

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 disclaimer before continuing. The following disclaimer applies to the attached offering circular. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached offering circular. In accessing the attached offering circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

CONFIRMATION OF YOUR REPRESENTATION: You have accessed the attached document on the basis that you have confirmed your representation to The Hongkong Land Notes Company Limited, The Hongkong Land Finance (Cayman Islands) Company Limited and The Hongkong Land Treasury Services (Singapore) Pte. Ltd. (together, the “**Issuers**”) and to The Hongkong Land Company, Limited (the “**Guarantor**”) and to Australia and New Zealand Banking Group Limited, Bank of China (Hong Kong) Limited, Crédit Agricole Corporate and Investment Bank, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, MUFG Securities EMEA plc, Mizuho Securities Asia Limited, Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited (together, the “**Dealers**”) that (1) you consent to delivery of the attached offering circular and any amendments or supplements thereto by electronic transmission and (2) (i) you are outside the United States of America (“**United States**” or “**U.S.**”) and are not a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) nor acting on behalf of a U.S. person and, to the extent you purchase the securities described in the attached offering circular, you will be doing so pursuant to Regulation S under the Securities Act, and (ii) the electronic mail address to which the attached offering circular has been delivered is not located in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands. The attached document has been made available to you in electronic form.

You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuers, the Guarantor, the Dealers, the Trustee and their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Issuers, the Guarantor, the Dealers, the Trustee or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

Restrictions: The attached document is being furnished in connection with an offering exempt from registration under the Securities Act. Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or to any U.S. person.

ANY SECURITIES TO BE ISSUED 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 IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS SUCH TERMS ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS REGISTERED UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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

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

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

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

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

PRIIPs/IMPORTANT — UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently, no key information document required by the EU PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

The materials relating to the offering 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. No action has been or will be taken in any jurisdiction by the Dealers, the Issuers or the Guarantor that would, or is intended to, permit a public offering of the securities, or possession or distribution of the offering circular or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuers and the Guarantor in such jurisdiction.

This offering circular is being distributed only to and directed only at (i) persons who are outside the UK, (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (iii) those persons to whom it may otherwise lawfully be distributed (all such persons together being referred to as “**relevant persons**”). This offering circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering circular relates is available only to relevant persons and will be engaged in only with relevant persons.

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 document, electronically or otherwise, to any other person. If you receive this document by e-mail, you should not reply by email to this announcement. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



The Hongkong Land Notes Company Limited

(incorporated with limited liability in the British Virgin Islands)

The Hongkong Land Finance (Cayman Islands) Company Limited

(incorporated with limited liability in the Cayman Islands)

The Hongkong Land Treasury Services (Singapore) Pte. Ltd.

(incorporated with limited liability in the Republic of Singapore)

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

Guaranteed Medium Term Note Programme

Unconditionally and irrevocably guaranteed by

The Hongkong Land Company, Limited

(incorporated with limited liability in the Hong Kong SAR)

On 15 June 2009, The Hongkong Land Notes Company Limited, The Hongkong Land Finance (Cayman Islands) Company Limited and The Hongkong Land Treasury Services (Singapore) Pte. Ltd. (each an “**Issuer**” or “**Relevant Issuer**” (as applicable) and together the “**Issuers**”) established a U.S.\$3,000,000,000 Guaranteed Medium Term Note Programme (the “**Programme**”) and issued an Offering Circular on that date describing the Programme. On 19 September 2012, the Programme Limit (as defined in the Dealer Agreement (as defined below)) was increased to U.S.\$5,000,000,000. On 1 April 2021, the Programme Limit (as defined in the Dealer Agreement (as defined below)) was further increased to U.S.\$7,000,000,000. This Offering Circular supersedes the previous Offering Circular (including any supplement thereto) issued in respect of the Programme prior to the date hereof. Any Notes (as defined below) issued under this Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This Offering Circular does not affect any Notes issued prior to the date of this Offering Circular.

Under this Programme, the Issuers, subject to compliance with all relevant laws, regulations and directives, may from time to time issue Guaranteed Medium Term Notes (the “**Notes**”) unconditionally and irrevocably guaranteed by The Hongkong Land Company, Limited (the “**Guarantor**”). Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$7,000,000,000 (or its equivalent in other currencies).

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Summary of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuers (each a “**Dealer**” and together the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the “**relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “*Risk Factors*”.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Unlisted series of Notes may also be issued pursuant to the Programme. The relevant Pricing Supplement (as defined herein) in respect of any series of Notes will specify whether or not such Notes will be listed on the SGX-ST (or any other stock exchange). There is no assurance that the application to the SGX-ST to list a particular series of Notes will be approved. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Programme, the Issuers, the Guarantor, their subsidiary companies (if any), their associated companies (if any) or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein.

Each Series (as defined herein) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”), and will be sold in an “offshore transaction” within the meaning of Regulation S (“**Regulation S**”) under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Interests in temporary Global Notes generally will be exchangeable for interests in permanent global notes (each a “**permanent Global Note**”) and, together with the temporary Global Notes, the “**Global Notes**”), or if so stated in the relevant Pricing Supplement, definitive Notes (“**Definitive Notes**”), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche (as defined below), upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under “*Summary of Provisions Relating to the Notes while in Global Form*”.

The Notes of each Series to be issued in registered form (“**Registered Notes**”) and which are sold in an “offshore transaction” within the meaning of Regulation S (“**Unrestricted Notes**”), will initially be represented by a permanent registered global certificate (each an “**Unrestricted Global Certificate**”) without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream**”), with a common depository on behalf of Euroclear and Clearstream or (b) in the case of a Series intended to be cleared through The Central Depository (Pte) Limited (“**CDP**”), with CDP or (c) in the case of a Series intended to be cleared through the Central Moneymarkets Unit Service (“**CMU**”), with CMU, or (d) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear, Clearstream, CDP or CMU or delivered outside a clearing system, as agreed between the Relevant Issuer and the relevant Dealer. Registered Notes which are sold in the United States to “qualified institutional buyers” (each, a “**QIB**”) within the meaning of Rule 144A (“**Rule 144A**”) under the Securities Act (“**Restricted Notes**”) will initially be represented by a permanent registered global certificate (each a “**Restricted Global Certificate**”) and, together with the Unrestricted Global Certificate, the “**Global Certificates**”), without interest coupons, which may be deposited on the relevant issue date with (a) a custodian (the “**Custodian**”) for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company (“**DTC**”) or (b) a common depository on behalf of Euroclear and Clearstream. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

The Programme is rated “(P)A2” by Moody’s Investors Service Hong Kong Ltd. and “A” by S&P Global Ratings. These ratings are only correct as at the date of this Offering Circular. Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

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

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

Arrangers

HSBC

Standard Chartered Bank

Dealers

ANZ
Crédit Agricole CIB
HSBC
MUFG
OCBC Bank

Bank of China (Hong Kong)
DBS Bank Ltd.
J.P. Morgan
Mizuho
Standard Chartered Bank

The date of this Offering Circular is 12 May 2023

The Issuers and the Guarantor, having made all reasonable enquiries, confirm that this Offering Circular contains or incorporates all information which is material in the context of the issuance and offering of Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading in any material respect and which, in each case, is material in the context of the issuance and offering of the Notes. The Issuers and the Guarantor accept responsibility accordingly.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

No person has been authorised by the Issuers or the Guarantor to give any information or to make any representation other than those contained in this Offering Circular in connection with the Programme and the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor or any of the Dealers or the Arrangers or the Trustee (as defined in “*Summary of the Programme*”).

None of the Dealers, the Arrangers or the Trustee has 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 Dealers, the Arrangers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuers or the Guarantor in connection with the Programme.

Neither the delivery of this Offering Circular nor any offering, sale or delivery of any Notes made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuers or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Offering Circular does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuers, the Guarantor, the Dealers, the Arrangers or the Trustee to subscribe for, or purchase, any Notes in any jurisdiction to any person to whom it is unlawful to make the offer, invitation or solicitation in such jurisdiction. The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. The Issuers, the Guarantor, the Dealers and the Arrangers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor, the Dealers or the Arrangers which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular comes are required by the Issuers, the Guarantor, the Dealers and the Arrangers to inform themselves about and to observe any such restriction.

The Notes have not been and will not be registered under the Securities Act and may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S). For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see “*Subscription and Sale*”.

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

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

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

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

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

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the relevant Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable

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

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

To the fullest extent permitted by law, none of the Dealers, the Arrangers or the Trustee accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by an Arranger, a Dealer or the Trustee or on its behalf in connection with the Issuers, the Guarantor, the Group, the Programme, the Guarantee or the issue and offering of the Notes. Each Arranger, Dealer and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other statements are intended to provide the basis of any credit, taxation or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Arrangers, the Dealers or the Trustee that any recipient of this Offering Circular or any other statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers, the Arrangers or the Trustee undertakes to review the financial condition or affairs of the Issuers or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers, the Arrangers or the Trustee.

In making an investment decision, investors must rely on their own examination of the Relevant Issuer, the Guarantor and the terms of the Notes being offered, including the merits and risks involved. None of the Relevant Issuer, the Guarantor, the Arrangers or the Dealers makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws.

Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

STABILISATION

In connection with the issue of any Tranche (as defined in “Summary of the Programme — Method of Issue”), the Dealer or Dealers (if any) named as the stabilisation manager(s) (or persons acting on behalf of the relevant Dealer or Dealers (the “**Stabilisation Manager(s)**”) may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, stabilisation may not necessarily occur. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end no later than the earlier of 30 days after the issue date of the relevant Tranche of the Notes and 60 days after the date of the allotment of the relevant Tranche of the Notes. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

CURRENCIES

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “**Hong Kong**” or “**Hong Kong SAR**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; all references to “**HK\$**” are to the lawful currency of Hong Kong SAR; all references to “**China**”, “**Mainland China**” and the “**PRC**” are to the People’s Republic of China and for geographical references only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; all references to “**Renminbi**”, “**CNY**” and “**RMB**” are to the lawful currency of the People’s Republic of China; all references to “**U.S.\$**” are to the lawful currency of the United States of America; all references to “**Singapore**” are to the Republic of Singapore; all references to “**S\$**” or “**Singapore dollars**” are to the lawful currency of the Republic of Singapore; all references to “**sterling**” or “**£**” are to the currency of the UK and all references to “**euro**” or “**€**” are to the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty on the Functioning of the European Union, as amended from time to time. Figures in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same item of information may vary and figures which are totals may not be an arithmetic aggregate of their components.

U.S. INFORMATION

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

The Notes are being offered and sold outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act. Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

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

ENFORCEABILITY OF JUDGMENTS

The Issuers are limited liability corporations organised under the laws of the British Virgin Islands, the Cayman Islands and Singapore, respectively. The Guarantor is a limited liability corporation organised under the laws of Hong Kong. All the directors and a majority of the executive officers of the Issuers and the Guarantor are non-residents of the United States, and all or a substantial portion of the assets of the Issuers and Guarantor and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuers, the Guarantor or such persons or to enforce against any of them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States. There is doubt as to enforceability in Hong Kong, either in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities based on the federal securities laws of the United States.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

AVAILABLE INFORMATION

The Issuers and the Guarantor have agreed that, for so long as any Notes are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, each of them will, during any period that it is neither subject to section 13 or 15(d) of the United States Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any holder or beneficial owner of such restricted securities or any prospective purchaser designated by any such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Trustee, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement and the most recently published audited annual financial statements of the Guarantor from time to time (if any) and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours (being between 9:00 a.m. to 3:00 p.m.) on any weekday (Saturdays and public holidays excepted) upon prior written request and satisfactory proof of holding from the specified offices of the Paying Agents set out at the end of this Offering Circular. Copies of the most recently published audited annual financial statements of the Guarantor are also available on the SGX-ST's website at <http://www.sgx.com>.

Any unaudited financial statements should not be relied upon to provide the same quality of information associated with information that has been subject to an audit nor taken as an indication of the expected financial condition and results of operations of the Guarantor for the relevant full financial year. Potential investors must exercise caution when using such data to evaluate the Guarantor's financial condition, results of operations and results.

PRESENTATION OF FINANCIAL INFORMATION

As at the date of this Offering Circular each of the Issuers has not published and does not propose to publish any financial statements. The Guarantor prepared audited annual financial statements for each of its financial years ended 31 December 2021 and 31 December 2022. See "*Index to Financial Statements*". The financial statements of the Guarantor were prepared in conformity with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants. See "*General Information*" for a description of the financial statements currently published by the Guarantor.

SUPPLEMENTARY OFFERING CIRCULAR

Each of the Issuers and the Guarantor has given an undertaking to the Dealers that, unless it has notified the Dealers in writing that it does not intend to issue Notes under the Programme for the time being, if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment by investors of the assets and liabilities, financial position, profits and losses and prospects of the Issuers and the Guarantor, and the rights attaching to such Notes, the Issuers shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer and the Trustee such number of copies of such supplement hereto as such Dealer and the Trustee may reasonably request.

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SUMMARY OF THE PROGRAMME

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

Issuers:	<p>The Hongkong Land Notes Company Limited (Legal Entity Identifier: 254900ETGP01CF2GJL36)</p> <p>The Hongkong Land Finance (Cayman Islands) Company Limited (Legal Entity Identifier: 254900OHTMO343QAXN81)</p> <p>The Hongkong Land Treasury Services (Singapore) Pte. Ltd. (Legal Entity Identifier: 254900E1ZBSWF0XH9L49).</p>
Relevant Issuer:	<p>In relation to any Tranche (as defined in “<i>Method of Issue</i>” below), the Issuer of such Tranche.</p>
Guarantor:	<p>The Hongkong Land Company, Limited</p>
Description:	<p>Guaranteed Medium Term Note Programme</p>
Programme Limit:	<p>Up to U.S.\$7,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.</p>
Arrangers:	<p>The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank (Hong Kong) Limited.</p>
Dealers:	<p>Australia and New Zealand Banking Group Limited Bank of China (Hong Kong) Limited Crédit Agricole Corporate and Investment Bank DBS Bank Ltd. The Hongkong and Shanghai Banking Corporation Limited J.P. Morgan Securities plc MUFG Securities EMEA plc Mizuho Securities Asia Limited Oversea-Chinese Banking Corporation Limited Standard Chartered Bank (Hong Kong) Limited</p> <p>The Issuers and the Guarantor may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
Trustee:	<p>The Bank of New York Mellon, London Branch</p>
Issuing and Paying Agent, Paying Agent, Transfer Agent and Calculation Agent:	<p>The Bank of New York Mellon, London Branch</p>

Paying Agent, Transfer Agent, Registrar and Exchange Agent:	The Bank of New York Mellon, New York
CMU Lodging and Paying Agent:	The Bank of New York Mellon, Hong Kong Branch
CDP Lodging and Paying Agent:	The Bank of New York Mellon, Singapore Branch
Method of Issue:	<p>The Notes will be issued on a syndicated or non-syndicated basis.</p> <p>The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the “Pricing Supplement”).</p>
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes:	<p>The Notes may be issued in bearer form only (“Bearer Notes”), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) or in registered form only (“Registered Notes”).</p> <p>Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “<i>Summary of the Programme — Selling Restrictions</i>” below), otherwise such Tranche will be represented by a permanent Global Note.</p> <p>Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.</p> <p>Registered Notes sold in an “offshore transaction” within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate. Registered Notes sold in the United States to QIBs within the meaning of Rule 144A will initially be represented by a Restricted Global Certificate.</p>
Clearing Systems:	CMU, Clearstream, Euroclear, CDP, DTC and, in relation to any Tranche, such other clearing system as may be agreed between the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

Initial Delivery of Notes:	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with CDP or a common depository for Euroclear and Clearstream or a custodian of DTC or a sub-custodian for the CMU or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Relevant Issuer and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Relevant Issuer, the Guarantor and the relevant Dealers.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity over one month (from the Issue Date) as may be agreed between the Relevant Issuer, the Guarantor and the relevant Dealer.
Specified Denomination:	Notes will be in such denominations as may be specified in the relevant Pricing Supplement save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Relevant Issuer in the UK or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000, as amended (“FSMA”) will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes:	Fixed interest will be payable at such rate or rates in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; (ii) by reference to LIBOR, EURIBOR, HIBOR, CNH HIBOR, SIBOR or SOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or (iii) on such other basis as may be agreed between the Relevant Issuer and the relevant Dealer. <p>Interest periods will be specified in the relevant Pricing Supplement.</p>

Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption:	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Relevant Issuer in the UK or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments:	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Relevant Issuer may agree to issue under the Programme will be set out in the relevant Pricing Supplement and the supplemental Offering Circular.
Optional Redemption:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Relevant Issuer, as described in “ <i>Terms and Conditions of the Notes — Guarantee and Status</i> ”.
Status of the Guarantee:	The payment obligations of the Guarantor under the unconditional and irrevocable guarantee (the “ Guarantee ”) are direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Guarantor as described in “ <i>Terms and Conditions of the Notes — Guarantee and Status</i> ”.

