in foreign currencies) in New York City, Hong Kong and the city in which the specified office of the Paying Agent is located.

Payment Record Date: Each payment in respect of the Global Certificate 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 a day on which each clearing system for which the Global Certificate is being held is open for business.

Notices: Notwithstanding Condition 14 (*Notices*), of the Terms and Conditions of the Securities so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an “**Alternative Clearing System**”), notices to Holders of Securities represented by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System. Any such notice shall be deemed validly given to the Holders of Securities on the day on which such notice is delivered to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System as aforesaid.

USE OF PROCEEDS

The gross proceeds from the offering of the Securities are U.S.\$300,000,000. After deducting underwriting commissions and expenses, the net proceeds are intended to be on-lent by the Issuer to the group of companies comprising the Guarantor and its subsidiaries for general corporate purposes.

DESCRIPTION OF THE ISSUER

The Issuer, incorporated in the British Virgin Islands on 10 January 2020 pursuant to the BVI Business Companies Act, 2004, is a wholly-owned subsidiary of the Guarantor. As at the date of this Offering Circular, the Issuer is authorised to issue a maximum of 50,000 shares of a single class each with a par value of U.S.\$ 1.00, of which one share has been issued. The Issuer was established to raise financing for the Guarantor and its subsidiaries. As at the date hereof the Issuer has no subsidiary.

The directors of the Issuer as at the date of this Offering Circular are:

- Lui Kon Wai; and
- Hao Shu Yan.

Lui Kon Wai and Hao Shu Yan are senior executives of the Guarantor. The directors of the Issuer do not have any interest in the Issuer. Mr. Hao has an interest in the Guarantor's shares. Mr. Lui and Mr. Hao have been granted share options in shares of the Guarantor under the Guarantor's 2005 and/or 2015 share option schemes.

Details of options granted to and interests in the Guarantor's shares of Lui Kon Wai and Hao Shu Yan are disclosed in the section headed "*Description of the Guarantor – Guarantor Directors' and Issuer Directors' interests in shares*".

The registered office of the Issuer is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of each of the directors of the Issuer for the purposes of his directorship in the Issuer is 49th Floor (Reception: 50th Floor), Lee Garden One, 33 Hysan Avenue, Hong Kong.

The Issuer has no employees.

The Issuer has not undertaken any business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a wholly-owned subsidiary of the Guarantor and those incidental to the issuance of securities from time to time.

CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets out the consolidated capitalisation and indebtedness of the Guarantor as at 30 June 2020 on an actual basis and on an adjusted basis after giving effect to the issuance of the Securities before deducting underwriting commissions and expenses. The table should read in conjunction with the unaudited but reviewed consolidated interim financial statements of the Guarantor as at and for the six months ended 30 June 2020 and the notes thereto. Except as otherwise disclosed herein, there has been no material change in the capitalisation of the Guarantor since 30 June 2020.

	As at 30 June 2020	
	Actual	As Adjusted
	<i>(in HK\$ million)</i>	<i>(in HK\$ million)</i>
Total long-term debt	18,709	18,709
Capital and reserves		
– Share capital	7,722	7,722
– Reserves	65,974	65,974
Equity attributable to owners of the Guarantor	73,696	73,696
Other non-controlling interests	3,140	3,140
Perpetual capital securities	6,693	6,693
Perpetual capital securities to be issued ⁽¹⁾	-	2,340
Total shareholders' equity	83,529	85,869
Total capitalisation ⁽²⁾	102,238	104,578

Notes:

- (1) Perpetual capital securities to be issued represent the aggregate principal amount of the Securities, without taking into account, any issue discount or premium and before deduction of underwriting fees and commissions and other estimated transaction expenses payable. The principal amount of the Securities has been translated from U.S. dollars to Hong Kong dollars at the exchange rate of HK\$7.80 = U.S.\$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be, converted into U.S. dollars at that rate indicated or at any other rate.
- (2) Total capitalisation represents total long-term debt, total shareholders' equity and perpetual capital securities to be issued on an as adjusted basis.

DESCRIPTION OF THE GUARANTOR

Introduction

The Guarantor is principally engaged, together with its subsidiaries and joint ventures, in property investment, management and development. The Guarantor was incorporated on 20 October 1970 in Hong Kong as a limited company under the Hong Kong Companies Ordinance. Listed on the Hong Kong Stock Exchange since 1981, the Guarantor is also a constituent stock of the Morgan Stanley Capital International – Hong Kong Index. Based on the closing price of its shares on 30 June 2020, the Guarantor had a market capitalisation of approximately HK\$25,891 million (U.S.\$3,319 million).

The Guarantor dates its property experience from the 1920s, when the founding Lee family began to engage in property and other businesses in Hong Kong. Lee Hysan Company Limited (“LHC”), is a substantial shareholder of the Guarantor, holding approximately 41.57 per cent. of the Guarantor’s issued shares as at 30 June 2020.

As at 30 June 2020, the Group’s developed property interests in Hong Kong amount to approximately 4.5 million square feet of gross floor area. Further details on the breakdown of this information may be found under “Investment Property Portfolio”. The Group’s investment property portfolio was valued at HK\$75,630 million (U.S.\$9,696 million) as at 30 June 2020. It believes that it is a leading commercial landlord based in the prime office/retail Causeway Bay area in Hong Kong. The Group believes that its property portfolio is well balanced between its office and retail segments, which has enabled it to be relatively resilient in the current market situation. With such a portfolio, the Group has placed itself in a strategic position that offers protection against market volatility in either the office or the retail segment. In the first half of 2020, the Group maintains an occupancy rate of 96 per cent. for office segment and 94 per cent. for retail segment.

Financial Summary

The summary of financial information set forth below has been extracted without material adjustment from the audited financial statements of the Guarantor for the years ended 31 December 2018 and 2019 and the unaudited interim financial statements for the six months ended 30 June 2019 and 2020.