Negative Pledge:	The terms of the Notes will contain a negative pledge provision as set out in Condition 4.
Cross-Acceleration:	The terms of the Notes will contain a cross-acceleration provision as set out in Condition 10.
Ratings:	<p>Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Early Redemption:	Except as provided in “ <i>Optional Redemption</i> ” above, Notes will be redeemable at the option of the Relevant Issuer prior to maturity only for tax reasons. See “ <i>Terms and Conditions of the Notes — Redemption, Purchase and Options</i> ”.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the British Virgin Islands, the Cayman Islands, Singapore or Hong Kong, as the case may be, subject to customary exceptions, all as described in “ <i>Terms and Conditions of the Notes — Taxation</i> ”.
Governing Law:	English
Listing and Admission to Trading:	<p>Application has been made to the SGX-ST for permission to deal in and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST to list a particular series of Notes will be approved. If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).</p> <p>Unlisted Series of Notes may also be issued pursuant to the Programme. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Relevant Issuer and the relevant Dealer in relation to each series of Notes. The Pricing Supplement relating to each Series of Notes will state whether or not the Notes of such Series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be listed.</p>
Redenomination, Renominalisation and/or Consolidation:	Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Pricing Supplement.

Selling Restrictions:

The United States, the EEA, the UK, Hong Kong, Japan, Singapore, the Cayman Islands, the British Virgin Islands, the PRC. See “*Subscription and Sale*”.

For the purposes of Regulation S, Category 2 selling restrictions shall apply unless “Category 1” is specified in the relevant Pricing Supplement.

Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless:

- (i) the relevant Pricing Supplement states that such Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”); or
- (ii) such Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which such Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Transfer Restrictions:

There are restrictions on the transfer of Notes sold pursuant to Category 2 of Regulation S prior to the expiration of the relevant distribution compliance period and on the transfer of Registered Notes sold pursuant to Rule 144A under the Securities Act. See “*Transfer Restrictions*”.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by an Amended and Restated Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 2 August 2013 between the Issuers, the Guarantor, and The Bank of New York Mellon, London Branch (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 2 August 2013 has been entered into in relation to the Notes between the Issuers, the Guarantor, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent, The Bank of New York Mellon, Hong Kong Branch as lodging agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU Service**”), The Bank of New York Mellon, Singapore Branch, as lodging agent for Notes to be held in The Central Depository (Pte) Limited (“**CDP**”), The Bank of New York Mellon, New York Branch as registrar and the other agents named in it. The issuing and paying agent, the CMU Lodging Agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**CMU Lodging Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent and the CMU Lodging Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU Service, be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at One Canada Square, 40th Floor, London E14 5AL, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

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

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

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Specified Denomination(s) shown hereon.

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

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

*For so long as any of the Notes are represented by a Global Certificate held on behalf of Euroclear Bank SA/NV (“**Euroclear**”), Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”), CDP and/or the CMU Service, the Conditions will be modified by certain provisions contained in such Global Certificate.*

For so long as the Depository Trust Company (“**DTC**”) or its nominee is the registered owner or holder of a Registered Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of such Note for all purposes under the Trust Deed, the Agency Agreement and the Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest or proven error, be conclusive and binding on all concerned.

References to Euroclear or Clearstream, Luxembourg, the CMU Service, CDP and DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Relevant Issuer, the Issuing and Paying Agent and the Trustee.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be).

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

- (a) ***Exchange of Exchangeable Bearer Notes:*** Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.
- (b) ***Transfer of Registered Notes:*** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Relevant Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Relevant Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) ***Exercise of Options or Partial Redemption in Respect of Registered Notes:*** In the case of an exercise of a Relevant Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition (d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Exchange Free of Charge:** Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Relevant Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Relevant Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 Guarantee and Status

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuers under the Trust Deed, the Notes, Receipts and Coupons. Its obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed.

The payment obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Guarantor and (save for such exception as may be provided by applicable legislation and Condition 4) at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor, present and future.

- (b) **Status of Notes:** The Notes and the Receipts and Coupons relating to them are direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Relevant Issuer under the Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Relevant Issuer, present and future.

4 Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Relevant Issuer and the Guarantor will not, and the Guarantor will procure that no Material Subsidiary (as defined in Condition 10) will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“**Security**”) other than Permitted Security upon the whole or any part of its undertaking, assets or revenues present or future to secure the repayment or payment of principal, premium or interest of or on any Relevant Debt, or any guarantee of or indemnity given in respect of the repayment or payment of principal, premium or interest of or on any Relevant Debt unless, at the same time or prior thereto, the Relevant Issuer’s obligations under the Notes and the Coupons or, as the case may be, the Guarantor’s obligations under the Guarantee (aa) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of this Condition 4:

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

“**Permitted Security**” means (i) any Security over any assets (or related documents of title) purchased by the Relevant Issuer, the Guarantor or any Material Subsidiary as security for all or part of the purchase price of such assets and any substitute security created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets (provided that the principal amount secured by any such security may not be increased without the approval by an Extraordinary Resolution of the Noteholders); and (ii) any Security over any assets (or related documents of title) purchased by the Relevant Issuer, the Guarantor or any Material Subsidiary subject to such Security and any substitute security created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets.

5 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date (as defined below). The amount of interest payable shall be determined in accordance with Condition 5(h).
- (b) **Interest on Floating Rate Notes:**
 - (i) **Interest Payment Dates:** Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as being the Singapore inter-bank offered rate (“**SIBOR**”) or the Swap Offer Rate (“**SOR**”)

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of the London inter-bank offered rate (“**LIBOR**”), Brussels time in the case of the Euro-zone inter-bank offered rate (“**EURIBOR**”), Hong Kong time in the case of the Hong Kong inter-bank offered rate (“**HIBOR**”) or 11.15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. (in the case of CNH Hong Kong inter-bank offered rate (“**CNH HIBOR**”)) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

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

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Relevant Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Relevant Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may

be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SIBOR or SOR

Each Floating Rate Note where the Reference Rate is specified as being SIBOR (in which case such Note will be a SIBOR Note) or SOR (in which case such Note will be a Swap Rate Note) bears interest at a floating rate determined by reference to a benchmark as specified hereon or in any case such other benchmark as specified hereon or in any case such other benchmark as specified hereon.

- (x) The Rate of Interest payable from time to time in respect of each Floating Rate Note under Condition 5(b)(ii)(C) will be determined by the Calculation Agent on the basis of the following provisions:

- (I) in the case of Floating Rate Notes which are SIBOR Notes:

- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 A.M. SINGAPORE TIME" and the column headed "SGD SIBOR" (or such other Relevant Screen Page);
- (bb) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof), or if Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Calculation Agent;

- (cc) if on any Interest Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (bb) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (dd) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date.
- (II) in the case of Floating Rate Notes which are Swap Rate Notes:
- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Calculation Agent as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption “SGD SOR RATES AS AT 11:00 HRS LONDON TIME” under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period);
 - (bb) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest (which shall be round up to the nearest 1/16 per cent.) as the rate for such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and

- (cc) if on any Interest Determination Date, the Calculation Agent is unable to determine the Rate of Interest under paragraphs (aa) and (bb) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, in an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate, or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date.
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note (or in the case of the redemption of part only of a Note, that part only of such Note) from the due date for redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Relevant Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires.

- (j) ***Determination or Calculation by Trustee:*** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (k) ***Certificates to be final:*** All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Issuing and Paying Agent, the Trustee or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Relevant Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.
- (l) ***Business Day Convention:*** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (m) ***Calculation Agent:*** The Relevant Issuer shall procure that there shall at all times be a Calculation Agent if provision is made for them in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Relevant Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

- (n) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or
- (iv) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual — ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

Where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(vii) if “**Actual/Actual-ICMA**” is specified hereon,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

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

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling, Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, and in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and, in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, and in the case of a determination of SIBOR or SOR, the principal Singapore office of three major banks in the Singapore inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

6 Redemption, Purchase and Options

(a) *Redemption by Instalments and Final Redemption:*

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) *Early Redemption:*

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) ***Redemption for Taxation Reasons***: The Notes may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Relevant Issuer (or, if the Guarantee were called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong, Singapore, the Cayman Islands or the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Relevant Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or either Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this paragraph, the Relevant Issuer shall deliver to the Trustee a certificate signed by one Director and an authorised officer of the Relevant Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Relevant Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders and Couponholders.
- (d) ***Redemption at the Option of the Relevant Issuer***: If Call Option is specified hereon, the Relevant Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Relevant Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Relevant Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption. Registered Notes may be redeemed under this Condition 6(e) in any multiple of their lowest Specified Denomination. It may be that before a Put Option can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at any time during normal business hours of such Paying Agent, Registrar or Transfer Agent (as applicable) at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Relevant Issuer.

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.
- (g) **Purchases:** The Relevant Issuer, the Guarantor and any of their subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of Hongkong Land Holdings Limited, the Relevant Issuer, the Guarantor or any of their subsidiaries shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 12(a) and 13.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Relevant Issuer, the Guarantor or any of their subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Relevant Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation shall be forwarded to the Issuing and Paying Agent and may not be reissued or resold and the obligations of the Relevant Issuer and the Guarantor in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) *Bearer Notes:*

(i) *Bearer Notes not held in the CMU Service*

Payments of principal and interest in respect of Bearer Notes not held in the CMU Service shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:

- (A) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and
- (B) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

“**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(ii) *Bearer Notes held in the CMU Service*

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

(b) *Registered Notes:*

(i) *Registered Notes not held in the CMU Service*

Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on (i) the fifteenth day before the due date for payment thereof or, (ii) in the case of Registered Notes to be cleared through CDP, on the fifth CDP business day before the due date for payment thereof, or (iii) in the case of Registered Notes to be cleared through DTC, on the fifteenth DTC business day before the due date for payment thereof, or (iv) in the case of Renminbi, on the fifth

day before the due date for payment thereof (the “**Record Date**”). For the purpose of this Condition 7(b), “**CDP business day**”, means any day on which CDP is open for business and “**DTC business day**” means any day on which DTC is open for business. Payments of interest on each Registered Note shall be made:

- (x) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and
- (y) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(b), “**registered account**” means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

(ii) *Registered Notes held in the CMU Service*

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

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

- (c) ***Payments in the United States:*** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Relevant Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Relevant Issuer, any adverse tax consequence to the Relevant Issuer.
- (d) ***Payments subject to Fiscal Laws:*** Save as provided in Condition 8 (Taxation), all payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuers or the Guarantor or their respective Agents agree to be subject and neither the Issuers nor the Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements. No commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.
- (e) ***Appointment of Agents:*** The Issuing and Paying Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuers and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuers and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder, Receiptholder or Couponholder. The Issuers and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuers shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging Agent in relation to Notes accepted for clearance through the CMU Service, (v) one or more Calculation Agent(s) where the Conditions so require and (vi) such other agents as may be required by any stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Relevant Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders and in any event not less than 45 days' notice shall be given.

- (f) ***Unmatured Coupons and Receipts and unexchanged Talons:***
- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes), the Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note or Dual Currency Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) In each case (A) where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and (B) where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Relevant Issuer may require.
 - (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
 - (iii) (in the case of a payment in Renminbi) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong.

8 Taxation

All payments of principal and interest or any other amount payable by or on behalf of the Relevant Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Trust Deed or the Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong, Singapore, the Cayman Islands or the British Virgin Islands or any authority therein or thereof having power to tax, unless such

withholding or deduction is required by law. In that event, the Relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders, Receiptholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the British Virgin Islands, Singapore, the Cayman Islands or, in the case of payments by the Guarantor, Hong Kong other than the mere holding of the Note, Receipt or Coupon or by the receipt of amounts in respect of the Note, Receipt or Coupon or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is capable and competent of making but fails to do so; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or related Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

9 Prescription

Claims against the Relevant Issuer and/or the Guarantor for payment in respect of the Notes (whether in bearer or registered form), Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case being indemnified and/or secured to its satisfaction), give notice to the Relevant Issuer and the Guarantor (a “**Default Notice**”) that the Notes are, and they shall accordingly thereby become immediately due and repayable at their Early Redemption Amount together (if applicable) with accrued interest as provided in the Trust Deed on the fifth Business Day following the date of such Default Notice (unless before such time all Events of Default provided for in such Default Notice shall have been cured to the satisfaction of the Trustee):

- (a) **Non-Payment:** the Relevant Issuer fails to pay the principal of or any interest on any of the Notes when due and such failure continues for a period of five days in the case of principal and 30 days in the case of interest; or
- (b) **Breach of Other Obligations:** the Relevant Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under or in respect of the Notes or the Trust Deed which default is incapable of remedy or is not remedied within 60 days after notice of such default shall have been given to the Relevant Issuer or the Guarantor by the Trustee; or

- (c) **Cross-Acceleration:** (i) any other present or future indebtedness of the Relevant Issuer, the Guarantor or any Material Subsidiary (as defined below) for or in respect of Borrowed Money (as defined below) becomes due and payable prior to its stated maturity by way of acceleration following a default by the Relevant Issuer, the Guarantor or any Material Subsidiary, if such indebtedness is not discharged or such acceleration is not cancelled within 20 days after receipt of written notice of such default; or (ii) when the Relevant Issuer, the Guarantor or any Material Subsidiary defaults for more than five days in the only or last remaining payment due of any principal of any of its Borrowed Money beyond any grace period provided in respect thereof; or (iii) the Relevant Issuer, the Guarantor or any Material Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for or in respect of Borrowed Money, in each of cases (i) and (iii) after any originally applicable grace period, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) has or have occurred equals or exceeds U.S.\$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by an independent bank of international repute in London on the day on which the calculation falls to be made); or
- (d) **Enforcement Proceedings:** an encumbrancer takes possession of, or a receiver is appointed with respect to, the whole or the substantial part of the Assets (as defined below) of the Relevant Issuer, the Guarantor or any Material Subsidiary and is not discharged or stayed within 60 days; or
- (e) **Insolvency:** the Relevant Issuer, the Guarantor or any Material Subsidiary is adjudicated or found bankrupt or insolvent by any competent court, stops or suspends payment of all or the substantial part of (or of a particular type of) its debts or is unable to or admits an inability to pay its debts as they fall due, or proposes or enters into any composition or other arrangement for the benefit of its creditors generally; or
- (f) **Winding-up:** a final order is made by any competent court or an effective resolution is passed for the winding-up or dissolution of the Relevant Issuer, the Guarantor or any Material Subsidiary or for the appointment of a liquidator or trustee of the whole or the substantial part of the Assets of the Relevant Issuer, the Guarantor or such Material Subsidiary and is not discharged or stayed within 60 days, except for the purpose of and followed by: (i) a reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by an Extraordinary Resolution of the Noteholders, or (y) in the case of a Material Subsidiary, whereby all or substantially all the Assets subsisting immediately prior to such reconstruction, amalgamation, reorganisation, merger or consolidation of the Material Subsidiary are transferred to or otherwise vested in the Guarantor or one or more of its other Subsidiaries; or (ii) a Merger that complies with Condition 11; or
- (g) **Cessation of Business:** the Relevant Issuer, the Guarantor or any Material Subsidiary ceases or (through an official action of its Board of Directors) threatens to cease to carry on its business or operations, except for the purpose of and followed by (i) a reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by an Extraordinary Resolution of the Noteholders, or (y) in the case of a Material Subsidiary, whereby all or substantially all the Assets subsisting immediately prior to such reconstruction, amalgamation, reorganisation, merger or consolidation of the Material Subsidiary are transferred to or otherwise vested in the Guarantor or one or more of its other Subsidiaries; or (ii) a Merger that complies with Condition 11; or
- (h) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d), (e), (f) and (g); or

- (i) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (j) **Illegality:** it is or will become unlawful for the Relevant Issuer or the Guarantor to perform or comply with any one or more of its obligations under or in respect of the Notes or the Trust Deed or, in the case of the Guarantor, the Guarantee.

Provided that, in the case of any such event, other than those described in paragraphs (a), (e), (f), and (i), the Trustee shall have certified in writing to the Guarantor that such event is in its opinion materially prejudicial to the interests of Noteholders.