Consolidated Statements of Profit or Loss

	Years ended 31 December			Six months ended 30 June		
	2019	2019	2018	2020	2020	2019
	(in U.S.\$ million)	(in HK\$ million)	(in HK\$ million)	(in U.S.\$ million)	(in HK\$ million)	(in HK\$ million)
Turnover ⁽¹⁾	511	3,988	3,890	254	1,981	2,086
Property expenses	(69)	(536)	(523)	(28)	(219)	(238)
Gross Profit	442	3,452	3,367	226	1,762	1,848
Investment income	20	154	78	19	152	50
Other gains and losses	1	10	(16)	(1)	(8)	11
Administrative expenses	(34)	(269)	(227)	(16)	(121)	(123)
Finance costs	(40)	(313)	(222)	(30)	(234)	(127)
Change in fair value of investment properties	102	792	3,532	(521)	(4,065)	1,453
Share of results of associates.....	222	1,733	288	12	92	145
Profit (loss) before taxation	713	5,559	6,800	(311)	(2,422)	3,257
Taxation ⁽²⁾	(61)	(473)	(481)	(30)	(236)	(265)
Profit (loss) for the year	652	5,086	6,319	(341)	(2,658)	2,992
Attributable to:						
– Owners of the Guarantor	621	4,845	6,033	(337)	(2,626)	2,783
– Perpetual capital securities holders	-	-	-	11	89	-
– Other non-controlling interests	31	241	286	(15)	(121)	209
	652	5,086	6,319	(341)	(2,658)	2,992
Dividends						
– Dividends recognised as distribution during the period.....	193	1,507	1,444	157	1,221	1,224
– Dividends declared after end of the reporting period.....	157	1,221	1,224	36	281	283
Earnings (loss) per share						
– Basic	U.S.59 cents	HK463 cents	HK577 cents	U.S.(32) cents	HK(252) cents	HK266 cents
– Diluted	U.S.59 cents	HK463 cents	HK576 cents	U.S.(32) cents	HK(252) cents	HK266 cents
Dividends per share						
First interim	U.S.3 cents	HK27 cents	HK27 cents	U.S.3 cents	HK27 cents	HK27 cents
Second interim	U.S.15 cents	HK117 cents	HK117 cents	N/A	N/A	N/A

Note:

* U.S.\$:HK\$ = 1:7.80

Consolidated Statements of Financial Position

	As at 31 December			As at 30 June		
	2019	2019	2018	2020	2020	2019
	(in U.S.\$ million)	(in HK\$ million)	(in HK\$ million)	(in U.S.\$ million)	(in HK\$ million)	(in HK\$ million)
Non-current assets	11,205	87,397	83,796	10,821	84,405	86,017
Net current assets	922	7,195	1,412	2,489	19,417	2,539
	12,127	94,592	85,208	13,310	103,822	88,556
Deduct:						
Non-current liabilities	1,746	13,620	7,571	2,601	20,293	9,182
Net assets	10,381	80,972	77,637	10,709	83,529	79,374
Capital and reserves:						
Share Capital	990	7,720	7,718	990	7,722	7,720
Reserves	8,965	69,930	66,713	8,458	65,974	68,301
Equity attributable to owners of the Guarantor	9,955	77,650	74,431	9,448	73,696	76,021
Perpetual capital securities	-	-	-	858	6,693	-
Other non-controlling interests	426	3,322	3,206	403	3,140	3,353
Total equity	10,381	80,972	77,637	10,709	83,529	79,374

Notes:

* U.S.\$:HK\$ = 1:7.80

(1) Turnover

	Years ended 31 December			Six months ended 30 June		
	2019	2019	2018	2020	2020	2019
	(in U.S.\$ million)	(in HK\$ million)	(in HK\$ million)	(in U.S.\$ million)	(in HK\$ million)	(in HK\$ million)
Leasing of investment properties	456	3,556	3,507	227	1,772	1,873
Provision of property management services	55	432	383	27	209	213
	511	3,988	3,890	254	1,981	2,086

(2) **Taxation**

	Years ended 31 December			Six months ended 30 June		
	2019	2019	2018	2020	2020	2019
	(in U.S.\$ million)	(in HK\$ million)	(in HK\$ million)	(in U.S.\$ million)	(in HK\$ million)	(in HK\$ million)
Current tax						
Hong Kong Profits Tax						
– Current period	52	406	425	26	204	241
– (Overprovision) underprovision in prior periods	–	–	(2)	–	–	2
	52	406	423	26	204	243
Deferred tax	9	67	58	4	32	22
	61	473	481	30	236	265

Note:

* U.S.\$:HK\$ = 1:7.80

Strategy

The Group is engaged principally in the investment, development and management of high quality investment properties in Hong Kong. In order to create and sustain value as well as achieve growth, the Group focuses on four main strategies: (1) maximising the value of its existing investment property portfolio; (2) selectively pursuing property development opportunities; (3) actively managing its portfolio mix to preserve a defensive market position while having the flexibility to pursue value creation opportunities; and (4) maintaining a strong and flexible financial position.

Maximising the value of its existing investment property portfolio

The Group's investment properties, which generate rental income for the Guarantor, are intended to be held for the long term. The Group therefore seeks to strengthen the long-term value of its investment property portfolio and enhance its cash flow from operations by maximising the value of such properties.

The Group oversees the development, leasing and management of its investment property portfolio. It believes that its integrated approach enables it to maintain close relationships with its customers, thereby being in a position to anticipate and respond to customer needs more effectively. It also ensures uniformity in service standards and ultimately the quality of accommodation and services provided to customers.

It is also the Group's strategy to maximise retention of quality tenants. The Group believes that having quality tenants maximises a property's stability. By having the leases rolled over and hence reducing the rental income fluctuations caused by void periods, a property's cash flow and value are enhanced. At the same time, the Group seeks to attract further quality tenants to its portfolio.

In order to keep its portfolio competitive, the Group continually reviews the performance of individual properties and invests in selective capital improvement projects, which include refurbishment, market repositioning and re-development.

With its retail portfolio located in the retail hub of Causeway Bay, the Group aims at providing a variety of offerings to cater for different customer needs.

Property Investment Activities

Overview

The Group's commercial property investment portfolio is concentrated in Causeway Bay. Located on Hong Kong Island, Causeway Bay is a major commercial district and is also an established retail and entertainment hub of Hong Kong Island.

The Group has a quality office tenant base from a broad range of industries. Its principal tenants are major multinational and local corporations including AIA International Limited, Everbright Sun Hung Kai Company Limited, Goldman Sachs Service (Asia) Limited, Jepsen and Company Limited, KPMG, Manulife (International) Limited, Oracle Systems Hong Kong Limited, Prudential Hong Kong Limited, Spaces, Vistra Group Management (Asia) Limited, WeWork and Wills Hong Kong Limited.

The Group's portfolio includes prime retail space in the Causeway Bay shopping district, providing a variety of retail shops and restaurants. The range is from luxury retail and fine dining at the Lee Gardens property portfolio to trendy and lifestyle themes around the Lee Theatre area and the Hysan Place area.

In addition, the Group has also invested in high quality residential properties in the high-end Mid-Levels area, being the Bamboo Grove development.