For the purposes of this Condition 10:

“**Assets**” of any Person means all or any part of its business, undertaking, property, assets, revenues (including any right to receive revenues) and uncalled capital, wherever situated;

“**Auditors**” means PricewaterhouseCoopers, certified public accountants, Hong Kong, or any other independent auditor appointed by the Guarantor from time to time;

“**Borrowed Money**” means indebtedness incurred that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, in respect of (i) money borrowed; (ii) any bond, note, loan stock, debenture or any similar instrument; (iii) acceptance or commercial paper facilities; and (iv) the deferred purchase price of assets or services (other than goods and services obtained on normal commercial terms in the ordinary course of trading);

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

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

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

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest audited consolidated accounts of the Guarantor relate, the reference to the then latest audited consolidated accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until audited consolidated accounts of the Guarantor and its Subsidiaries for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest audited consolidated accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

- (ii) if at any relevant time in relation to any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, the pre-tax profit and net assets of any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Guarantor and reviewed by the Auditors;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, the pre-tax profit and net assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor and reviewed by the Auditors; and
- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor.

Any Subsidiary of the Guarantor to which is transferred the whole or substantially the whole of the assets of a company which immediately prior to such transfer is a Material Subsidiary shall thereupon become a Material Subsidiary, provided that the Material Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Material Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Material Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Material Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a) or (b) above; and for this purpose a certificate addressed to the Trustee and signed by any one Director and an authorised officer of the Guarantor as to whether or not a Subsidiary is a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall be conclusive and binding on all parties in the absence of manifest or proven error;

“**Person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case, whether or not having separate legal personality); and

“**Subsidiary**” means in relation to any Person and at any particular time any entity of which more than 50 per cent. of the issued share capital having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions is then beneficially owned by such Person and/or one or more of its Subsidiaries.

11 Consolidation, Amalgamation or Merger

Neither the Relevant Issuer nor the Guarantor will consolidate with, merge or amalgamate into or transfer all or substantially all of its assets or property to any corporation or convey or transfer all or substantially all of its assets or property to any person (the consummation of any such event, a “**Merger**”) where the Relevant Issuer or the Guarantor is not the surviving entity after the Merger, unless:

- (a) the corporation formed by such Merger or the person that acquired such properties and assets shall expressly assume, by a supplemental trust deed, all obligations of the Relevant Issuer or the Guarantor, as the case may be, under the Trust Deed and the performance of every covenant and agreement applicable to it contained therein;
- (b) immediately after giving effect to any such Merger, no Event of Default shall have occurred or be continuing or would result therefrom; and

- (c) the corporation formed by such Merger, or the person that acquired such properties and assets, shall have provided to the Trustee an opinion of independent legal or tax advisers of recognised international standing that no additional amounts as referred to in Condition 8 are payable in respect of the Notes.

The Trustee shall be obliged to enter into such supplemental trust deed referred to in (i) above in connection with any Merger effected in compliance with all other provisions of this Condition.

12 Meetings of Noteholders, Modification, Waiver and Substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons present holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons present being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or the date for any payment in respect of the Notes, (ii) to reduce or cancel the amount of principal or interest in respect of the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a minimum and/or a maximum Rate of Interest, Instalment Amount or Redemption Amount is specified in the applicable Pricing Supplement, to reduce any such minimum and/or maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons present holding or representing not less than 66 per cent., or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. The Trust Deed provides that a written resolution signed by or on behalf on the holders of not less than 90 per cent. of the aggregate principal amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Pricing Supplement in relation to such Series.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to (i) any modification of any of the provisions of the Notes or the Trust Deed that, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest or proven error or comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed or as mentioned in Condition 12(a) above), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Notes, the Agency Agreement or the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter.

- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, Receiptholders or the Couponholders, to the substitution of the Relevant Issuer's successor in business or any subsidiary of the Relevant Issuer or its successor in business or of the Guarantor or its successor in business or any subsidiary of the Guarantor or its successor in business in place of the Relevant Issuer or Guarantor, or of any previous substituted company, as principal debtor or Guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed. In such event, the Relevant Issuer shall give notice to the Noteholders in accordance with Condition 17.
- (d) **Entitlement of the Trustee:** In connection with the exercise by it of any of its trusts, powers, authorities or discretions under these Conditions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuers, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders.
- (e) **Certificates and Reports:** Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, if so relied upon, in absence of manifest or proven error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee, the Relevant Issuer and/or the Guarantor in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

13 Enforcement

The Trustee may at any time at its discretion and without further notice, take such proceedings against the Relevant Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it will not be bound to take any such proceedings or any other action under the Notes or the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Relevant Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Relevant Issuer, the Guarantor and any entity related to the Relevant Issuer or the Guarantor without accounting for any profit.

15 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Relevant Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Relevant Issuer on demand the amount payable by the Relevant Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Relevant Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

16 Further Issues

The Relevant Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any Series (including the Notes) or upon such terms as the Relevant Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any Series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

17 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Asia (which is expected to be the Asian Wall Street Journal). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. The Relevant Issuer (failing whom, the Guarantor) shall also ensure that notices are duly published in compliance with the requirements of each stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, the CMU Service, CDP, DTC or an alternative clearing system, notices to Noteholders shall, or (in the case of the Global Certificate held by CDP) may, be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg, the CMU Service, CDP, DTC or the alternative clearing system, as the case may be, for communication by it to entitled accountholders in substitution for notification as required by the Conditions provided

that, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear or Clearstream, Luxembourg, the CMU Service, CDP, DTC or the alternative clearing system, as the case may be.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19 Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Notes, the Receipts, the Coupons, the Talons and the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons or the Guarantee (including a dispute relating to any non-contractual obligations arising out of or in connection with any Notes, Receipts, Coupons or Talons or the Guarantee) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons or the Guarantee (“**Proceedings**”) may be brought in such courts. Each of the Issuers and the Guarantor have in the Trust Deed irrevocably submitted to the jurisdiction of such courts.
- (c) **Service of Process:** Each of the Issuers and the Guarantor has irrevocably appointed Matheson & Co. Limited of 3 Lombard Street, London EC3V 9AQ to receive, for it and on its behalf, service of process in any Proceedings in England. If for any reason such process agent ceases to be able to act as such or no longer has an address in England, each of the Issuers and the Guarantor irrevocably agrees to appoint a substitute process agent acceptable to the Trustee and shall immediately notify the Trustee of such appointment. Nothing shall affect the right to serve process in any other manner permitted by law.

FORM OF PRICING SUPPLEMENT

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

Pricing Supplement dated [●]

[Relevant Issuer]

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

Unconditionally and irrevocably guaranteed by **The Hongkong Land Company, Limited**

under the U.S.\$7,000,000,000 Guaranteed Medium Term Note Programme

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

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

[PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[Consider if any of the Managers are “EU MiFID II entities” and are “manufacturers” for the purposes of EU MiFID II]

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

[Consider if any of the Managers are “UK MiFIR entities” and are “manufacturers” for the purposes of UK MiFIR]

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

[Singapore Securities and Futures Act Product Classification — In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]¹

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 12 May 2023 [and the supplementary Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

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

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

¹ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

[The following language applies if the Notes are intended to be Qualifying Debt Securities for the purposes of the Income Tax Act 1947 of Singapore.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act 1947 of Singapore (the “**Income Tax Act**”) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]

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

- | | | |
|---|---|---|
| 1 | (i) Issuer: | [] |
| | (ii) Guarantor: | [] |
| 2 | [(i)] Series Number: | [] |
| | [(ii)] Tranche Number: | [] |
| | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i> | |
| 3 | Specified Currency or Currencies: | [] |
| 4 | Aggregate Nominal Amount: | [] |
| | [(i)] Series: | [] |
| | [(ii)] Tranche: | [] |
| 5 | [(i)] Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] <i>(in the case of fungible issues only, if applicable)</i>] |
| | [(ii)] Net proceeds: | [] <i>(Required only for listed issues)</i> |
| 6 | (i) Specified Denominations: | [] ^{2, 3} |
| | (ii) Calculation Amount ⁴ : | [] |

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

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

4 The applicable Calculation Amount will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denomination, the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).

- 7 (i) Issue Date: []
- (ii) Interest Commencement Date: []⁵
- (iii) Trade Date: []
- 8 Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*⁶
- 9 Interest Basis: [per cent. Fixed Rate] [*specify reference rate*] +/- per cent. Floating Rate]
[Zero Coupon] [Other (*specify*)] (further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (*specify*)]
- 11 Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
- 12 Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
- 13 Listing and admission to trading: [Singapore Exchange Securities Trading Limited/Other (*specify*)/None]
- 14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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

⁵ An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.

⁶ Note that for Hong Kong dollar or Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here. Maturity Date to be over one month from the Issue Date.

- (iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount⁷
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/365 (fixed)/other]
- (vi) [Determination Dates: [] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 16 **Floating Rate Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Interest Period(s): []
- (ii) Specified Interest Payment Date: []
- (iii) Interest Period Date: []
- (*Not applicable unless different from Interest Payment Date*)
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (v) Business Centre(s): []
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): []
- (viii) Screen Rate Determination:
- Reference Rate: []
 - Interest Determination Date(s): []
 - Relevant Screen Page: []

⁷ For Hong Kong dollar or Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest HK\$0.01, HK\$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes and to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Notes, in each case being rounded upwards.

PROVISIONS RELATING TO REDEMPTION

- 19 **Call Option** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
 - (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s): [] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [] per Calculation Amount
 - (b) Maximum Redemption Amount: [] per Calculation Amount
 - (iv) Notice period: []

- 20 **Put Option** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
 - (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Calculation Amount
 - (iii) Notice period: []

- 21 **Final Redemption Amount of each Note** [] per Calculation Amount

- 22 **Early Redemption Amount**

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 23 Form of Notes⁸: **[Bearer Notes/Exchangeable Bearer Notes/Registered Notes]**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

⁸ A subscription agreement substantially in the form set of in the Dealer Agreement must be entered into if the Notes are to be issued pursuant to Rule 144A.

		[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] ⁹
		[Permanent Global Note/Unrestricted Global Certificate/Restricted Global Certificate exchangeable for Definitive Notes/definitive Unrestricted Notes/definitive Restricted Notes in the limited circumstances specified in the permanent Global Note/Unrestricted Global Certificate/Restricted Global Certificate]
24	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 16(iv) and 18(vii) relate]
25	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. <i>If yes, give details</i>]
26	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Relevant Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/ <i>give details</i>]
27	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/ <i>give details</i>]
28	Consolidation provisions:	[Not Applicable/The provisions [annexed to this Pricing Supplement] apply]
29	Other terms or special conditions:	[Not Applicable/ <i>give details</i>]

DISTRIBUTION

30	(i) If syndicated, names of Managers:	[Not Applicable/ <i>give names</i>]
	(ii) Stabilisation Manager (if any):	[Not Applicable/ <i>give name</i>]
31	If non-syndicated, name of Dealer:	[Not Applicable/ <i>give name</i>]
32	U.S. selling restrictions:	[Reg. S Category 1/2; TEFRA D/TEFRA C/TEFRA Not Applicable] ¹⁰
33	Additional selling restrictions:	[Not Applicable/ <i>give details</i>]

⁹ The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes the formulation referred to in Note 2 above.

¹⁰ To the extent that the Pricing Supplement specifies that "Category 1" restrictions are applicable to a series of Notes, the following selling restriction shall apply to such series of Notes: The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption, or a transaction not subject to, the registration requirements of the Securities Act. Each Dealer represents that it has not offered or sold the Notes and the Guarantee, and agrees that it will not offer or sell, any Notes or Guarantee constituting part of its allotment in the United States except in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and the Guarantee. Terms used in this paragraph have the meaning given to them by Regulation S.

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

OPERATIONAL INFORMATION

- 35 ISIN Code: []
- 36 Common Code: []
- 37 Legal Entity Identifier: [254900ETGP01CF2GJL36]
[For The Hongkong Land Notes Company Limited]/[254900OHTMO343QAXN81]
[For The Hongkong Land Finance (Cayman Islands) Company Limited]/
[254900E1ZBSWF0XH9L49]
[For The Hongkong Land Treasury Services (Singapore) Pte. Ltd.]
- 38 CMU Instrument Number: []
- 39 Committee on the Uniform Security Identification Procedure (“CUSIP”) number: []
- 40 Any clearing system(s) other than Euroclear, Clearstream, DTC, CDP, or the CMU and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- 41 Delivery: Delivery [against/free of] payment
- 42 Additional Paying Agent(s) (if any): []

GENERAL

- 43 Private Bank Rebate/Commission: [Applicable/Not Applicable]
(For any issuance where paragraph 21 of the Hong Kong SFC Code of Conduct is applicable, also refer to paragraph 48(i) below)
- 44 The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in [U.S. dollars]): [Not Applicable/[U.S.\$] [●]]

- 45 In the case of Registered Notes, specify the location of the office of the Registrar if other than New York: []
- 46 In the case of Bearer Notes, specify the location of the office of the Issuing and Paying Agent if other than London: [●]
- 47 Ratings: The Notes to be issued have been rated:
[S&P: [●]] [Moody's: [●]] [[Other: [●]]
(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)
- 48 Hong Kong SFC Code of Conduct:
- (i) Rebates: [A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the capital market intermediaries otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]/[Not Applicable]
- (ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: [*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent — Overall Coordinators to provide*]/[Not Applicable]
- (iii) Marketing and Investor Targeting Strategy: [*if different from the programme offering circular*]

STABILISATION

In connection with the issue of any Tranche of Notes, the Manager[s] named as the Stabilisation Manager[s] (or persons acting on behalf of any Stabilisation Manager[s]) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager[s] (or persons acting on behalf of any Stabilisation Manager[s]) in accordance with all applicable laws and rules.].

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the [specify relevant stock exchange/market] of the Notes described herein pursuant to the U.S.\$7,000,000,000 Guaranteed Medium Term Note Programme.

RESPONSIBILITY

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

Signed on behalf of [name of Relevant Issuer]:

By:

Duly authorised

Signed on behalf of The Hongkong Land Company, Limited:

By:

Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

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

Upon the initial deposit of a Global Note with the Common Depository, CDP or with a sub-custodian for the CMU or registration of Registered Notes in the name of:

- (i) any nominee for Euroclear and Clearstream or CDP (as the case may be); or
- (ii) the Hong Kong Monetary Authority (the “HKMA”) as operator of the CMU,

and delivery of the relevant Global Certificate to the Common Depository, CDP or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream, CDP or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

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

Relationship of Accountholders with Clearing Systems

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

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules shall be the only person(s) entitled (or, in the case of Registered Notes, directed or deemed by the CMU as entitled) to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Relevant Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU for his share of each payment so made by the Relevant Issuer in respect of such Global Note or Global Certificate.

Exchange and Transfers

1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Summary of the Programme — Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

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

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

2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “*Partial Exchange of Permanent Global Notes*” below, in part for Definitive Notes or, in the case of (i) below, Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes represented by a corresponding interest in an Unrestricted Global Certificate on a Certificate that does not include the Rule 144A Legend (as defined in “*Transfer Restrictions — Restricted Notes*”); or
- (ii)
 - (a) if the permanent Global Note is held on behalf of Euroclear or Clearstream or the CMU or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or in fact does so; or
 - (b) if principal in respect of any Notes is not paid when due; or
 - (c) if an Event of Default has occurred and is continuing; or
 - (d) if the Relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the permanent Global Note in definitive form and a certificate to that effect signed by one Director and one authorised officer of such Relevant Issuer is given to the Trustee,

in each case, by the holder giving notice to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) of its election for such exchange; or

- (iii) if the permanent Global Note is held by or on behalf of CDP and:
 - (a) an Event of Default has occurred and is continuing;
 - (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise);
 - (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or
 - (d) CDP has notified the relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in its terms and conditions for the provision of depository services and no alternative clearing system is available.

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

3 Permanent Global Certificates

(i) *Unrestricted Global Certificates*

If the relevant Pricing Supplement states that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream or the CMU or CDP or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

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

- (a) if the Notes represented by an Unrestricted Global Certificate are held on behalf of Euroclear or Clearstream or the CMU or an Alternative Clearing System and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so;
- (b) if principal in respect of any Notes is not paid when due;
- (c) if an Event of Default has occurred and is continuing;
- (d) if the Relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Unrestricted Global Certificate in definitive form and a certificate to that effect signed by one Director and one authorised officer of such Relevant Issuer is given to the Trustee;
- (e) with the prior consent of the Relevant Issuer; or

- (f) if the Notes represented by the Unrestricted Global Certificate are held by or on behalf of CDP:
 - (i) an Event of Default has occurred and is continuing;
 - (ii) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise);
 - (iii) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or
 - (iv) CDP has notified the relevant Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in its terms and conditions for the provision of depository services and no alternative clearing system is available, provided that, in the case of the first transfer of part of a holding pursuant to (i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

(ii) ***Restricted Global Certificates***

If the Pricing Supplement states that the Restricted Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of such Notes held in DTC or Euroclear and Clearstream. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of that clearing system, but will limit the circumstances in which the Notes may be withdrawn from DTC. Transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Condition 2(b) may only be made in part:

- (a) if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and this Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC;
- (b) if such Notes are held on behalf of Euroclear or Clearstream or the CMU or any other clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so;
- (c) if principal in respect of any Notes is not paid when due;
- (d) if an Event of Default has occurred and is continuing;
- (e) if the Relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Restricted Global Certificate in definitive form and a certificate to that effect signed by one Director and one authorised officer of such Relevant Issuer is given to the Trustee; or
- (f) with the prior consent of the Relevant Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the relevant Registered Noteholder has given the relevant Registrar not less than 30 days' notice at its specified office of the Registered Noteholder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "*Transfer Restrictions*".

Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions:

- (i) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes; or
- (ii) for Definitive Notes:
 - (a) if principal in respect of any Notes is not paid when due; or
 - (b) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Relevant Issuer will:

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

Exchange Date

“**Exchange Date**” means:

- (i) in relation to an exchange of a temporary Global Note to a permanent Global Note, the day falling after the expiry of 40 days after its issue date;
- (ii) in relation to an exchange of a permanent Global Note to a Definitive Note, a day falling not more than 60 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent;
- (iii) in relation to an exchange of a permanent Global Note to a Registered Note, a day falling not more than five days after the date of receipt of the first relevant notice by the Issuing and Paying Agent; or

- (iv) in the case of failure to pay principal in respect of any Notes when due or an Event of Default has occurred and is continuing, a day falling 30 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent, provided if such date is not a day on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located, the immediately following day.

Amendment to Conditions

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

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 7(h).

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

In respect of a Global Note or Global Certificate representing Notes held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in the records of the CMU) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose.

Meetings

The holder of a Global Note or of the Notes represented by a Global Certificate shall (unless such Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Global Note or a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.)

Cancellation

Cancellation of any Note represented by a Global Note or Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Note or Global Certificate.

Purchase

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

Issuer's Option

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

Noteholders' Options

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

Direct Rights in respect of Notes cleared through CDP

Following the giving of a Default Notice in accordance with Condition 10, the holder of the Notes represented by the Global Note or Global Certificate cleared through CDP may (subject as provided below) elect that direct rights ("**Direct Rights**") under the provisions of the deed of covenant (the "**Deed of Covenant**") executed as a deed by the Relevant Issuer shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount in respect of which such Default Notice has been given. Such election shall be made by notice to the Issuing and Paying Agent and presentation of the Global Note or Global Certificate to or to the order of the Issuing and Paying Agent for reduction of the principal amount of Notes represented by the Global Note or Global Certificate by such amount as may be stated in such notice and by endorsement of the appropriate Schedule to the Global Note or Global Certificate of the principal amount of Notes in respect of which Direct Rights have arisen under the Deed of Covenant. Upon each such notice being given, the Global Note or Global Certificate shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Exchange Date unless the holder elects in such notice that the exchange for such Notes shall no longer take place.

Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of, or in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

Notices

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of:

1. Euroclear, Clearstream, DTC and/or CDP or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate; or
2. the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate, and any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the CMU.

Partly Paid Notes

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

Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (i) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and

- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuers, the Guarantor and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuers, the Guarantor and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuers, the Guarantor and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. None of the Issuers, the Guarantor and the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

RISK FACTORS

The Issuers and the Guarantor believe that the following factors may affect their ability to fulfill their obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuers nor the Guarantor are in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuers and the Guarantor believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers to pay interest, principal or other amounts on or in connection with any Notes or of the Guarantor to pay amounts on or in connection with the Guarantee may occur for other reasons and the Issuers and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Risks Relating to the Group and its Business

Property interests

The property interests of the Issuers and the Guarantor and its subsidiaries taken as a whole (the “**Group**”) are subject to certain risks inherent generally in the ownership of, investment in and development of properties. These risks include the cyclical nature of property markets and consequent rental income, changes in general economic, business and credit conditions, the illiquidity of land and other real property, changes in government policies or regulations, building material and labour shortages and increase in interest rates and the costs of labour and materials. In particular, following the coronavirus (“**COVID-19**”) pandemic, changes to local, regional and global economic conditions have caused, and may continue to cause, market participants to downsize, and the demand for, and rental rates of, office buildings and retail spaces may continue to reduce.

Investment in property is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash at short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale.

The Group is subject in particular to risks incidental to the ownership and operation of office and related retail properties. Such risks include, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, a concentration of renewal of leases or rent adjustments, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. Accordingly, the Group continues to be dependent, to a significant extent, on the overall state of the property sector and a decline in the performance of the property sector could adversely affect the Group’s revenue.

The Group’s property development business involves significant risks distinct from those involved in the ownership and operation of established properties. Such risks include, among other things, the risks that financing for development may not be available on favourable terms, that construction may not be completed on schedule or within budget (for reasons including shortages of equipment, material and labour, work stoppages, interruptions resulting from inclement weather, unforeseen engineering, environmental and geological problems and unanticipated cost increases), that development may be affected by governmental regulations (including changes in building and planning regulations and delays or failure to obtain the requisite construction and occupancy approvals), and that developed properties may not be leased or sold on profitable terms and the risk that purchasers and/or tenants may default. An increase in mortgage rates in Hong Kong or regionally may also adversely affect the availability of loans on terms acceptable to purchasers, and hence the sale of the Group’s properties. Since 2022, driven by the rising interest rates in the United States, mortgage rates have continued to rise both in Hong Kong and regionally. There is no assurance that the mortgage rates will not continue to increase in the future and that the Group will be able to maintain its current level of property sales.

Hong Kong property rental and values

The Group derives a substantial portion of its revenue and operating profits from its Hong Kong property investment activities and is consequently dependent on the state of the Hong Kong property market. Historically, the Hong Kong property market has been cyclical and Hong Kong property values have been affected by supply and demand of comparable properties, the rate of economic growth in Hong Kong, changes in government policies or regulations in Hong Kong and political and economic developments in the PRC. For example, Hong Kong commercial property rents, after reaching record highs in the mid-1990s, fell significantly as a result of the Asian economic downturn and the local economic environment. The property market showed improvement during the period from 2004 to the first half of 2008, while property prices in Hong Kong declined in the second half of 2008. The property prices have then significantly increased until late 2021 where the prices started to decrease from its record high level. While the property market has improved in 2023, the outlook of the property market remains uncertain. 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. Any sustained decline in rents and property values will have an adverse effect on the Group's business, operating results and financial condition. Economic developments outside Hong Kong could also adversely affect the property market in Hong Kong. There can be no assurance that property markets will not be negatively affected in light of the current economic environment in Hong Kong, the PRC and the rest of Asia.

Property revaluation

It is the Group's practice to value its real properties semi-annually at their market value on the basis of external professional valuation. A major or extended decline in property values may result in an accounting loss for the Group and would increase the Group's leverage, which may limit its ability to obtain additional financing in the future.

Holding company structure

The Guarantor is a property investment company that primarily operates through subsidiaries and associated companies. As a result, the Guarantor's obligations under the Guarantee will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and associated companies (other than each of the Issuers). 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 Notes as beneficiaries of the Guarantee.

The Guarantor has limited operations of its own

As it is principally a property investment 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, 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 or otherwise to enable each Issuer to make payments under the Notes, or that its subsidiaries and associated companies will pay dividends at all.

In addition, each Issuer was established specifically for the purpose of raising finance and will use the net proceeds from the issue of the Notes to on-lend to Hongkong Land Holdings Limited and/or its subsidiaries for general corporate purposes. Each Issuer does not and will not have any business activities other than the issue of debt securities, and its ability to make payments under the Notes will depend on its receipt of timely remittance of funds from the Guarantor and/or its subsidiaries and other members of the Hongkong Land Holdings Group.

Occurrence of a contagious disease in Hong Kong and globally

The outbreak of a contagious disease such as the Influenza A (H1N1-2009), human avian influenza, Severe Acute Respiratory Syndrome, Ebola, Middle East Respiratory Syndrome, the novel coronavirus COVID-19 (including the COVID-19 variants such as the Delta and Omicron variants) and other events beyond the control of the Group, in Hong Kong and globally, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Hong Kong and globally and could thereby adversely impact the Group's business, financial condition and results of operations.

In particular, an outbreak of respiratory illness caused by COVID-19 had caused business disruptions to most market participants. On 30 January 2020, the World Health Organisation (the "WHO") declared the outbreak of COVID-19 a Public Health Emergency of International Concern. The epidemic later escalated into a major public health crisis on a global scale and declared a pandemic by the WHO. Public-health authorities around the world had intensified containment efforts, which led to a severe drop in business activity and curtailing global trade. Any potential continuation or escalation of the COVID-19 outbreak has had and may continue to have an adverse effect on the global economy and on the Group's business, financial condition or results of operations as a result of the changes in the outlook of the markets, any slowdown in economic growth, negative business sentiment or other factors that the Group cannot foresee. For example, Hong Kong in early 2022 experienced a surge in COVID-19 infections, primarily due to the Omicron variant. Tourism in Hong Kong during this period had been severely hindered. Whilst travel restrictions, social distancing measures and governmental actions imposed in connection with COVID-19 have largely been rescinded in Hong Kong, the economy of Hong Kong has not been fully recovered.

There can be no assurance that there will not be a significant outbreak of a highly contagious disease in Hong Kong or globally in the future, or precautionary measures taken in response to such contagious diseases, would not disrupt the operations and business of the Group.

Potential rating downgrade

The ratings assigned to the Guarantor by Moody's and S&P Global Ratings reflect their opinion about the ability of the Guarantor to make timely payments of principal and interest on its senior, unsecured long-term debt obligations. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks relating to structure, market and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold any security, does not address the likelihood or timing of repayment of the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. There can be no assurance that the ratings assigned to the Guarantor or any Notes will remain in effect for any given period or that the ratings will be revised by the rating agencies in the future if, in their judgment, the circumstances so warrant. A downgrade in the ratings of the Guarantor or any Notes may affect the market price of the Notes.

Effect of global credit markets on the economy

Economic developments outside Hong Kong could adversely affect the property market in Hong Kong and the Group's overall business. Since the second half of 2008, the global credit markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions which have originated from the liquidity disruptions in the United States and the European Union credit and sub-prime residential mortgage markets. The global economy and financial markets have been affected by the ongoing sovereign debt crises in several member countries of the European Union in late 2011 to the present, and more recently, the tapering of the stimulative quantitative easing policy, and the interest rate increases by the U.S. Federal Reserve. In addition, the UK'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 UK's exit from the European Union is not known and there is considerable uncertainty as to its impact on the general economic conditions in the UK or its wider impact worldwide.

Other events, including the possible collapse of a number of financial institutions and other entities, including PRC real estate developers, which have experienced tightened cashflow and difficulties in refinancing, rising government deficits and debt levels together with the downgrading of the sovereign debt of certain member states of the European Union, the bailouts and government deficit and other debt reduction measures, have had and continue to have an adverse impact on global credit and financial markets. Furthermore, increasing inflationary pressures triggered by the resumption of economic activities, challenges of supply chain shortages and surging energy prices may continue to cause volatility in global financial markets. While some central banks have reacted to the rise of inflation by raising their policy rates, the pace and efficacy of these monetary policies remain uncertain. Any slowdown or perceived slowdown could affect the Group's business, especially if such slowdown were to be continued and prolonged. Moreover, while the U.S. government and the government of the PRC (the "**PRC Government**") have entered into a "phase one" trade agreement in early 2020, the effect of previously imposed tariffs on the economy of the PRC and the United States may result in long-term structural shifts to the economies of both countries. There are also uncertainties as to when and whether "phase two" negotiations will begin. Sustained or escalating tension between the United States and the PRC over trade policies could significantly undermine the stability of the global economies. The military conflicts between Russia and Ukraine since 2022 and the resulting sanctions imposed by the U.S. and Europe against Russia, have adversely affected and may continue to adversely affect global trade, commodity prices and oil supply.

These events have had and continue to have a significant adverse impact on the global credit and financial markets which may adversely affect economic growth in Hong Kong, the PRC and other jurisdictions. There can be no assurance that an extended period of slow global growth will not result in oversupply and reduced property prices and rentals in Hong Kong and the PRC.

In addition, volatility in PRC stocks markets and decreasing economic growth rates in the PRC have impacted and may continue to impact global capital markets potentially making it more difficult for the Group to access financing. The market volatility may also negatively affect PRC consumer confidence and have an adverse impact on the wider PRC and Hong Kong economies. This may affect the value of the Group's investments and businesses.

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

Effects of acquisitions, mergers and other changes such as organisational or group restructures of the Group

The Group may acquire assets and businesses in order to expand its operations, may enter into joint ventures or strategic partnerships, and/or may undertake organisational or group restructures from time to time. Acquisitions, joint ventures, strategic partnerships, and organisational or group restructures entail risks resulting from the integration of employees, processes, technologies and products. Such transactions may give rise to substantial administrative and other expenses, and may also be subject to regulatory oversight, governmental or other approvals (including shareholder or other such intra-group corporate approvals).

There is no guarantee that the Group will be able to identify suitable assets or businesses and to acquire them or enter into joint ventures or strategic partnerships on favourable terms, nor that any organisational or group restructure will realise benefits to, or synergies for, the Issuer, the Guarantor or other members of the Group. In addition, any organisational or group restructure may impact the presentation and/or the consolidation of the financial statements of the Group. There is also a risk that not all material risks in connection with any acquisition or the establishment of a joint venture or strategic partnership will be identified in the due diligence process and will not be or could not be sufficiently taken into account in the decision to acquire an asset or business and in the purchase agreement, or the decision to enter into a joint venture and the joint venture agreement.

Any of these factors could have a material adverse effect on the Group's business, financial position and results of operations.

Measures proposed by the Hong Kong government to expedite the supply of first-hand private residential units may have a negative impact on the Group

On 29 June 2018, the Hong Kong government proposed introducing 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 months or more will be required to make annual returns disclosing the occupancy status of their units. Units that have not been occupied or rented out for more than six 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. In October 2019, the Hong Kong government introduced the amendment bill into the Legislative Council for scrutiny. The bill was subsequently withdrawn in November 2020 due to public opinions and Hong Kong's economic situation. However, if it is implemented, the Vacancy Tax may have an adverse effect on the residential development business, operating results and financial condition of the Group.

Potential liability for environmental problems could result in substantial costs

The Group is subject to a variety of laws and regulations concerning environmental protection. The particular environmental laws and regulations that apply to any given development site vary greatly according to the site's location and environmental condition, the present and former uses of the site and the nature of the adjoining properties. Requirements under environmental laws and conditions may result in delays to development schedules, may cause the Group to incur substantial compliance and other costs and may prohibit or severely restrict project development activity in environmentally-sensitive areas.

Construction operations are intrinsically dangerous and accidents may happen at construction sites

Operations at construction sites are intrinsically dangerous, involving the use of industrial machinery and the hoisting of heavy construction materials, typically within confined spaces. In addition, construction operations may also be affected by use of various contractors and adverse weather conditions. Any accident that occurs at the Group's construction sites may have a material adverse effect on the Group business, financial condition and results of operation.

Risks Relating to the PRC

Political and economic risks in Hong Kong and the PRC

The Group's operating assets are located in Hong Kong, and the majority of the Group's revenues are derived from its operations conducted in Hong Kong. As a result, the Group's financial condition and results of operations may be influenced by the political situation in Hong Kong and by the general state of the Hong Kong economy and the economies in the surrounding region, particularly the PRC.

As at 1 July 1997, Hong Kong ceased to be a Crown Colony of the UK and became a Special Administrative Region of the PRC. Although the Sino-British Joint Declaration on the Question of Hong Kong and the Basic Law of Hong Kong provide that Hong Kong will have a high degree of legislative, judicial and economic autonomy, there can be no assurance that the exercise of Chinese sovereignty over Hong Kong will not have an impact on the Group's financial condition and results of operations. Hong Kong's future economic development will be linked, to a certain degree, with the economic prosperity of the PRC. Moreover, civil unrest and an uncertain political environment may impact the Hong Kong economy and result in an economic slowdown. Protests, demonstrations or rioting causing disruption to businesses and transportation such as the anti-extradition bill protests in 2019 and 2020, or the Occupy Central Movement that took place during the latter half of 2014, may decrease consumer spending and affect inbound tourism to Hong Kong, which in turn may have a negative impact on the local economy. The PRC government has been reforming its economic and political systems since 1979. The continued implementation of such reforms may be influenced by internal political, social and economic factors. Changes in economic policy or legal requirements may have an impact on the PRC economy which could affect international businesses with interests in the PRC, including some tenants of the Group.