Investment Property Portfolio

The following tables set out details of the Group's investment property portfolio as at 30 June 2020:

Commercial Property Portfolio

Causeway Bay Portfolio

	Approximate Gross Floor Area in Square Feet ⁽¹⁾	Number of Carparks	Year of Completion
Hysan Place	716,000	66	2012
Lee Garden One	903,000	200	1997
Lee Garden Two ⁽²⁾	621,000	167	1992
Lee Garden Three	467,000	201	2017
Lee Garden Five	132,000	–	1989
Lee Garden Six.....	80,000	–	1988
Lee Theatre Plaza	314,000	–	1994
Leighton Centre	430,000	321	1977
One Hysan Avenue	169,000	–	1976

Residential Property Portfolio

	Approximate Gross Floor Area in Square Feet ⁽¹⁾	Number of Carparks	Year of Completion
Bamboo Grove, Mid-Levels.....	691,000	436	1985

Notes:

- (1) The Approximate Gross Floor Areas shown above are rounded to the nearest 1,000 square feet. The Approximate Gross Floor Areas of Lee Garden One, Lee Garden Two and Lee Theatre Plaza have been revised upon the completion of renovation projects.
- (2) All properties are wholly-owned by the Group except Lee Garden Two, in which the Group has a 65.36 per cent. interest.

Details of Investment Property Portfolio

As at 30 June 2020, the Group's office portfolio was 96 per cent. occupied while the Group's retail portfolio was 94 per cent. occupied and the Group's residential portfolio was 83 per cent. occupied. As at 30 June 2020, the investment properties for the Group were valued by an independent professional valuer, at HK\$75,630 million (U.S.\$9,696 million) with a decrease of approximately HK\$3,486 million (U.S.\$447 million) from the aggregate valuation of HK\$79,116 million (U.S.\$10,143 million) as at 31 December 2019. During the first half of 2020, a fair value loss on investment properties (after taking into consideration the capital expenditure on the Group's investment properties) of HK\$4,065 million (U.S.\$521 million) was recognised in the consolidated statement of profit or loss. This loss mainly reflected the expansion of capitalisation rates taking into account the increasing market risk of the negative retail sector, coupled with a weakened office sector impacted by global economic uncertainties.

Set forth below is a brief description of the principal investment properties comprising the Group's portfolio.

Causeway Bay Portfolio

Hysan Place is a 40-level office and retail complex with its principal office tenants being Gilead Sciences Hong Kong Limited, Hong Kong Mody Road Centre Limited, KPMG, LinkedIn Hong Kong Limited and The Trade Desk Limited. The 17-floor retail shopping mall contains over 110 shops with retail tenants including Apple, Chanel Beauté, Eslite Bookstore, Hollister & Gilly Hicks, i.t blue block, Jasons Food & Living, Line Friends Store, Lululemon, Rolex and T Galleria. Hysan Place is certified at the highest platinum level by the United States Green Building Council's Leadership in Energy and Environmental Design standard ("LEED"). It is also certified at the highest final platinum level under the Hong Kong Green Building Council's BEAM Plus standard for Existing Buildings.

Lee Garden One is a 53-level office and retail complex. Its principal office tenants include Everbright Sun Hung Kai Company Limited, Manulife (International) Limited, Vistra Group Management (Asia) Limited and WeWork. Its shopping centre has established itself as Causeway Bay's high-end retail centre containing international fashion and jewellery boutiques including Chanel, Christian Dior, Hermes, Louis Vuitton and Valentino. Lee Garden One Offices achieved final platinum rating under Hong Kong Green Building Council's BEAM Plus standard for Existing Buildings.

Lee Garden Two is a 34-level office and retail complex. Its principal office tenants include AIA International Limited, Jbsen and Company Limited, Prudential Hong Kong Limited and Yahoo! Hong Kong Limited. Principal retail tenants are Bvlgari, Mikomoto, Phillip Wain, Tory Burch and Van Cleef and Arpels.

Lee Garden Three comprises a 32-level office and retail complex. It is positioned as the area's lifestyle extension. Tenants from home and lifestyle as well as food and beverage sectors include mastermind vs A BATHING APE, Belgos, Boffi, Starbucks Reserve and Sub-Zero Wolf. Its principal office tenants include Goldman Sachs Services (Asia) Limited, Oracle Systems Hong Kong Limited, Spaces and Willis Hong Kong Limited. Lee Garden Three achieved United States Green Building Council's LEED (Core and Shell) Gold certification.

Lee Garden Five is a 25-level office and retail complex. Its principal office tenants include Everbright Sun Hung Kai Company Limited and NTK Learning Center Limited and the principal retail tenant is Cartier.

Lee Garden Six is a 24-level office and retail complex. Its office tenants include Centre of Architectural Research for Education, Elderly, Environment and Excellence Limited and China Merchants Securities International. In addition, it houses semi-retail tenants principally being education centres. Its principal retail tenants include luxurious household appliances brand Miele, and a lifestyle restaurant, Brick Lane.

Lee Theatre Plaza is a 26-level retail complex comprising retail shops and dining outlets. The lower zone of Lee Theatre Plaza has fashion and lifestyle brands with principal retail tenants being @cosme store, Cotton On, Muji, Pure Fitness and Uniqlo. It also has about 12 levels of restaurants in total.

Leighton Centre is a 28-level office and retail complex with four levels of retail and leisure areas. Its office tenants include Crowe (HK) CPA Limited and Television Broadcasts Limited. Principal retail tenants include Asics, Fusion, McDonald's Restaurant, Nike and Sasa Supreme.

One Hysan Avenue is a 26-level office and retail complex. Its office tenants include Prophet HK Limited and Capstone Educational Group Limited. It also houses semi-retail tenants principally being education centres such as MiniMinds Limited. Its principal retail tenant is the flagship store of I.T.

Residential Portfolio

In addition to commercial properties, the Group also owns Bamboo Grove, a luxury residential property in Mid-Levels, which consists of six residential towers totalling 345 apartments, with full clubhouse and sports facilities. Corporate tenants include financial institutions, multinational corporations, consulates and professional firms.

Tai Po Lo Fai Road Luxury Residential Project

The Group successfully bid for residential lots in Hong Kong's Tai Po area in late 2016. The sites are now being developed as a joint venture project with HKR International, a company with a recognised track record for developing quality low-density residential projects. Major interior designs and visual mock-ups of the development have been completed. Superstructure works are in progress and the target completion date of the construction work will be in the second half of 2021, subject to government approval. Interior design of the show flats is also in progress.