Specific Risks Relating to the Notes

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

Notes subject to optional early redemption by the Relevant Issuer may have a lower market value than Notes that cannot be redeemed prior to their maturity

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

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

Certain benchmark rates, including LIBOR, EURIBOR, SOR and SIBOR, have been or may be discontinued or reformed in the future

The London Interbank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR"), the Swap Offer Rate ("SOR"), the Singapore Inter-bank offered rate ("SIBOR") and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

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

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

On 30 August 2019, the Monetary Authority of Singapore (“**MAS**”) announced that it has established a steering committee (“**SC-STs**”) to oversee an industry-wide interest rate benchmark transition to Singapore Overnight Rate Average (“**SORA**”). In addition, the Association of Banks in Singapore, the Singapore Foreign Exchange Market Committee and the SC-STs (together, the “**Committees**”) laid out transition roadmaps for shifting away from the use of SOR and SIBOR to the use of SORA as the main interest rate benchmark for SGD financial markets. Following industry consultations by the Committees, SOR is expected to be discontinued by end-June 2023, and similarly, SIBOR is expected to be discontinued by end of 2024.

Investors should be aware that, due to the discontinuation of LIBOR or if EURIBOR, SOR or SIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR, EURIBOR, SOR or SIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which LIBOR, EURIBOR, SOR or SIBOR is to be determined under the Conditions, this may in certain circumstances:

- be reliant upon the provision by reference banks of offered quotations for LIBOR, EURIBOR, SOR or SIBOR which, depending on market circumstances, may not be available at the relevant time; or
- result in the effective application of a fixed rate for Floating Rate Notes based on the last preceding Interest Determination Date adjusted as applicable in accordance with the Conditions.

Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR, EURIBOR, SOR or SIBOR.

The elimination of LIBOR, and the potential elimination of EURIBOR, SOR, SIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR, SOR, SIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

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

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

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

- the market price of such Notes may be volatile;
- payment of principal or interest may occur at a different time or in a different currency than expected; and
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Failure by an investor to pay a subsequent instalment of Partly Paid Notes may result in an investor losing all of its investment

Each Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

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

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

If the Relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

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

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

Bearer Notes where denominations involve integral multiples: Definitive Notes

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

General Risks Relating to the Notes

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

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

- the Investor's Currency-equivalent yield on the Notes;
- the Investor's Currency equivalent value of the principal payable on the Notes; and
- the Investor's Currency equivalent market value of the Notes.

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

Lack of public market for the Notes

There can be no assurance as to the liquidity of the Notes or that an active trading market will develop. If such a market were to develop, the Notes may trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Dealers are not obliged to make a market in the Notes and any such market making, if commenced, may be discontinued at any time at the sole discretion of the relevant Dealers. No assurance can be given as to the liquidity of, or trading market for, the Notes.

Inability to comply with the restrictions and covenants contained in the Group's debt agreements

If the Group is unable to comply with the restrictions and covenants in its current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Group, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, whichever the case may be. Such actions may result in an Event of Default under the Terms and Conditions.

Majority interests in Noteholder meetings

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

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- Notes are legal investments for it;
- Notes can be used as collateral for various types of borrowing; and
- other restrictions apply to its purchase or pledge of any Notes.

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

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

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

While the Notes are represented by one or more Global Notes, the Issuers will discharge their payment obligations under the Notes by making payments to the Relevant Clearing System for distribution to their account holders or in the case of the CMU, to the CMU Lodging Agent, which will in turn pay to the persons for whose account(s) interests in such Global Note are credited as being held in the CMU in accordance with the CMU Rules as set out in the records of the CMU. A holder of a beneficial interest in a Global Note must rely on the procedures of the Relevant Clearing System(s) to receive payments under the relevant Notes. The Issuers have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

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

Singapore Taxation Risk

The Notes to be issued by The Hongkong Land Treasury Services (Singapore) Pte. Ltd. (“**HLTSSPL**”) from time to time under the Programme, during the period from the date of this Offering Circular to 31 December 2023 are intended to be “qualifying debt securities” for the purposes of the Income Tax Act 1947 of Singapore (“**ITA**”), subject to the fulfilment of certain conditions more particularly described in “Taxation — Singapore Taxation”.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Risks Relating to Renminbi-denominated Notes

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

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

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

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

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

Although the People’s Bank of China (“**PBoC**”) has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite Renminbi internationalisation pilot programmes and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer or the Guarantor to source Renminbi to finance its obligations under Notes denominated in Renminbi.

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

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

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

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

Investment in the Renminbi Notes is subject to exchange rate risks

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

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

All payments to investors in respect of the Renminbi Notes will be made solely:

- (i) for so long as the Renminbi Notes are represented by global certificates held with the common depository or common safekeeper, as the case may be, for Clearstream Banking S.A. and Euroclear Bank SA/NV or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement;
- (ii) for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures; or
- (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement in accordance with prevailing rules and regulations. The Issuer and the Guarantor cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Relevant Issuer for on lending to Hongkong Land Holdings Limited and/or its subsidiaries for their general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

THE HONGKONG LAND NOTES COMPANY LIMITED

General

The Hongkong Land Notes Company Limited (“**HLNCL**”) was incorporated with limited liability and registered under British Virgin Islands law on 27 May 1997. The registered office of HLNCL is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and its registered number is 233441. HLNCL is a wholly-owned subsidiary of the Guarantor and has no subsidiaries. The Legal Entity Identifier of HLNCL is 254900ETGP01CF2GJL36.

Business Activity

HLNCL was established to raise financing for Hongkong Land Holdings Limited and/or its subsidiaries. HLNCL has not engaged, since its incorporation, in any material activities other than the issuing of debt securities, the proceeds of which are on-lent to Hongkong Land Holdings Limited and/or its subsidiaries, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party. Accordingly, as of the date of this Offering Circular, no financial statements have been prepared.

Capitalisation

As at the date of this Offering Circular, the authorised share capital of HLNCL is U.S.\$100 divided into 100 shares of U.S.\$1.00 par value each, of which two shares have been issued to the Guarantor and are fully-paid.

The following table sets out the outstanding debt securities of HLNCL as at the date of this Offering Circular. All debt securities listed below were issued under the Programme. As at the date of this Offering Circular, HLNCL had no borrowings, indebtedness in the nature of borrowings, loan capital outstanding or created but un-issued (including term loans), guarantees or material contingent liabilities other than the debt securities listed below.

Principal Amount of Debt	Coupon and Description	Maturity
HK\$1,100,000,000	3.95% per annum 10-year Guaranteed Notes	November 2023
HK\$300,000,000	3.95% per annum 10-year Guaranteed Notes	November 2023
HK\$300,000,000	4.10% per annum 15-year Guaranteed Notes	July 2025
HK\$302,000,000	3.75% per annum 15-year Guaranteed Notes	November 2026
HK\$785,000,000	4.00% per annum 15-year Guaranteed Notes	February 2027
HK\$473,000,000	4.04% per annum 15-year Guaranteed Notes	April 2027
HK\$200,000,000	3.95% per annum 15-year Guaranteed Notes	April 2027
HK\$300,000,000	3.15% per annum 15-year Guaranteed Notes	May 2028
HK\$450,000,000	3.83% per annum 10-year Guaranteed Notes	November 2028
HK\$325,000,000	4.22% per annum 15-year Guaranteed Notes	November 2028
HK\$355,000,000	3.75% per annum 10-year Guaranteed Notes	November 2028
HK\$400,000,000	4.40% per annum 15-year Guaranteed Notes	January 2029
HK\$550,000,000	2.93% per annum 10-year Guaranteed Notes	November 2029
HK\$800,000,000	4.11% per annum 20-year Guaranteed Notes	September 2030
HK\$375,000,000	1.957% per annum 10-year Guaranteed Notes	August 2031
HK\$200,000,000	4.125% per annum 20-year Guaranteed Notes	December 2031
HK\$240,000,000	4.00% per annum 20-year Guaranteed Partly Paid Notes ⁽¹⁾	March 2032
HK\$863,000,000	2.83% per annum 12-year Guaranteed Notes ⁽²⁾	June 2032
HK\$700,000,000	4.12% per annum 15-year Guaranteed Notes	October 2033
HK\$604,000,000	3.67% per annum 15-year Guaranteed Notes	January 2034
HK\$400,000,000	2.72% per annum 15-year Guaranteed Notes	March 2035
HK\$400,000,000	2.90% per annum 15-year Guaranteed Notes	July 2035
HK\$400,000,000	2.90% per annum 15-year Guaranteed Notes	July 2035

Principal Amount of Debt	Coupon and Description	Maturity
HK\$800,000,000	2.65% per annum 15-year Guaranteed Notes	August 2035
HK\$250,000,000	5.25% per annum 30-year Guaranteed Notes	March 2040

Notes:

- (1) Fully paid as of March 2014.
- (2) Issuance of HK\$863 million 12-year notes at 2.83% comprised an issue of HK\$560 million on 8 June 2020 and a tap-issue of HK\$303 million on 19 June 2020.

Management

The Guarantor, as the sole direct shareholder of HLNCL, has appointed the following individuals to serve as directors of HLNCL.

Directors of HLNCL

As at 9 May 2023, the directors of HLNCL were as follows:

Yau Chung Robert WONG
 Craig Alan BEATTIE (Alternate Director Jean YOUNG)
 Philip Andrew BARNES
 Jennifer Lindsey LOPES
 Robert Lambard GARMAN

There are no conflicts of interest between the duties to HLNCL of the persons listed above and their private interests or duties.

THE HONGKONG LAND FINANCE (CAYMAN ISLANDS) COMPANY LIMITED

General

The Hongkong Land Finance (Cayman Islands) Company Limited (“**HLFCICL**”) was incorporated with limited liability and registered under Cayman Islands law on 8 February 2001. The registered office of HLFCICL is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its registered number is CR-108010. HLFCICL is a wholly-owned subsidiary of the Guarantor and has no subsidiaries. The Legal Entity Identifier of HLFCICL is 254900OHTMO343QAXN81.

Business Activity

HLFCICL was established to raise financing for Hongkong Land Holdings Limited and/or its subsidiaries. HLFCICL has not engaged, since its incorporation, in any material activities other than the issuing of debt securities, the proceeds of which are on-lent to Hongkong Land Holdings Limited and/or its subsidiaries, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party. Accordingly, as of the date of this Offering Circular, no financial statements have been prepared.

Capitalisation

As at the date of this Offering Circular, the share capital of HLFCICL is U.S.\$50,000 divided into 50,000 shares of U.S.\$1.00 par value each, of which two shares have been issued to the Guarantor and are fully-paid.

The following table sets out the outstanding debt securities of HLFCICL as at the date of this Offering Circular. All debt securities listed below were issued under the Programme. As at the date of this Offering Circular, HLFCICL had no borrowings, indebtedness in the nature of borrowings, loan capital outstanding or created but un-issued (including term loans), guarantees or material contingent liabilities other than the debt securities listed below.

<u>Principal Amount of Debt</u>	<u>Coupon and Description</u>	<u>Maturity</u>
U.S.\$400,000,000.....	4.625% per annum 10-year Guaranteed Notes	January 2024
U.S.\$600,000,000.....	4.5% per annum 15-year Guaranteed Notes	October 2025
U.S.\$600,000,000.....	2.875% per annum 10-year Guaranteed Notes	May 2030
U.S.\$500,000,000.....	2.25% per annum 10-year Guaranteed Notes	July 2031

Management

The Guarantor, as the sole direct shareholder of HLFCICL, has appointed the following individuals to serve as directors of HLFCICL.

Directors of HLFCICL

As at 9 May 2023, the directors of HLFCICL were as follows:

Yau Chung Robert WONG
Craig Alan BEATTIE (Alternate Director Jean YOUNG)
Philip Andrew BARNES
Jennifer Lindsey LOPES (Alternate Director Clara Shuk-ling NG)
Robert Lambard GARMAN

There are no conflicts of interest between the duties to HLFCICL of the persons listed above and their private interests or duties.

THE HONGKONG LAND TREASURY SERVICES (SINGAPORE) PTE. LTD.

General

The Hongkong Land Treasury Services (Singapore) Pte. Ltd. (“**HLTSSPL**”) was incorporated with limited liability and registered under Singapore law on 5 September 2005. The registered office of HLTSSPL is 239 Alexandra Road, Singapore 159930 and its registration number is 200512326C. HLTSSPL is a related corporation of the Guarantor and has no subsidiaries. The Legal Entity Identifier of HLTSSPL is 254900E1ZBSWF0XH9L49.

Business Activity

HLTSSPL was established to raise financing for Hongkong Land Holdings Limited and/or its subsidiaries. HLTSSPL has not engaged, since its incorporation, in any material activities other than the issuing of debt securities, the proceeds of which are on-lent to Hongkong Land Holdings Limited and/or its subsidiaries, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party. HLTSSPL does not publish financial statements.

Capitalisation

As at the date of this Offering Circular, the issued share capital of HLTSSPL is S\$2.00, comprising two shares which have been issued to The Hongkong Land Finance Company Limited, a related corporation of the Guarantor, and are fully-paid.

The following table sets out the outstanding debt securities of HLTSSPL as at the date of this Offering Circular. All debt securities listed below were issued under the Programme. As at the date of this Offering Circular, HLTSSPL had no borrowings, indebtedness in the nature of borrowings, loan capital outstanding or created but un-issued (including term loans), guarantees or material contingent liabilities other than the debt securities listed below.

Principal Amount of Debt	Coupon and Description	Maturity
S\$150,000,000	3.95% per annum 20-year Guaranteed Notes	November 2038
S\$150,000,000	3.45% per annum 20-year Guaranteed Notes	December 2039

Management

The Hongkong Land Finance Company Limited, a related corporation of the Guarantor, as the sole direct shareholder of HLTSSPL, has appointed the following individuals to serve as directors of HLTSSPL.

Directors of HLTSSPL

As at 9 May 2023, the directors of HLTSSPL were as follows:

Yau Chung Robert WONG
Craig Alan BEATTIE (Alternate Director Pak Hang Steve Brian HO)
Robert Lambard GARMAN
Tek Min LIM

There are no conflicts of interest between the duties to HLTSSPL of the persons listed above and their private interests or duties.

CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets out the consolidated capitalisation and indebtedness of the Guarantor as at 31 December 2021 and 2022, which have been extracted from the audited consolidated financial statements of the Guarantor:

	As at 31 December	
	2021	2022
	HK\$ (in millions)	
Cash and bank balances	315	306
Current borrowings⁽¹⁾		
Bank overdrafts.....	23	15
Current portion of long-term borrowings:		
— U.S.\$500,000,000 10-year notes at 4.5% 2022	3,923	—
— HK\$410,000,000 10-year notes at 3.86% 2022.....	410	—
— HK\$305,000,000 10-year notes at 3.00% 2022.....	305	—
— HK\$200,000,000 10-year notes at 2.90% 2022.....	200	—
— HK\$1,100,000,000 10-year notes at 3.95% 2023	—	1,099
— HK\$300,000,000 10-year notes at 3.95% 2023.....	—	300
	4,861	1,414
Long-term borrowings⁽¹⁾		
Bank loans	3,328	11,116
Notes	28,206	26,714
	31,534	37,830
	36,395	39,244
Total equity		
Share capital	2,147	2,147
Revenue and other reserves	183,958	179,919
Shareholders' funds.....	186,105	182,066
Total capitalisation and indebtedness⁽²⁾⁽³⁾	222,500	221,310

Notes:

- (1) As at 31 December 2021 and 2022, the Guarantor and each of its subsidiaries had no secured borrowings.
- (2) Total capitalisation and indebtedness are calculated as current borrowings plus long-term borrowings plus total shareholders' funds.
- (3) There has been no material change in the capitalisation and indebtedness of the Guarantor since 31 December 2022.

THE GUARANTOR

Introduction

The Guarantor, The Hongkong Land Company, Limited, was incorporated in Hong Kong in 1889 with the principal object of investing in and developing property. Its first development was completed in 1898 in what is now “core” Central in Hong Kong. Other acquisitions and developments followed in the next 100 years which laid the foundation of the Guarantor’s current portfolio.

The Group is a property investment, management and development business. The Guarantor holds a portfolio of prime office and retail complexes in Central, Hong Kong and residential properties in Hong Kong. As at 31 December 2022, the Group owned and operated 12 Grade A office and retail buildings with a total lettable area of some 450,000 sq.m. In addition, the Group has interests in residential properties in Hong Kong.

Central Portfolio

As at 31 December 2022, the property portfolio of the Group located in Central, Hong Kong (the “**Central Portfolio**”), held through the Guarantor, consisted of 12 Grade A office and retail buildings comprising a total lettable area of approximately 383,000 sq.m. and 70,000 sq.m. for office and primarily retail, respectively. Situated on Hong Kong Island, Central represents the principal commercial, financial, government and communications centre of Hong Kong. Central, Hong Kong also features extensive retail development and is supported by a concentration of public transportation facilities. The Group’s principal office tenants include leading financial institutions and professional services firms, such as law firms and accounting firms. The Group’s retail tenants include high-end luxury retailers and fine dining restaurants.

The Group first developed properties in Central, Hong Kong over a century ago and has maintained control of the prime locations where its properties are now situated. Since land supply in Central, Hong Kong is limited, the Group believes that its Central Portfolio would be difficult to replicate. As at 31 December 2022, the Central Portfolio represented approximately 17 per cent. of Central, Hong Kong’s total Grade A office space. As at 31 December 2022, the occupancy rate of office space in the Central Portfolio was approximately 95 per cent. According to Jones Lang LaSalle Ltd., as at 31 December 2022, the overall Grade A office space occupancy rates in Central, Hong Kong and on Hong Kong Island were approximately 91 per cent. and 90 per cent., respectively.

Competitive Strengths

The Group’s competitive strengths include:

- prime locations in Central, Hong Kong;
- strong management team; and
- high barriers to entry for potential competitors in Central, Hong Kong.

Prime locations in Central, Hong Kong

As at 31 December 2022, 100 per cent. of the total lettable area of the Group’s commercial properties was located in Central. The Central Portfolio benefits from a critical mass of closely situated properties, enabling the Group to offer flexibility to tenants in terms of building selection. A system of interlocking elevated pedestrian walkways, linking most of the Group’s complexes, ensures high accessibility of the Group’s properties and continuous foot traffic. The Central Portfolio offers proximity to several major transportation hubs for efficient commuting and is located within walking distance of Hong Kong’s major financial and government institutions, Hong Kong’s Airport Express Central train terminal which connects to the Hong Kong International Airport, the Central Ferry terminal and the Mass Transit Railway Central station. The Group’s principal office tenants include leading financial institutions and professional services firms, such as law firms and accounting firms. The Group’s retail tenants include high-end luxury retailers and fine dining restaurants.

Strong management team

The Group's senior management and technical staff, a significant number of whom have been with the Group for over 10 years, have extensive experience in property investment, development, leasing and management. The Group believes it has a strong team with a proven ability to execute the Group's business plans.

High barriers to entry

The Group, through the Guarantor, first developed properties in Central, Hong Kong over a century ago and has maintained control of the prime locations where its properties are now situated. Since land supply in Central, Hong Kong is limited, the Group believes that its Central Portfolio would be difficult to replicate, thus creating high barriers to entry for potential competitors in Central.

Strategy

The Group seeks to maintain a leading position in Central, Hong Kong where it owns and manages some 450,000 sq.m. of prime office and retail space. The Group intends to optimise the long-term value of its portfolio of properties and enhance its cash flow from operations as follows:

Keeping the portfolio competitive. The Group maintains the quality of its properties by investing in refurbishments and by upgrading technical facilities such as telecommunications and information technology systems. The Group's policy is to anticipate property upgrading needs and to stay ahead of industry standards, government regulations and its competitors in keeping its Central Portfolio up to date and attractive to tenants. In the past few years, major capital expenditure spent in the Central Portfolio includes:

- The Landmark Scheme, which includes the redevelopment of Landmark East and expansion of the Landmark Atrium was completed in 2006 at a total cost of HK\$1,684 million;
- The refurbishment of Prince's Building Podium was completed in 2011 at a cost of approximately HK\$157 million; and
- The redevelopment of The Forum as a high quality office building was completed in November 2013 at a cost of HK\$460 million.

Customer service and tenant retention. The Group believes that retention of existing tenants, and the leasing of additional space to those tenants, is important to the stability of its portfolio and enhances its properties' cash flow and value over time. Maximising tenant retention reduces the cost of lease rollovers and rental income fluctuations by reducing down periods between tenant occupancies and reducing the up-front costs (such as tenant improvements and leasing commissions) of signing leases. In order to provide a uniform standard of service and to maintain the quality of its properties, the Group allocates the property leasing and management responsibilities to related companies of the Guarantor. See "*— Property Leasing and Management*". The Central Portfolio has consistently enjoyed high occupancy levels. See "*— Commercial Investment Property — Central Portfolio — Occupancy Rates*".

In recent years, the Group has further bolstered the customer experience for both Office and Retail tenants. For Office, the Group has launched Centricity, which offers a restaurant, bar and event space, as well as "Flex", a premium flexible office concept within the Group's portfolio. Centricity also includes a digital channel through a mobile application, offering a range of services and privileges for tenants.

Retail customers can benefit from the Landmark mobile application, which includes the "Bespoke" loyalty programme, offering rewards and services to the most loyal customers.

Promoting Central's image. The Group promotes the association of its brand name “Hongkong Land” with the business, shopping and dining district known as “Central”. The campaign includes a series of physical improvements to the properties in the Central Portfolio as well as the surrounding streetscape and continuous improvement of services to tenants. The public relations campaign is designed to encourage people to work, shop and socialise in Central. In March 2012, a new brand “LANDMARK” was unveiled to unify the four shopping destinations, namely Landmark Atrium, Landmark Alexandra, Landmark Chater and Landmark Prince’s, as one luxury retail destination. By enhancing the business environment for its office and retail tenants and promoting the Group’s association with Central, the Group aims to continue attracting and retaining the highest quality tenants to its Central Portfolio.

While the Group’s business does not rely on the aggressive acquisition of properties and growth of its property portfolio, the Group believes that the high-quality features of its Central Portfolio, together with its ongoing investments in Central, Hong Kong, place the Group in a leading position to compete for new development projects in Hong Kong in the future. The Group will continue to review appropriate opportunities to invest in new development sites in Central, Hong Kong as and when such sites become available.

Sustainable Development

The Central Portfolio’s sustainability performance is essential to its long-term stability and success. The Group intends to minimise environmental impact and maintain the operational excellence of the Central Portfolio, as well as support local communities in Hong Kong as follows:

Green building certifications. Managing the Group’s properties in a sustainable manner is potentially the most impactful way the Group can address climate change. The Group is committed to working with locally or internationally recognised bodies for green buildings to certify its properties. As at 31 December 2022, the Group continued to maintain Platinum ratings, the highest possible rating, under the BEAM Plus Certification Existing Buildings Scheme awarded by the Hong Kong Green Building Council for all 12 buildings within the Central Portfolio.

Climate risk assessment. As part of the Group’s work on managing climate-related risks, a comprehensive assessment has been performed on the Central Portfolio in order to improve business resilience and readiness for extreme weather events. The study considered the best and worst case scenarios developed by the Intergovernmental Panel on Climate Change, which assume global temperatures will rise by below 2°C or below 5°C by 2100 relative to pre-industrial levels, respectively. Physical and transition risks identified, as well as a preliminary adaptive action plan, were disclosed in line with the recommendations of the Task Force on Climate-related Financial Disclosures in the Sustainability Report for Hongkong Land Holdings Limited.

Carbon emissions. Energy consumption is a key contributor to greenhouse gas emissions and operating costs of the Central Portfolio. As a result, the Group continues to prioritise the adoption of all practical measures to improve energy efficiency. The Group’s decarbonisation plans at the Central Portfolio forms part of the 1.5°C aligned near-term science-based targets (“SBTs”) set by Hongkong Land Holdings Limited covering its operations across the region. The targets, which were validated by the Science Based Targets initiative (“SBTi”) in June 2022, include a 46.2 per cent. reduction in absolute Scope 1 and 2 GHG emissions by 2030 from 2019 levels and a 22 per cent. reduction in carbon intensity for Scope 3 GHG emissions from purchased goods and services and capital goods over the same period.

Community. Caring for the community and being a good corporate citizen are part of the core values of the Group. The Group supports local communities through donations and gift matching programmes benefiting charities, partnering with non-governmental organisations to deliver community programmes, sponsoring community events, encouraging employees to volunteer in the community and offering its properties as venues for good causes.

Capital Expenditure

The table below shows the total gross capital expenditures of the Guarantor and its subsidiaries for the past three years:

	For the year ended 31 December		
	2020	2021	2022
	HK\$ (in millions)		
Major renovations expenditure	925	639	695
Development capital expenditure.....	1	—	—

The Guarantor's capital expenditure requirements are principally in respect of development and renovations of its properties. Major renovations expenditure consisted principally of improvements to the retail space and infrastructure, including lift modernisation, toilet renovation, lift lobby renovation and floor upgrade of its properties.

Dividend Policy

The Guarantor does not set any amount each month as the basis for target dividend rates. The Guarantor only pays dividends out of distributable reserves after taking into account future anticipated expenses and other commitments on a monthly basis. The table below shows dividends paid by the Guarantor in the past three years:

	For the year ended 31 December		
	2020	2021	2022
	HK\$ (in millions)		
Dividends paid	2,904	3,604	3,862

Indebtedness and Contingent Liabilities

As at 31 December 2022, the Guarantor had outstanding unsecured indebtedness of HK\$39,244 million with repayments set out in the table below. The Guarantor's weighted average interest rate on its total borrowings, after taking account of interest rate swaps, as at 31 December 2022, was 4.2 per cent. per annum. Net borrowings (total borrowings less bank balances of HK\$306 million) of the Guarantor as at 31 December 2022 were HK\$38,938 million.

	As at 31 December 2022
	HK\$ (in millions)
Due dates of repayment	
Within one year.....	1,414
Between one and two years	3,079
Between two and five years.....	17,881
Beyond five years	16,870
Total	<u>39,244</u>

The Guarantor's gearing ratio is calculated as net borrowings divided by total equity. The table below shows the gearing ratio for the past three years:

	For the year ended 31 December		
	2020	2021	2022
Gearing ratio	18	19	21

As at 31 December 2022, total committed and uncommitted borrowing facilities amounted to HK\$47,234 million of which HK\$39,244 million was drawn down. Undrawn committed revolving credit loan facilities amounted to HK\$7,643 million and those for uncommitted amounted to HK\$365 million.

As at 31 December 2022, HK\$26,591 million of the Guarantor's borrowings was hedged to provide effective fixed rate obligations at an average interest rate of 3.2 per cent. per annum.

As at 31 December 2022, the Guarantor had financial guarantees of up to HK\$1,740 million resulting from guarantees to support other medium term notes issued under the Programme by HLTSSPL.

Revenue

Rental income from the Guarantor's office and retail property portfolio accounted for 89 per cent. of the Guarantor's revenue for the year ended 31 December 2022. The following table sets out a breakdown of the Guarantor's revenue by business category for the periods indicated:

	For the year ended 31 December					
	2020		2021		2022	
	HK\$ (in millions)	(%)	HK\$ (in millions)	(%)	HK\$ (in millions)	(%)
Rental income						
Office properties	5,653	75	5,435	73	5,268	71
Retail properties	1,170	15	1,273	17	1,298	18
Residential properties	21	—	22	—	22	—
	<u>6,844</u>	<u>90</u>	<u>6,730</u>	<u>90</u>	<u>6,588</u>	<u>89</u>
Management fee income	748	10	743	10	785	11
Sale of property	17	—	15	—	18	—
Revenue	<u>7,609</u>	<u>100</u>	<u>7,488</u>	<u>100</u>	<u>7,391</u>	<u>100</u>

Underlying Profit

The below table sets out the underlying operating profit by business segment for the Guarantor for the periods indicated:

	For the year ended 31 December		
	2020	2021	2022
	HK\$ (in millions)		
Investment properties	6,259	6,155	6,108
Development properties	17	15	21
Corporate expenses	(699)	(857)	(817)
Underlying operating profit ⁽¹⁾	5,577	5,313	5,312
Net financing charges	(785)	(807)	(835)
Tax	(664)	(621)	(615)
Underlying profit ⁽¹⁾	4,128	3,885	3,862
Non-trading items ⁽²⁾	(26,180)	(10,966)	(4,028)
(Loss)/Profit attributable to shareholders	<u>(22,052)</u>	<u>(7,081)</u>	<u>(166)</u>

Notes:

- (1) The Guarantor uses “underlying operating profit” and “underlying profit” in its internal financial reporting to distinguish between ongoing business performance and non-trading items. Management considers this to be a key measure which provides additional information to enhance understanding of the Guarantor’s underlying business performance.
- (2) Items classified as non-trading items include fair value gains or losses on revaluation of investment properties; gains and losses arising from the sale of businesses, investments and investment properties; impairment of non-depreciable intangible assets and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

Commercial Investment Property

The Group’s investment properties are those which produce income and which the Group intends to hold for the long term (See “*Lease Expiry*” in the table below). The following table sets out certain details relating to the Group’s Commercial Investment Property Portfolio in Central, Hong Kong as at 31 December 2022:

	Lettable area				Year Completed	Lease Expiry
	Total	Office	Retail	Total Levels		
	(in thousands of sq.m.)					
Hong Kong — Central Portfolio⁽¹⁾						
Alexandra House	35	30	5	37	1976	2899
Chater House	43	39	4	33	2002	2898
Exchange Square ⁽²⁾	139	134	5			2057 ⁽³⁾
One Exchange Square		53	—	52	1985	
Two Exchange Square ⁽⁴⁾		47	—	51	1985	
Three Exchange Square		30	—	33	1988	
Podium		—	5	3	1985	
The Forum		4	—	5	2013	
Jardine House	63	59	4	52	1973	2045 ⁽³⁾
Gloucester Tower	42	42	—	48	1980	2842
Landmark Atrium	25	—	25	8	1980	2842
Edinburgh Tower	44	31	13	47	1983	2842
York House	10	10	—	26	2006	2842
Prince’s Building	52	38	14	29	1965	2895
	<u>453</u>	<u>383</u>	<u>70</u>			

Notes:

- (1) All the Group’s investment properties are held under Government leases.
- (2) The Financial Secretary Incorporated is the registered owner of portions of the ground floor, 1st floor and 2nd floor of One and Two Exchange Square; the 38th floor of Two Exchange Square and certain car parks in the basement of the podium; and the bus terminus and related facilities. The area owned by the Financial Secretary Incorporated is excluded from the Group’s lettable area for Exchange Square.
- (3) There is an option to renew these leases for a further term of 75 years.
- (4) The American Club is the registered owner of the 48th and 49th floors of Two Exchange Square, which it purchased from a subsidiary of the Group in 1985. The area owned by the American Club is excluded from the Group’s lettable area for Exchange Square.

Central Portfolio

Occupancy Rates

Changes in the occupancy rates of the Group's properties affect the Guarantor's rental income. The Group maintains high occupancy in its office and retail premises. The table below sets out the occupancy rates for the Group's Central Portfolio as at the dates indicated:

	As at 31 December		
	2020	2021	2022
		(%)	
Occupancy Rates			
For Central Portfolio's office space.....	94	95	95
For Central Portfolio's retail space	100	100	100

Rents

The Group calculates average rents for its investment properties by dividing its gross rental income in a given period by its total rent generating area. Gross rental income includes both the base rental income and, in the case of retail tenants, the turnover rental income received by the Group in a prescribed period. The rents are quoted in square feet per net area, which relates to the total lettable area and reflects the net useable area for tenants. The rents quoted by the Group exclude property management charges and rates payable by its tenants. The Group benchmarks its rents against those of its own properties and other similar properties in Central, Hong Kong and Admiralty.

For the year ended 31 December 2022, the Guarantor's consolidated gross rental income decreased by approximately 2 per cent. to HK\$6,566 million compared to HK\$6,708 million in the year ended 31 December 2021. The table below sets out the average rents for the Central Portfolio for the periods indicated:

	As at 31 December		
	2020	2021	2022
		HK\$	
Average Effective Rents (per sq. ft per month)			
For Central Portfolio's office space.....	120	117	111
For Central Portfolio's retail space	164 ⁽¹⁾	190 ⁽¹⁾	177

Note:

- (1) Excluding the impact of temporary rent relief, average effective rents in full years 2020, 2021 and 2022 were HK\$212, HK\$202 and HK\$191 per sq. ft. per month respectively.