Lease Terms

In accordance with practices in the Hong Kong property market, the Group's office leases are typically for three years. Longer lease terms may be signed on a case-by-case basis. The rents charged are generally reviewed every three years based upon prevailing market rates. Residential leases are typically for two years and are generally offered for renewal based upon prevailing market rates. Similar to office leases, retail leases are normally for three years and longer lease terms may be signed on an individual case-by-case basis. The rents charged are generally reviewed every three years based upon market rates. Retail leases generally provide for a fixed monthly rent with turnover rent. The Group's office, retail and residential tenants are also generally charged a monthly management fee which covers building maintenance expenses and certain other costs. Tenants are also generally required to pay their utility charges and government rates.

Competition

The Group competes with other property companies and owners in Hong Kong, to attract and retain office, retail and residential tenants. The Group believes it is a leading commercial landlord based in Causeway Bay. The Group believes that its competitive advantages lie in its reputation for well-managed buildings, the development of long-term relationships with key tenants and its ability to balance the composition of its tenants, in addition to the location and quality of its buildings.

Overseas Property

The Group currently has associate-level interest in a property project in Shanghai, PRC.

The following table summarises certain information with respect to the Group's interests in overseas property as at 30 June 2020:

Overseas Property	Location	Usage	Total Gross Floor Area (million sq. ft.)	Percentage Ownership (per cent.)
Shanghai, PRC				
Grand Gateway 66	Hong Qiao Lu, Xuhui	Office, Retail and Residential	2.9	24.7

As at 30 June 2020, the occupancy rate of retail properties, office and residential properties was 94 per cent., 96 per cent. and 80 per cent., respectively.

Financial Policy

The Group is committed to maintain a prudent financial management policy. As part of its strategy, the Group closely monitors its net debt to equity and interest coverage positions. As at 30 June 2020, the Group has net cash position. Its net interest coverage (gross profit less administrative expenses before depreciation divided by net interest expenses) maintained at the same level as in 2019, at 17.0 times.

With respect to its financing activities, the Group always strives to lower the borrowing margin, to diversify the funding sources and to maintain a suitable maturity profile in regard to the overall funding needs. As at 30 June 2020, the Group's total gross borrowings outstanding was approximately HK\$19,458 million (U.S.\$2,495 million), an increase of HK\$6,843 million (U.S.\$877 million) from the balance as at 31 December 2019. The maturity profile of the Group's total gross borrowings as at 30 June 2020 was as follows:

Repayable within a period	HK\$ (million)
Not exceeding 1 year.....	565
More than 1 year but not exceeding 2 years	1,131
More than 2 years but not exceeding 3 years.....	2,526
More than 3 years but not exceeding 4 years.....	904
More than 4 years but not exceeding 5 years.....	1,816
More than 5 years	12,516
	<u>19,458</u>

The Group also aims to maintain adequate available funds for investment and refinancing purposes and has substantial undrawn credit facilities on a committed basis. To manage its financial risks, the Group selectively employs hedging instruments for its interest rate and foreign exchange exposure.

Credit Rating

The Guarantor has, as at the date hereof, a credit rating of “A-” from Fitch Ratings Inc. (“**Fitch**”) and a credit rating of “A3” from Moody’s Investors Service, Inc (“**Moody’s**”). These ratings do not constitute a recommendation to buy, sell or hold Securities issued and may be subject to suspension, reduction, revision or withdrawal at any time by Fitch and Moody’s.

Insurance

The Group is covered by insurance policies which cover fire, flood, other material damage to property and general liability under property all risks, business interruption and public liability insurance.

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, machinery or other properties as a result of occurrences such as fire, flood, water damage, explosion, power loss, telecommunications failure, intentional unlawful act, human error, typhoon and other disasters could nevertheless have a material adverse effect on the Group’s financial condition and results of operations.

Government Regulation

The operations of the Group are subject to various laws and regulations of Hong Kong. The Group’s activities conducted in respect of its investment and development properties are limited by zoning ordinances and other regulations enacted by the Hong Kong government (the “**Government**”). 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 Government 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 Government officials with regard to various safety and environmental issues. The Group believes that it is in compliance in all material respects with safety regulations currently in effect in Hong Kong. The Group has not experienced significant problems in complying with any relevant regulations currently in force with regard to these issues. The Group is not otherwise aware of any pending legislation in Hong Kong that might have a material adverse effect on its properties.

Environmental Matters

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

Legal Proceedings

Neither the Guarantor nor any of its subsidiaries or joint ventures is involved in any legal or arbitration proceedings which may have a material adverse effect on the business or financial position of the Guarantor and its Material Subsidiaries or joint ventures.

Capital and Holding Structures

As at 30 June 2020, the Guarantor had an issued and fully paid-up share capital of approximately HK\$7,722 million (U.S.\$990 million) consisting of 1,041,900,891 ordinary shares. The register of the interests or short position of substantial shareholders and other persons of the Guarantor in the shares and underlying shares of the Guarantor required to be kept under Section 336 of the SFO as at 30 June 2020 showed that the interest of LHC, Silchester International Investors LLP and First Eagle Investment Management, LLC in the Guarantor was approximately 41.57 per cent., 8.03 per cent. and 5.04 per cent. of its issued shares respectively. The Guarantor is not aware of any other shareholder which holds greater than a 5 per cent. interest of its issued shares as at 30 June 2020.

The Guarantor was authorised at its Annual General Meetings to repurchase its own shares not exceeding 10 per cent. of the total number of issued shares as at the date of the passing of the resolution. The Guarantor may repurchase its ordinary shares from time to time in order to enhance shareholder value pursuant to such authorisation and, as at 30 June 2020, the Guarantor had repurchased an aggregate of 1,700,000 ordinary shares since 1 January 2020 for a total consideration of approximately HK\$41 million (approximately U.S.\$5 million) on the Hong Kong Stock Exchange.

The Guarantor holds its investment properties via individual subsidiaries. Its property management, security services, and lease agency and administration activities are managed by wholly-owned subsidiaries.

Management and Employees

Corporate Governance

The Guarantor is committed to maintaining high standards of corporate governance. The board of directors of the Guarantor (“**Guarantor Board**”) currently comprises Lee Irene Yun-Lien, Chairman, four other Independent Non-Executive Directors and four other Non-Executive Directors.

The Company Secretary of the Guarantor is currently Cheung Ka Ki.

There is a majority of Non-Executive Directors on the Guarantor Board with a wide range of experience and calibre who bring valuable judgement on issues of strategy, performance and resources.

The Guarantor Board meets regularly and has formed four governance-related Board Committees to deal with specific aspects of the Guarantor’s affairs.

The Audit and Risk Management Committee is currently chaired by Poon Chung Yin Joseph with a majority of Independent Non-Executive Directors. It is responsible for reviewing a wide range of matters including the half-year and annual accounts and oversees compliance generally. The Remuneration Committee is currently chaired by Fan Yan Hok Philip with a majority of Independent Non-Executive Directors. The Remuneration Committee reviews and determines the remuneration of the Executive Directors and senior management, the fees of Non-Executive Directors and members of Board Committees within its terms of reference. The Nomination Committee is responsible for nominating for the Guarantor Board approval candidates to fill Board vacancies as and when they arise and evaluates the balance of skills, knowledge and experience of the Guarantor Board generally. It is chaired by the Chairman of the Guarantor Board. The Sustainability Committee is currently chaired by Jebesen Hans Michael with a majority of Independent Non-Executive Directors. The Sustainability Committee oversees the Group’s sustainability development and strategies, governance and reporting.

Management

Guarantor Board of Directors

Position

Lee Irene Yun-Lien	Chairman and Executive Director
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Guarantor Board of Directors	Position
Churchouse Frederick Peter	Independent Non-Executive Director
Fan Yan Hok Philip.....	Independent Non-Executive Director
Poon Chung Yin Joseph.....	Independent Non-Executive Director
Wong Ching Ying Belinda	Independent Non-Executive Director
Jebsen Hans Michael, B.B.S.....	Non-Executive Director
Lee Anthony Hsien Pin	Non-Executive Director
Lee Chien	Non-Executive Director
Lee Tze Hau Michael	Non-Executive Director

Guarantor Board of Directors

Chairman and Executive Director

Lee Irene Yun-Lien

Ms. Lee leads the Group in her executive Chairman role. Ms. Lee is an independent non-executive director of HSBC Holdings plc, The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited. She is a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority. She has held senior positions in investment banking and fund management in a number of renowned international financial institutions. Previously, Ms. Lee was an executive director of Citicorp Investment Bank Limited in New York, London and Sydney, and head of corporate finance at Commonwealth Bank of Australia and chief executive officer of Sealcorp Holdings Limited, both based in Sydney. She was also the non-executive chairman of Keybridge Capital Limited (listed on the Australian Stock Exchange), a non-executive director of ING Bank (Australia) Limited, QBE Insurance Group Limited and The Myer Family Company Pty Limited, an independent non-executive director of Noble Group Limited (listed on Singapore Exchange Limited), CLP Holdings Limited and Cathay Pacific Airways Limited, and a member of the Advisory Council of JP Morgan Australia. Ms. Lee was formerly a member of the Australian Government Takeovers Panel. She is a member of the founding Lee family, sister of Mr. Lee Anthony Hsien Pin (Non-Executive Director) and his alternate on the Guarantor Board. Ms. Lee holds a Bachelor of Arts Degree from Smith College, United States of America, and is a Barrister-at-Law in England and Wales and a member of the Honourable Society of Gray's Inn, United Kingdom. She was appointed as a Non-Executive Director in March 2011, Non-Executive Chairman in May 2011, and executive Chairman in March 2012. She also serves as a director of certain subsidiaries of the Group. She is aged 67.

Independent Non-Executive Director

Churchouse Frederick Peter

Mr. Churchouse has been involved in Asian securities and property investment markets for more than 30 years. Currently, he is a private investor including having his own private family office company, Portwood Company Ltd. He is an independent non-executive director of Longfor Group Holdings Limited. He was the publisher and author of *The Churchouse Letter*. In 2004, Mr. Churchouse set up an Asian investment fund under LIM Advisors. He acted as a director of LIM Advisors and as Responsible Officer until the end of 2009. Prior to this, Mr. Churchouse worked at Morgan Stanley as a managing director and advisory director from early 1988. He acted in a variety of roles including head of regional research, regional strategist and head of regional property research. He was also a board member of Macquarie Retail Management (Asia) Limited. Mr. Churchouse gained a Bachelor of Arts degree and a Master of Social Sciences degree from the University of Waikato in New Zealand. He was appointed as an Independent Non-Executive Director in December 2012 and is aged 71.

Independent Non-Executive Director

Fan Yan Hok Philip

Mr. Fan is an independent non-executive director of China Everbright International Limited, First Pacific Company Limited, China Aircraft Leasing Group Holdings Limited and PFC Device Inc. He was previously an independent director of Goodman Group. Mr. Fan holds a Bachelor's Degree in Industrial Engineering and a Master's Degree in Operations Research from Stanford University, as well as a Master's Degree in Management Science from the Massachusetts Institute of Technology. He was appointed as an Independent Non-Executive Director in January 2010. He is aged 70.

Independent Non-Executive Director

Poon Chung Yin Joseph

Mr. Poon is a non-executive director of Tai Chong Cheang Group, a member of Advising Committee of Asia Pacific Institute for Strategy and a board advisor of Clean Air Network. He was formerly an independent non-executive director of AAC Technologies Holdings Inc., the group managing director and deputy chief executive officer of Tai Chong Cheang Group, managing director and deputy chief executive of Hang Seng Bank Limited and held senior management posts in HSBC Group and a number of internationally renowned financial institutions. Mr. Poon was the former chairman of Hang Seng Index Advisory Committee, Hang Seng Indexes Company Limited, a former member of the Board of Inland Revenue of Hong Kong Special Administrative Region and the Environment and Conservation Fund Investment Committee, and a former committee member of the Chinese General Chamber of Commerce. Mr. Poon holds a Bachelor of Commerce degree from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand, and the Hong Kong Institute of Certified Public Accountants. Mr. Poon is also a Fellow of the Hong Kong Institute of Directors. He was appointed as an Independent Non-Executive Director in January 2010. He is aged 66.

Independent Non-Executive Director

Wong Ching Ying Belinda

Ms. Wong is currently the chairman and chief executive officer of Starbucks China. Ms. Wong joined Starbucks Coffee Company in 2000 and held leadership positions across a variety of business units and geographies, including marketing director for the Asia Pacific region of Starbucks Coffee, managing director of Starbucks Singapore and general manager of Starbucks Hong Kong. Prior to joining Starbucks group in 2000, Ms. Wong was the marketing manager of McDonald's China Development Company. She is also an independent non-executive director of Television Broadcasts Limited and has extensive experience in retail, food and beverage, people, brand development and growth strategy across the Greater China and Asia Pacific regions. Ms. Wong holds a Bachelor of Commerce degree with a major in finance from the University of British Columbia (UBC) in Canada. She serves as a member on the Faculty Advisory Board for UBC's Sauder School of Business. She was appointed as an Independent Non-Executive Director in December 2018 and is aged 49.