Tenants

For the year ended 31 December 2022, the office and retail space of the Central Portfolio generated 80 per cent. and 20 per cent., respectively, of the Guarantor's total rental income.

Office Tenants. The Group has historically focused on financial institutions as office tenants. However, the Group is equally interested in, and believes it possesses the flexibility to serve the needs of, other large tenants such as professional services firms, multinational corporations, financial services and trading companies. Among the tenants in its Central Portfolio, financial institutions, law firms and accounting firms accounted for approximately 42 per cent., 31 per cent. and 8 per cent., respectively, of total lettable office area as at 31 December 2022.

The following table shows the office tenant profile by area occupied in the Central Portfolio.

Office tenant profile by area occupied in the Central Portfolio	31 December 2018	31 December 2022
	(%)	
Banks and other financial services.....	40	42
Legal.....	30	31
Accounting.....	8	8
Property	6	5
Trading	2	3
Governments.....	1	—
Others	13	11
Total	100	100

Retail Tenants. The Group's Hong Kong properties focus on luxury retail operations. Tenants include renowned international luxury brands and food and beverage operators.

Leases

In Hong Kong, leases are typically entered into for three to six year terms for office space and three year terms for retail space, with terms typically longer at five to six years for strategic retailers and food and beverage tenants. For most tenancies, if the lease term is more than three years, the rent charged is generally adjusted every three years based upon prevailing market rates. The Group has a policy of focusing on longer-term leases, especially for its principal tenants. From time to time, the Group may enter into new leases with tenants which may provide for rent-free periods associated with moving into the premises, and other tenant-oriented incentives.

As at 31 December 2022, the average unexpired term for the Group's office leases was 4.0 years and for the Group's retail leases was 1.8 years. The Group manages its office and retail lease portfolios with the aim of balancing the concentration of renewals of leases or rent reviews in any year.

The following table sets out the level of contracted rental income as at 31 December 2022 for the Group's Central Portfolio for the periods indicated:

	As at 31 December 2022		
	Within one year	Between two and five years	Beyond five years
	HK\$ (in millions)		
Contracted rental income ⁽¹⁾	5,340	8,896	1,723

Note:

(1) The figures represent rental income receivable under fixed term leases, excluding (i) rental income which is calculated as a percentage of a tenant's turnover and (ii) rental income from leases with a potential rent adjustment in the relevant year.

The following table sets out certain details relating to expirations of office tenancies as at 31 December 2022 for the Central Portfolio for the periods indicated:

	2023	2024	2025
Expiration of Office Tenancies⁽¹⁾			
Total lettable office area expiring (thousands of sq. ft)..	503	619	564
Average expiring net rent (HK\$/sq. ft/month) ⁽²⁾	116	116	114
Percentage of total lettable office area expiring	12%	15%	14%

Notes:

- (1) Assumes that no lease extension options or termination rights will be exercised for expiring office tenancies, prior to their scheduled expiration.
- (2) The aggregate monthly rental income of all expiring office tenancies in a specific year divided by the total lettable area in square feet expiring in the same year.

The following table sets out certain details as at 31 December 2022 relating to office tenancies for the Central Portfolio which will be subject to a rent review in the periods indicated:

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Rent Reviews of Office Tenancies			
Total lettable office area subject to a rent review (thousands of sq. ft).....	408	755	295
Average expiring net rent (HK\$/sq. ft/month) ⁽¹⁾	96	107	112
Percentage of total lettable office area subject to rent reviews	10%	18%	7%

Note:

- (1) The aggregate monthly rental income of all office tenancies subject to a rent review in a specific year divided by the total lettable area in square feet subject to a rent review in the same year.

Residential Property — Hong Kong

Property Investment

The Group primarily focuses on commercial properties although it also develops residential properties for sale. It has a relatively small residential property portfolio for investment purposes. The rental income from residential properties for the year ended 31 December 2022 was HK\$22 million. The Group's residential properties are generally leased on two-year terms.

Property Development

The Group currently has no active residential development projects in Hong Kong.

Property Leasing and Management

The Group's leasing, property management and collection operations are handled generally by Hongkong Land Limited ("HKLL"), Hongkong Land (Property Management) Limited and Hongkong Land (EXSQ Property Management) Limited, respectively. All of these companies are related corporations of the Guarantor.

Insurance

The Group is covered by insurance policies which cover:

- (i) fire, flood and other material damage to properties under Material Damage and Business Interruption Insurance;
- (ii) general liability under Combined General Liability Insurance; and
- (iii) property damage and consequential business interruption arising from acts of terrorism and/or political violence.

AIG Europe Limited and Chubb Insurance Hong Kong Limited are the two key insurance companies for these policies.

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, floods, water damage, explosion, power loss, telecommunications failure, intentional unlawful act, human error, terrorism and typhoons and other natural disasters could nevertheless have a material adverse effect on the Group's financial condition and results of operations.

Legal Proceedings

As at the date of this Offering Circular, neither the Guarantor nor any of its subsidiaries is involved in any governmental, legal or arbitration proceedings which would have a material adverse effect on the business or financial position of the Guarantor.

Employees

A significant portion of the Group's employees are employed by Hongkong Land Group Limited, a related company of the Guarantor. Through a series of inter-company service agreements, such employees are made available for the business operations of the Group. As at 31 December 2022, Hongkong Land Group Limited had 916 employees engaged in the business operations of the Guarantor. The table below sets forth the number of employees engaged in each of the Guarantor's respective business functions:

Functions	Number of employees
	As at 31 December 2022
Management	240
Administration	<u>676</u>
Total	<u><u>916</u></u>

Principal subsidiaries and joint ventures

The Guarantor's principal subsidiaries and joint ventures are involved in property investment, property holding and property development.

Please refer to Note 26 of the audited financial statements of the Guarantor for the year ended 31 December 2022 set out on F-26 for details of the Guarantor's principal subsidiaries and joint ventures, and the Guarantor's effective equity interest in each.

As at the date of this Offering Circular, all effective holdings are unchanged from 31 December 2022.

Related Party Transactions; Relationship with the Jardine Matheson group

Please refer to Note 25 of the audited financial statements of the Guarantor for the year ended 31 December 2022 set out on F-25 for a description of the related party transactions entered into by the Guarantor.

Management

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

<u>Name</u>	<u>Position</u>
John Raymond WITT	Chairman and Director
Yau Chung Robert WONG	Permanent and Managing Director
Craig Alan BEATTIE	Director
Kei Yeuk KONG (Alvin)	Director
Kenneth Yew Hoong FOO	Director
Yiu Kai PANG, GBS, JP	Director
Chuen Ming Raymond WONG	Director

John Raymond Witt and Yiu Kai Pang's business address is 48th Floor, Jardine House, Central, Hong Kong. The business address of all the other Directors as set out above is 8th Floor, One Exchange Square, Central, Hong Kong.

There are no conflicts of interest between the duties to the Guarantor of the persons listed above and their private interests or duties.

Board of Directors

As at 9 May 2023, the members of the Board of Directors (the "**Board**") of the Guarantor were as follows:

John Raymond WITT

John rejoined the Board of Hongkong Land Holdings Limited as Managing Director in June 2020, having previously served as the Chief Financial Officer between 2010 and 2016. He has been with the Jardine Matheson group since 1993 and has held a number of senior finance positions, including group finance director of Jardine Matheson from 2016 to 2020. John is chairman of Jardine Matheson Limited, group managing director of Jardine Matheson and managing director of DFI Retail Group and Mandarin Oriental. He is also a director of Jardine Pacific and Jardine Motors, and a commissioner and chairman of the executive committee of Astra. John is a Chartered Accountant and has an MBA from INSEAD.

Yau Chung Robert WONG

Robert was appointed Chief Executive of Hongkong Land and the Permanent and Managing Director of the Board in August 2016.

Robert joined Hongkong Land in 1985 and held various posts in Property Management, Office Leasing, Development and Projects. He was appointed Executive Director of Hongkong Land Limited in 1996, where he was responsible for identifying new investments in Asia and as from 2000 focusing on managing the residential business.

Robert was born in Hong Kong and graduated from The Hong Kong Polytechnic with a professional qualification in surveying. He is an associate member of both The Royal Institute of Chartered Surveyors and The Hong Kong Institute of Surveyors.

Craig Alan BEATTIE

Craig joined the Board of Hongkong Land Limited as Chief Financial Officer in September 2021. He brings a broad range of financial and strategic experience to the Group gained across a number of organisations in different industries.

Prior to joining Hongkong Land, Craig was the Chief Financial Officer of Mandarin Oriental Hotel Group. He first joined the Jardine Matheson Group from EY in 2006 and has held a number of senior finance roles across the Group including Finance Director for South Asia of Hongkong Land based in Singapore, Group Finance Director of Jardine Motors Group in the UK and Group Treasurer of Jardine Matheson.

Craig is a qualified Chartered Accountant and has a Bachelor of Arts degree from Robert Gordon University in Scotland, graduating with distinction.

Kei Yeuk KONG (Alvin)

Alvin joined Hongkong Land Limited in May 2022 as an Executive Director. He is responsible for the Hong Kong and Macau Commercial Property business, the retail asset management of the “CENTRAL” series in China, while also overseeing the Marketing and Communications Department.

Alvin joined Hongkong Land Limited from Kerry Properties Limited, where he was the Head of Strategic Projects. Prior to that, Alvin was with Swire Properties Limited where he held a number of senior positions, including Director of Retail, General Manager of Portfolio Management (China), and General Manager of Eastern and Central China.

Alvin holds a Bachelor of Science Degree in Surveying from the University of Hong Kong and has completed the Stanford Executive Programme at Stanford University’s Graduate School of Business, and the Advanced Management Programme at INSEAD. Alvin is a professional member of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors.

Kenneth Yew Hoong FOO

Kenneth was appointed Executive Director of Hongkong Land Limited on 1st January 2016, overseeing all the company’s property management activities. He was previously Head of Building Operations, Property Management.

Kenneth first joined Hongkong Land in 1998 and has served in a number of capacities for the company. In his role as Head of Building Operations, he was responsible for the operations and management of prime developments in Hong Kong. During this time he ensured adherence to world-class standards and created safe, sustainable environments for tenants.

Prior to that, he was Director of Facilities Management for Raffles Quay Asset Management in Singapore, where he was responsible for the property management functions of the Marina Bay Financial Centre and One Raffles Quay developments.

Kenneth has extensive experience in property management and engineering services. Throughout his career he has served as a consultant and project manager for contractors and developers in New Zealand, Indonesia, Thailand and Singapore. He is Past President of the International Facilities Management Association (Singapore Chapter) and a member of the Technical Consultative Panel of the BCA (Building and Construction Authority).

Kenneth graduated with honours from Auckland University in New Zealand with a Bachelor’s Degree in Engineering, majoring in Electrical and Electronics Engineering. He is Past President for The Hong Kong Chapter of International Facility Management Association (IFMA), 2022 class of IFMA Fellow and a member of the Board.

Yiu Kai PANG, GBS, JP

Y.K. has been a Director of Hongkong Land Holdings Limited since 2007. He was Chief Executive of Hongkong Land from 2007 to 2016. He is deputy managing director and chairman of Hong Kong of Jardine Matheson and chairman of Jardine Pacific. He is also deputy chairman of Jardine Matheson Limited, and a director of Gammon, Jardine Matheson (China), Mandarin Oriental and Greatview. He is chairman of the Hong Kong Tourism Board and the Hong Kong Management Association and a member of the Council and General Committee of the Hong Kong General Chamber of Commerce and the Employers' Federation of Hong Kong.

Y.K. has held a number of senior executive positions in the trading, marketing and retail sectors of the Jardine Matheson group since joining the group in Hong Kong in 1984. He was appointed director of Jardine Pacific in 1995 with responsibility for the company's restaurants businesses, and in 1999 he moved to Jardine Motors as chief executive officer of Zung Fu before becoming executive chairman in 2003.

In addition to his business pursuits, Y.K. plays an active role in the business community and in public service in Hong Kong. In 2016, he was awarded the Gold Bauhinia Star medal by the Hong Kong SAR Government, in addition to the Silver Bauhinia Star medal which was awarded to him in 2008. He was appointed a Justice of the Peace in 2001, and was chosen as one of the Ten Outstanding Young Persons of Hong Kong in 1999.

Y.K. was born in Hong Kong and graduated from the University of Nottingham with a Bachelor of Science Degree in Civil Engineering and from the University of Edinburgh with a Master of Business Administration Degree. He completed the Program for Global Leadership at Harvard Business School in 1998. He was conferred an Honorary Doctorate degree by the University of Edinburgh in July 2016 and an Honorary Doctorate degree in Education by the Education University of Hong Kong in November 2018.

Chuen Ming Raymond WONG

Raymond was appointed Executive Director of Hongkong Land Limited in January 2018. He is responsible for the project management functions of the company's investments.

Raymond joined Hongkong Land in 2010 as Head of Projects, Residential Property, China. He led the development of the company's residential and mixed-use projects, helping its China business achieve significant growth in the market.

Raymond has more than 30 years of experience in the property and construction industries, in areas including project management, property development and investment, asset management, quantity surveying and contract administration. Before joining Hongkong Land, he was General Manager, Property Investment for a major Singapore property development company, where he was instrumental in the company's China and Hong Kong developments.

Raymond is a professional Chartered Surveyor and Chartered Builder. He is a Member of the Royal Institution of Chartered Surveyors, the Chartered Institute of Building, the Hong Kong Institute of Surveyors and the Hong Kong Institute of Construction Managers. He holds an MBA in International Management from the University of London, an Associateship and Higher Diploma in Building Technology & Management from the Hong Kong Polytechnic University and a Diploma in Surveying from the College of Estate Management.

Executive Compensation

For the year ended 31 December 2022, no compensation was paid by the Guarantor to the Directors.

As at 31 December 2022, no loans or advances by the Guarantor or any of its subsidiaries to the Directors were made or outstanding. No guarantees were given by the Guarantor or any of its subsidiaries in relation to any loans or advances received by the Directors and none of the Directors have or have had interests in transactions which are or were unusual in their nature or conditions or significant in relation to the business of the Guarantor or any of its subsidiaries and which were effected by the Guarantor or any of its subsidiaries during the current financial year or the financial year immediately preceding the date of this Offering Circular or were effected by the Guarantor or any of its subsidiaries during earlier financial years and remain, in any respect, outstanding or unperformed.

Directors' Effective Interests

As at 31 December 2022, the Directors held no interests in the issued share capital of the Guarantor.

Substantial Shareholdings

The Guarantor is a wholly-owned subsidiary of Hongkong Land Holdings Limited. As at 31 December 2022, Jardine Strategic held an interest in 1,177 million ordinary shares representing approximately 52.89 per cent. of Hongkong Land Holdings Limited's issued ordinary share capital, and, by virtue of its interest in Jardine Strategic, Jardine Matheson was deemed to be interested in the same number of ordinary shares.

REMITTANCE OF RENMINBI INTO AND OUT OF THE PRC

Current Account Items

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

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

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

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

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

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

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

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

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

The reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC Government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. Some of the relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers. It is emphasised that none of the Issuers, the Guarantor nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Monetary Authority of Singapore (“MAS”) applicable as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

This is expected to apply to payments made by The Hongkong Land Treasury Services (Singapore) Pte. Ltd. (“HLTSSPL”). Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is 22 per cent. prior to the year of assessment 2024, and 24 per cent. thereafter. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

It was announced in the Singapore Budget Statement 2023 that the requirement that qualifying debt securities (“**QDS**”) have to be substantially arranged in Singapore will be rationalised, such that for all debt securities that are issued on or after 15 February 2023, such debt securities must be substantially arranged in Singapore by a financial institution holding a specified licence (the “**Relevant Licence Holder**”), instead of a relevant Financial Sector Incentive Company. In this regard, a Relevant Licence Holder is intended to mean an entity which:

- (i) is any bank or merchant bank licensed under the Banking Act 1970 of Singapore;
- (ii) is any finance company licensed under the Finance Companies Act 1967 of Singapore; or
- (iii) holds a capital markets services licence under the Securities and Futures Act 2001 of Singapore for dealing in capital markets products — securities or advising on corporate finance.

The MAS will be providing further details by 31 May 2023.