Non-Executive Director

Jebsen Hans Michael, B.B.S.

Mr. Jebsen is chairman of Jebsen and Company Limited as well as a director of other Jebsen Group companies worldwide. He is also an independent non-executive director of The Wharf (Holdings) Limited.

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

Board of the Hong Kong Red Cross. Since 2015, he has also been a member of the Operations Review Committee of the Independent Commission Against Corruption.

Mr. Jebsen was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2001, made a Knight of the Dannebrog by receiving the Silver Cross of the Order of Dannebrog by H. M. The Queen of Denmark in 2006, was awarded the Merit Cross of the Order of the Merit of the Federal Republic of Germany in 2009, received the title “Hofjægermester” by H. M. The Queen of Denmark in January 2011 and was awarded the Knight of 1st Class of the Order of Dannebrog, Denmark in 2014. In 2015, Mr. Jebsen was awarded Doctor of Business Administration honoris causa of The Hong Kong University of Science and Technology. He was appointed as a Non-Executive Director in 1994 and is aged 63.

Non-Executive Director

Lee Anthony Hsien Pin

Mr. Lee is a director and substantial shareholder of the Australian-listed Beyond International Limited, principally engaged in television programme production and international sales of television programmes and feature films. He is also a non-executive director of Television Broadcasts Limited and a member of the Board of Trustees of Princeton University. Mr. Lee is a member of the founding Lee family and a director of LHC, a substantial shareholder of the Guarantor. He is the brother of Ms. Lee Irene Yun-Lien, Chairman of the Guarantor Board. Mr. Lee received a Bachelor of Arts Degree from Princeton University and a Master of Business Administration Degree from The Chinese University of Hong Kong. He was appointed as a Non-Executive Director in 1994 and is aged 63.

Non-Executive Director

Lee Chien

Mr. Lee is a non-executive director of Swire Pacific Limited and a number of private companies. He is a member of the founding Lee family and a director of LHC, a substantial shareholder of the Guarantor. Mr. Lee is a Council member of The Chinese University of Hong Kong and St. Paul’s Co-educational College and a Trustee Emeritus of Stanford University. He is also a director of Stanford Health Care and CUHK Medical Centre. Mr. Lee received a Bachelor of Science Degree in Mathematical Science, a Master of Science Degree in Operations Research and a Master of Business Administration Degree from Stanford University. Mr. Lee was appointed as a Non-Executive Director in 1988 and is aged 66.

Non-Executive Director

Lee Tze Hau Michael

Mr. Lee is currently a director of Oxer Limited, a private investment company. He is also an independent non-executive director of Chen Hsong Holdings Limited and the deputy chairman of the Board of Stewards of The Hong Kong Jockey Club. He was previously an independent non-executive director of Hong Kong Exchanges and Clearing Limited and Trinity Limited, and an independent non-executive director and chairman of OTC Clearing Hong Kong Limited. Mr. Lee was also a member of the Main Board and Growth Enterprise Market Listing Committees of The Stock Exchange of Hong Kong Limited. Mr. Lee is a member of the founding Lee family and a director of LHC, a substantial shareholder of the Guarantor. He joined the Guarantor Board in January 2010, having previously served as a Director from 1990 to 2007. Mr. Lee received his Bachelor of Arts Degree from Bowdoin College and his Master of Business Administration Degree from Boston University. He is aged 59.

Guarantor Directors’ and Issuer Directors’ interests in shares

As at 30 June 2020, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Guarantor and its associated corporations (within the meaning of Part XV of the SFO) which are required to

be notified to the Guarantor and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provision of the SFO); or as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Guarantor and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), are set out below:

Aggregate long positions in shares and underlying shares of the Guarantor as at 30 June 2020

	Number of ordinary shares held				Total	% of the total no. of issued shares ⁽¹⁾
	Personal interests	Family interests	Corporate interests	Other interests		
Jebsen Hans Michael	60,984	–	2,473,316 ⁽²⁾	–	2,534,300	0.243
Lee Chien	900,000	–	–	–	900,000	0.086
Lee Irene Yun-Lien	354,000	–	–	–	354,000	0.034

Notes:

- (1) This percentage was compiled based on the total number of issued shares of the Guarantor (i.e. 1,041,900,891 ordinary shares) as at 30 June 2020.
- (2) Such shares were held through a corporation in which Jebsen Hans Michael was a member entitled to exercise no less than one-third of the voting power at general meeting.

The Executive Director of the Guarantor has been granted share options under the Guarantor’s 2005 and 2015 share option schemes. These constitute interests in underlying shares of equity derivatives of the Guarantor under the SFO. Directors of the Issuer have also been granted share options under the Guarantor’s 2005 and/or 2015 share option schemes.

Details of options granted to the Executive Director of the Guarantor and Directors of the Issuer which remain outstanding under the 2005 and 2015 share option schemes are as follows:

Name	Date of grant	Exercise price HK\$	Exercise period ⁽¹⁾	Balance as at 1 January 2020	Changes during the period			Balance as at 30 June 2020
					Granted	Exercised	Cancelled / lapsed	
2005 Scheme								
Guarantor Director								
Lee Irene Yun-Lien	14.5.2012	33.50	14.5.2013-13.5.2022	87,000	–	–	–	87,000
			7.3.2014-6.3.2023	265,000	–	–	–	265,000
	10.3.2014	32.84	10.3.2015-9.3.2024	325,000	–	–	–	325,000
			12.3.2016-11.3.2025	300,000	–	–	–	300,000
Issuer Director								
Hao Shu Yan	31.3.2011	22.45	31.3.2011-30.3.2020	50,000	–	(50,000) ⁽²⁾	–	–
			31.3.2012-30.3.2021	32,000	–	–	–	32,000

Name	Date of grant	Exercise price HK\$	Exercise period ⁽¹⁾	Balance as at 1 January 2020	Changes during the period			Balance as at 30 June 2020
					Granted	Exercised	Cancelled / lapsed	
	30.3.2012	31.61	30.3.2013-29.3.2022	70,000	–	–	–	70,000
	28.3.2013	39.20	28.3.2014-27.3.2023	50,000	–	–	–	50,000
	31.3.2014	33.75	31.3.2015-30.3.2024	36,000	–	–	–	36,000
	31.3.2015	34.00	31.3.2016-30.3.2025	42,000	–	–	–	42,000
2015 Scheme								
Guarantor Director								
Lee Irene Yun-Lien	9.3.2016	33.15	9.3.2017-8.3.2026	375,000	–	–	–	375,000
	23.2.2017	36.25	23.2.2018-22.2.2027	300,000	–	–	–	300,000
	1.3.2018	44.60	1.3.2019-29.2.2028	373,200	–	–	–	373,200
	22.2.2019	42.40	22.2.2020-21.2.2029	494,200	–	–	–	494,200
	21.2.2020	29.73 ⁽³⁾	21.2.2021-20.2.2030	–	650,000	–	–	650,000
Issuer Director								
Lui Kon Wai	29.3.2018	41.50	29.3.2019-28.3.2028	179,000	–	–	–	179,000
	29.3.2019	42.05	29.3.2020-28.3.2029	203,000	–	–	–	203,000
	31.3.2020	25.20 ⁽³⁾	31.3.2021-30.3.2030	–	262,000	–	–	262,000
Hao Shu Yan	31.3.2016	33.05	31.3.2017-30.3.2026	65,000	–	–	–	65,000
	31.3.2017	35.33	31.3.2018-30.3.2027	58,000	–	–	–	58,000
	29.3.2018	41.50	29.3.2019-28.3.2028	50,000	–	–	–	50,000
	29.3.2019	42.05	29.3.2020-28.3.2029	77,000	–	–	–	77,000
	31.3.2020	25.20 ⁽³⁾	31.3.2021-30.3.2030	–	70,000	–	–	70,000

Notes:

- (1) All options granted have a vesting period of three years in equal proportions starting from the first anniversary and become fully vested on the third anniversary of the grant. In this table, “exercise period” begins with the first anniversary of the grant date.
- (2) The weighted average closing price of the shares immediately before the date on which the options were exercised was HK\$28.40.
- (3) The exercise price of share options granted to Lee Irene Yun-Lien, Lui Kon Wai and Hao Shu Yan was fixed at the highest of (i) the closing price of the shares as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the date of the grant; and (ii) the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange’s daily quotations sheets for the five business

days immediately preceding the date of grant. The closing prices of the shares immediately before the dates on which the options were granted (as at 20 February 2020 and as at 30 March 2020) were HK\$29.55 and HK\$23.85 respectively.

Aggregate long positions in shares of Associated Corporations as at 30 June 2020

Listed below is a Director's interest in the shares of Barrowgate Limited ("**Barrowgate**"), which is a 65.36 per cent. owned subsidiary of the Guarantor:

Name	Number of ordinary shares held	% of the total no. of issued shares
Jebsen Hans Michael	1,000	10 ⁽¹⁾

Note:

- (1) As at 30 June 2020, Jebsen and Company Limited held a 10 per cent. interest in the total number of issued shares in Barrowgate through a wholly-owned subsidiary. Jebsen Hans Michael was deemed to be interested in the shares of Barrowgate by virtue of being a controlling shareholder of Jebsen and Company Limited.

Apart from the above, as at 30 June 2020 there is no other interest or short position of Directors or alternate Directors in the shares, underlying shares or debentures of the Guarantor and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Guarantor and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Guarantor and the Hong Kong Stock Exchange pursuant to the Model Code.

Registered Office

The registered office of the Guarantor (also being the business address of the Executive Director(s)) is 49th Floor (Reception: 50th Floor), Lee Garden One, 33 Hysan Avenue, Hong Kong.

Employees

The Group aims to attract, retain and develop high calibre individuals committed to attaining its business objectives. The Group's total number of employees as at 30 June 2020 was 506. The Group recognises the significance of training and invests in a variety of training programmes for management and general staff. It has not experienced any disruptive labour disputes and considers its staff relations to be generally good.

TAXATION

The following is a general description of certain tax considerations relating to the Securities 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 Securities, whether in those countries or elsewhere. Prospective purchasers of Securities should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Securities and receiving payments of Distribution, principal and/or other amounts under the Securities and the consequences of such actions under the tax laws of those countries. It is emphasised that neither the Issuer, the Guarantor nor any other persons involved in the Securities accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Securities.

British Virgin Islands

As a BVI business company incorporated under the BVI Business Companies Act, 2004, the Issuer is exempt from all provisions of the Income Tax Act of the British Virgin Islands (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the Issuer to persons who are not persons resident in the British Virgin Islands). Capital gains realised with respect to any shares, debt obligations or other securities of the Issuer by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer, save for Distribution payable to or for the benefit of an individual resident in the European Union. The Issuer is required to pay an annual government fee which is determined by reference to the number of shares the Issuer is authorised to issue.

The British Virgin Islands enacted the Economic Substance (Companies and Limited Partnerships) Act, 2018 (the “**ES Act**”), which became effective on 1 January 2019, and the Rules on Economic Substance in the Virgin Islands, containing rules and guidance relating to the interpretation of the ES Act and how the International Tax Authority (the “**ITA**”) will carry out its obligations, were released on 9 October 2019, and were further updated on 10 February 2020. The Issuer is required to report to the ITA on a periodic basis to enable the ITA to monitor compliance with the economic substance requirements, if it is carrying on one or more relevant activities. If this is the case, it may be required to adopt adequate economic substance in the British Virgin Islands.

Hong Kong

The following is a general description of certain tax considerations relating to the Securities. It is based on law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Securities. Prospective holders of Securities who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or distribution on the Securities or in respect of any capital gains arising from the sale of the Securities.

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).

Distribution on the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) distribution on the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong;
- (b) distribution on the Securities is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (c) distribution on the Securities is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (d) distribution on the Securities is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums derived from the sale, disposal or redemption of Securities will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Securities are acquired and disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Securities will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Securities will be subject to Hong Kong profits tax.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Security.

The proposed financial transactions tax (“FTT”)

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

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

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

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

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

Foreign Account Tax Compliance Act (“FATCA”)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “**foreign financial institution**” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions 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 Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, 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 Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Securities issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are published generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional securities (as described under Condition 13 (*Further Issues*) of the Terms and Conditions of the Securities) that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, Mizuho Securities Asia Limited and UBS AG Hong Kong Branch (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 18 August 2020 among the Issuer, the Guarantor and the Joint Lead Managers, agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe, severally and not jointly, for the Securities, as set forth opposite their names in the following table, at the Issue Price (100.00 per cent. of their principal amount). Any subsequent offering of the Securities to investors may be at a price different from the Issue Price.

Name	Principal Amount of Securities to be subscribed
	<i>(U.S.\$ million)</i>
The Hongkong and Shanghai Banking Corporation Limited	75
J.P. Morgan Securities plc	75
Mizuho Securities Asia Limited	75
UBS AG Hong Kong Branch	75
Total	300

The Issuer has agreed to pay the Joint Lead Managers certain fees and an underwriting commission, to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Securities, and to indemnify the Joint Lead Managers against certain liabilities in connection with the offering and sale of the Securities. In addition, the Issuer has agreed with the Joint Lead Managers that a concession will be paid to certain private banks in connection with the distribution of Securities to their clients. This concession will be based on the aggregate principal amount of the Securities so distributed. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Securities. The Joint Lead Managers and certain of their affiliates may have performed investment banking and advisory services for the Guarantor from time to time, for which they may have received customary fees and expenses. The Joint Lead Managers and certain of their affiliates may, from time to time, engage in transactions with and perform services for the Guarantor in the ordinary course of business.

The Joint Lead Managers and certain of their affiliates may purchase the Securities and be allocated the Securities for asset management and/or proprietary purposes but not with a view to distribution and such orders and/or allocations of the Securities may be material. The Joint Lead Managers and their respective affiliates may purchase the Securities for their own accounts and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Securities and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Securities). Accordingly, references herein to the Securities being ‘offered’ should be read as including any offering of the Securities to the Joint Lead Managers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible

that only a limited number of investors may subscribe for a significant proportion of the Securities. If this is the case, liquidity of trading in the Securities may be constrained (see “*Risk Factors – Risks Relating to the Securities and the Guarantee of the Securities – An active trading market may not develop for the Securities, and there are restrictions on the resale of the Securities*”). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Securities amongst individual investors.

In connection with the offering, any of the Joint Lead Managers acting as Stabilisation Manager or any person acting on its behalf may, to the extent permitted by applicable laws and directives, engage in transactions that stabilise or otherwise affect the market price of the Securities. These transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Securities.

If the Stabilisation Manager or its agent creates a short position in the Securities in connection with the offering (i.e. if the Stabilisation Manager or its agent sells more Securities than are set forth on the cover page of this Offering Circular), the Stabilisation Manager or its agent may reduce that short position by purchasing Securities in the open market. In general, purchases of a Security for the purpose of stabilisation or to reduce a short position could cause the price of the Securities to be higher than it might be in the absence of such purchases. There is no assurance, however, that the Stabilisation Manager or its agent will undertake stabilisation action. Any stabilisation action may begin on or after the date adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may be ended at any time and must be brought to an end after a limited period.

Neither the Issuer, the Guarantor nor the Stabilisation Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Securities. In addition, neither the Issuer, the Guarantor nor the Stabilisation Manager makes any representation that the Stabilisation Manager or its agent will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

United States

The Securities and the Guarantee of the Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has represented and agreed that it will not offer, sell or deliver Securities (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Securities within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Joint Lead Manager has further agreed that it will send to each dealer to which it sells any Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Securities, an offer or sale of such Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA and UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Circular to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”); and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

United Kingdom

Each Joint Lead Manager has represented, warranted and undertaken that:

- (i) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.
- (ii) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**FIEA**”) and each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, 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 Securities 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.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities 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 Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities 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 Securities 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.

PRC

Each Joint Lead Manager has represented and agreed that the offer of the Securities is not an offer of securities within the meaning of the PRC Securities Law or other pertinent laws and regulations of the PRC and the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

British Virgin Islands

This Offering Circular does not constitute and shall not be construed as an offer or solicitation to the public in the British Virgin Islands to subscribe for the Securities. The Securities shall not be acquired for the account or benefit

of any person who is a resident of, or who is domiciled in, the British Virgin Islands, other than a BVI business company incorporated pursuant to the BVI Business Companies Act, 2004 in the British Virgin Islands that is not resident in the British Virgin Islands, nor to a custodian, nominee or trustee of any such person. Each Joint Lead Manager has represented, warranted and agreed 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 Securities and the Securities may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

General

The distribution of this Offering Circular and the offering and sales of the Securities in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration without authorisation by the relevant securities regulatory authorities or an exemption therefrom.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would, or is intended to, permit a public offering of the Securities, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Securities or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Securities, in all cases at their own expense.

GENERAL INFORMATION

1. **Clearing Systems:** The Securities have been accepted for clearance through Euroclear and Clearstream. The securities codes for the Securities are as follows:

Common Code: 221620933

ISIN: XS2216209333
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in the British Virgin Islands in connection with the issue and performance of the Securities. The Guarantor has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the Guarantee of the Securities. The issue of the Securities was authorised by resolutions of the directors of the Issuer dated 10 August 2020 and the giving of the Guarantee of the Securities was authorised by a resolution of the Board of Directors of the Guarantor dated 10 August 2020.
3. **Listing of the Securities:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Securities. It is expected that dealing in, and listing of, the Securities to Professional Investors only on the Hong Kong Stock Exchange will commence on 26 August 2020.
4. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no significant or material adverse change in the financial or trading position of the Guarantor or the Group since 31 December 2019 and there has been no significant or material adverse change in the financial or trading position of the Issuer since its date of incorporation.
5. **Litigation:** Save as disclosed in this Offering Circular (if any), neither the Issuer nor the Guarantor nor any other member of the Group is or has been involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of the Issuer, the Guarantor or the Group.
6. **Available Documents:** So long as any of the Securities are outstanding, copies of the following documents will be available for inspection by Holders at the specified office of the Guarantor at 49th Floor (Reception: 50th Floor), Lee Garden One, 33 Hysan Avenue, Hong Kong during normal business hours:
 - (i) the Agency Agreement;
 - (ii) the Deed of Covenant;
 - (iii) the Deed of Guarantee; and
 - (iv) the audited consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2019 and 2018 and the unaudited but reviewed consolidated interim financial statements of the Guarantor in respect of the six months ended 30 June 2020.
7. **Auditor:** The consolidated financial statements of the Guarantor for the years ended 31 December 2019 and 2018 have been audited in accordance with Hong Kong Standards of Auditing by, and the condensed consolidated financial statements of the Guarantor for the six months ended 30 June 2020 have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” by, Deloitte Touche Tohmatsu, Certified Public Accountants and Registered Public Interest Entity Auditors in Hong Kong.
8. **Issuer’s 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 of its financial statements. The Issuer is, however, required to keep proper books of account as are sufficient to

show and to explain its transactions and which will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy.

ISSUER

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