Under the QDS Scheme, with respect to any tranche of the Notes which are debt securities issued under the Programme by HLTSSPL (the “**Relevant Notes**”) during the period from the date of this Offering Circular to 31 December 2023 where more than half of the issue of such Relevant Notes are distributed by Financial Sector Incentive — Capital Market, Financial Sector Incentive — Standard Tier or Financial Sector Incentive — Bond Market companies who are also Relevant Licence Holders, such Relevant Notes would be QDS for the purposes of the ITA, to which the following treatment shall apply:

- (a) subject to certain conditions having been fulfilled (including the furnishing by HLTSSPL, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by HLTSSPL in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Relevant Notes by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium, and break cost (collectively, the “**Qualifying Income**”) from the Relevant Notes, paid by HLTSSPL and derived by a holder who is not resident in Singapore and who does not have any permanent establishment in Singapore is exempt from Singapore tax. Non-residents who carry on any operation through permanent establishments in Singapore also have the benefit of this exemption, provided that the Relevant Notes are not acquired using funds from Singapore operations. “Funds from Singapore operations” means, in relation to a person, the funds and profits of that person’s operations through a permanent establishment in Singapore;

- (b) subject to certain conditions having been fulfilled (including the furnishing by HLTSSPL, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes paid by HLTSSPL and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
- (i) HLTSSPL including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
- (ii) the furnishing by HLTSSPL, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by HLTSSPL.

Notwithstanding the foregoing:

- (i) if during the primary launch of any Relevant Notes, such Relevant Notes are issued to less than four persons and 50 per cent. or more of the principal amount of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of HLTSSPL, such Relevant Notes would not qualify as QDS; and
- (ii) even though any Relevant Notes are QDS, if at any time during the tenure of such Relevant Notes, 50 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of HLTSSPL, Qualifying Income derived from such Relevant Notes held by (1) any related party of HLTSSPL, or (2) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of HLTSSPL, shall not be eligible for the tax exemption or concessionary tax rate described above.

The term “**related party**”, in relation to a person (A), means any person (a) who directly or indirectly controls A; (b) who is being controlled directly or indirectly by A; or (c) who, together with A, is directly or indirectly under the control of a common person.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the ITA as follows:

“**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“**prepayment fee**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“**redemption premium**”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have their same meaning as in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

It was also announced in the Singapore Budget Statement 2023 that the QDS Scheme will be extended until 31 December 2028, and the scope of qualifying income under the QDS Scheme will be streamlined and clarified such that it includes all payments in relation to early redemption of QDS. The MAS will be providing further details by 31 May 2023.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains may be considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard (“FRS”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“SFRS(I) 9”) (as the case may be) for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “*Adoption of FRS 39, FRS 109 or SFRS(I) 9 For Singapore Income Tax Purposes*”.

Adoption of FRS 39, FRS 109 or SFRS(I) 9 For Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes or in respect of payments under the Guarantee of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

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

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

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

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

Sums derived from the sale, disposal or redemption of the Notes may be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of. In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes issued outside Hong Kong in any circumstances or, if issued in Hong Kong, provided either:

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

If stamp duty is payable it is payable by the Relevant Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

- (i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.26 per cent. (of which 0.13 per cent. is payable by the seller and 0.13 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the *Notes*. *The discussion is a general summary of present law, which is subject to prospective and retroactive change.* It is not intended as tax advice, does not consider any investor’s particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws:

- (i) Payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.
- (ii) No stamp duty is payable in respect of the issue of Bearer Notes. The Bearer Notes themselves will be stampable if they are executed in or brought into the Cayman Islands.
- (iii) No stamp duty is payable in respect of the issue of the Registered Notes. An instrument of transfer in respect of a Registered Note is stampable if executed in or brought into the Cayman Islands.

HLFCICL has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands in the following form:

The Tax Concessions Act (2018 Revision) — Undertaking as to Tax Concessions

In accordance with the Tax Concessions Act (2018 Revision), the following undertaking is given to HLFCICL:

- (i) that no law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to HLFCICL or its operations; and
- (ii) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (a) on or in respect of the shares, debentures or other obligations of HLFCICL; or
 - (b) by way of the withholding in whole or part, of any relevant payment as defined in the Tax Concessions Law.
- (iii) These concessions shall be for a period of 20 years from the 23rd day of December 2020.

British Virgin Islands

The following is a discussion on certain British Virgin Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under British Virgin Islands law.

Under existing British Virgin Islands laws:

- (i) HLNCL is not liable to pay any form of taxation in the British Virgin Islands and all payments of interest and principal on the Notes and other amounts made by HLNCL to persons who are not persons resident in the British Virgin Islands are exempt from all forms of taxation in the British Virgin Islands and any capital gains realized with respect to the disposal of the Notes by persons who are not persons resident in the British Virgin Islands are exempt from all forms of taxation in the British Virgin Islands.
- (ii) 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 obligation or other securities of HLNCL.
- (iii) Subject to the payment of stamp duty on the acquisition of property in the British Virgin Islands by HLNCL, all instruments relating to transfers of property to or by HLNCL and all instruments relating to transactions in respect of the shares, debt obligations or other securities of HLNCL and all instruments relating to other transactions relating to the business of HLNCL are exempt from payment of stamp duty in the British Virgin Islands.
- (iv) There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to HLNCL or its shareholders.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining “foreign passthru payment” and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of CDP, DTC, Euroclear, Clearstream or the CMU (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable, but none of the Issuers, the Guarantor, the Trustee, any Arranger or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor, the Trustee, any Arranger, any Dealer or any party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

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

The Clearing Systems

Euroclear and Clearstream

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

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

CMU

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

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all financial institutions regulated by the HKMA, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU’s custodial services, please refer to the CMU Reference Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the “**income proceeds**”) by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual.

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

CDP

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or Global Certificate for persons holding the Notes in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Notes through the Depository System may be effected through securities sub-accounts held with corporate depositors (“**Depository Agents**”). Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade the Notes through the Depository System, must transfer the Notes to a securities sub-account with a Depository Agent for trade settlement.

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

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

DTC

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

Book-Entry Ownership

Bearer Notes

The Relevant Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Relevant Issuer may also apply to have Bearer Notes accepted for clearance through the CMU or CDP. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with a common depository for Euroclear and/or Clearstream or a sub-custodian for the CMU or CDP or an Alternative Clearing System as agreed between the Relevant Issuer and the Dealer. Transfers of interests in such temporary Global Notes or permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of the CMU, CDP, Euroclear and Clearstream or, if appropriate, the Alternative Clearing System.

Registered Notes

The Relevant Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by an Unrestricted Global Certificate or Restricted Global Certificate. The Relevant Issuer may make applications to the CMU or CDP for acceptance in its book-entry system in respect of Registered Notes to be represented by an Unrestricted Global Certificate. Each Unrestricted Global Certificate and Restricted Global Certificate will have an ISIN and a Common Code.

The Relevant Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a Committee on Uniform Securities Identification Procedures (“CUSIP”) number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under “*Transfer Restrictions*”. In certain circumstances, as described below in “*Transfers of Registered Notes*”, transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian, with whom the Restricted Global Certificates are deposited, and DTC, will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors may hold their beneficial interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC’s nominee will be to, or to the order of, its nominee as the registered owner of such Restricted Global Certificate. The Relevant Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The Relevant Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Relevant Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating, to or payments made on account of, ownership interests in any Restricted Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Pricing Supplement.

Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Restricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Company by the Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Paying Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

Transfers of Registered Notes

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

Beneficial interests in an Unrestricted Global Certificate may only be held through Euroclear or Clearstream, the CMU or CDP. In the case of Registered Notes to be cleared through Euroclear, Clearstream and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the relevant distribution compliance period (as used in "*Subscription and Sale*") relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by any Transfer Agent of a written certificate from Euroclear or Clearstream, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Euroclear or Clearstream by the holder of an interest in the Unrestricted Global Certificate to the Issuing and Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, as the case may be, and DTC to be credited and debited, respectively, with an interest in each relevant Global Certificate.

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

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

Cross-market transfers between accountholders in Euroclear or Clearstream and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, on the other, transfers of interests in the relevant Global Certificates will be effected through the Issuing and Paying Agent, the Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of:

- three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer; and
- two business days after receipt by the Issuing and Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer.

In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

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

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

Although Euroclear, Clearstream and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Relevant Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by Individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream or DTC.

Individual Certificates

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream and Euroclear or for the CMU, CDP or DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in “*Summary of Provisions Relating to the Notes while in Global Form — Exchange — Restricted Global Certificates*” or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in “*Summary of Provisions Relating to the Notes while in Global Form — Exchange — Unrestricted Global Certificates*”. In such circumstances, the Relevant Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

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

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the U.S. secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

TRANSFER RESTRICTIONS

Restricted Notes

Each purchaser of Restricted Notes, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acquiring such Restricted Notes for its own account, or for the account of one or more QIBs, (c) not formed for the purpose of investing in such Restricted Notes or the Relevant Issuer or the Guarantor and (d) is aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A.
2. (i) The Restricted Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Relevant Issuer or the Guarantor or any of their respective affiliates, in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions applicable to the Restricted Notes.
3. It understands that the Restricted Notes, Restricted Global Certificate and any Individual Certificate will bear a legend to the following effect, unless the Relevant Issuer determines otherwise in accordance with applicable law:

THIS NOTE AND THE GUARANTEE REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUERS AND THE GUARANTOR THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUERS, THE GUARANTOR OR THEIR RESPECTIVE AFFILIATES.

4. If it is acquiring any Restricted Notes for the account of one or more QIBs the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account. and

5. It understands that the Relevant Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
6. It understands that the Restricted Notes will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate or as the case may be, Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Upon the transfer, exchange or replacement of a Restricted Global Certificate or an Individual Certificate, or upon specific request for removal of the legend, the Relevant Issuer will deliver only a Restricted Global Certificate or one or more Individual Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the Relevant Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Relevant Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate will, upon transfer, cease to be an interest in a Restricted Global Certificate and become an interest in an Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Certificate.

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

Unrestricted Notes

Each purchaser of Unrestricted Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Unrestricted Notes in resales prior to the expiration of the relevant distribution compliance period, by accepting delivery of this Offering Circular and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) It is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Relevant Issuer or a person acting on behalf of such an affiliate.
- (ii) It understands that such Unrestricted Notes and the Guarantee have not been and will not be registered under the Securities Act and that, prior to the expiration of the relevant distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except (a) in the case of Unrestricted Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) to the Relevant Issuer, in each case in accordance with any applicable securities laws of any State of the United States.
- (iii) It understands that the Relevant Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

- (iv) It understands that the Unrestricted Notes will be represented by an Unrestricted Global Certificate, or as the case may be, a Global Note. Prior to the expiration of the relevant distribution compliance period, before any interest in an Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such expiration of the relevant distribution compliance period, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Unrestricted Global Certificate.

Any interest in a Note represented by an Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Restricted Global Certificate will, upon transfer, cease to be an interest in a Note represented by an Unrestricted Global Certificate and become an interest in a Note represented by a Restricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Restricted Global Certificate.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 12 May 2023 (as amended and restated or supplemented from time to time, the “**Dealer Agreement**”) between the Issuers, the Guarantor, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuers to the Permanent Dealers. However, each of the Issuers has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Relevant Issuer through the Dealers, acting as agents of the Relevant Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Relevant Issuer (failing which, the Guarantor) will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. Each of the Issuers (failing which, the Guarantor) has agreed to reimburse the Arrangers for certain of its expenses incurred in connection with the establishment, and any future update, of the Programme and the Dealers for certain of their activities in connection with the Programme. The Relevant Issuer may agree to pay through the Dealers, a commission to certain private banks on certain tranches of Notes based on the principal amount of Notes purchased by the clients of such private banks. Any such commissions will be described in the relevant pricing supplement.

Each of the Issuers (failing which, the Guarantor) has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Relevant Issuer.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuers or their subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuers or their subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

In connection with each Tranche of Notes issued under the Programme, the Dealers or their respective affiliates may purchase and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuers, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. Notes will be offered and sold outside the United States pursuant to “Category 2” of Regulation S unless “Category 1” is specified in the relevant Pricing Supplement.

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

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement (or unless specified otherwise in the relevant Pricing Supplement and subscription agreement relating to a particular series of Notes, in the case of Notes offered and sold pursuant to “Category 1” restrictions), it will not offer, sell, or in the case of Notes in a bearer form, deliver Notes (1) as part of their distribution at any time and (2) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part as determined, and certified to the Relevant Issuer by the Issuing and Paying Agent or, in the case of a Syndicated Issue, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the relevant distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States (and unless otherwise specified in the Pricing Supplement) to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to QIBs in reliance on Rule 144A.

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

This Offering Circular has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Offering Circular by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Relevant Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA. 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 EU MiFID;
 - (ii) a customer within the meaning of the EU Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the EU insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA;
 - (iii) not a qualified investor as defined in the UK Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restriction Under the Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA (each a “**Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State, except that it may make an offer of such Notes to the public in that Member State:

- (a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a “**Non-exempt Offer**”), following the date of publication of an offering circular in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such offering circular has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such offering circular or Pricing Supplement, as applicable and the Relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Relevant Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Relevant Issuer or any Dealer to publish an offering circular pursuant to Article 3 of the Prospectus Regulation or supplement an offering circular pursuant to Article 23 of the Prospectus Regulation.

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

Public Offer Selling Restriction Under the UK Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as ‘Not Applicable’, each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a “**Public Offer**”), following the date of publication of an offering circular in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such offering circular has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such offering circular or Pricing Supplement, as applicable, and the Relevant Issuer has consented in writing to its use for the purpose of that Public Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Relevant Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in (b) to (d) shall require the Relevant Issuer or any Dealer to publish an offering circular pursuant to Section 85 of the FSMA or supplement an offering circular pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression “**UK Prospectus Regulation**” means the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

Other UK Regulatory Restrictions

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

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Relevant Issuer;
- (ii) 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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Relevant Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Hong Kong

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

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes 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(WUMPO)**”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and

- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “*professional investors*” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than

- (i) to an institutional investor (as defined in Section 4A of the 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 and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular has not been registered as a prospectus with the MAS. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of 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 and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Section 309B(1) Notification — In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, each of the Issuers has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA)), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no offer of the Notes will be made directly or indirectly to the public in the Cayman Islands.

British Virgin Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Notes will be offered or sold to the public in the British Virgin Islands.

PRC

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

Important Notice to CMI(s) (including private banks) Pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct

This notice to CMI(s) (including private banks) is a summary of certain obligations the SFC Code imposes on CMI(s), which require the attention and cooperation of other CMI(s) (including private banks). Certain CMI(s) may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Relevant Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Relevant Issuer, the Guarantor, the CMI or the relevant group company. CMI(s) should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Relevant Issuer, the Guarantor or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMI(s) are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMI(s) should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMI(s)). CMI(s) should enquire with their investor clients regarding any orders which appear unusual or irregular. CMI(s) should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMI(s) should not place “X-orders” into the order book.

CMI(s) should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMI(s) (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Relevant Issuer. In addition, CMI(s) (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMI(s) are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMI(s).

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed *other than* on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Managers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Relevant Issuer and the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Dealers that it is not a Sanctions Restricted Person. A “Sanctions Restricted Person” means an individual or entity (a “Person”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: https://eeas.europa.eu/headquarters/headquartershomepage_en/8442/Consolidated%20list%20of%20sanctions); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “SSI List”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “EU Annexes”), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (known as the Non-SDN Chinese Military- Industrial Complex Companies List),

which amends the Executive Order 13959 of 12 November 2020 entitled “Addressing the threat from Securities Investments that Finance Chinese Military Companies”; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk’s People’s Republic or Luhansk People’s Republic. “Sanctions Authority” means: (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty’s Treasury.

General

These selling restrictions may be modified by the agreement of each of the Issuers, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the relevant Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it shall, to the best of its knowledge and belief, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular or any other offering material, in all cases at its own expense. It will also ensure that no obligations are imposed on any Issuer or the Guarantor in any such jurisdiction as a result of the foregoing actions. The Issuers, the Guarantor, the Trustee, the Arrangers and each Dealer will have no responsibility for, and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. Each Dealer has not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes other than as contained in the Offering Circular (in final form) or any amendment or supplement to it.

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

GENERAL INFORMATION

- (1) Application has been made to the SGX-ST for permission to deal in and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST to list a particular series of Notes will be approved.
- (2) Each of the Issuers and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the establishment and update of the Programme and the giving of the Guarantee. The establishment of the Programme was authorised by resolutions of the Board of Directors of each of HLNCL, HLFICL, HLTSSPL passed on 5 June 2009, 5 June 2009 and 9 June 2009, respectively, and of the Guarantor passed on 5 June 2009. The giving of the Guarantee was authorised by a resolution of the Board of Directors of the Guarantor passed on 5 June 2009. The update of the Programme was authorised by resolutions of the Board of Directors of each of HLNCL, HLFICL, HLTSSPL and of the Guarantor passed on 4 May 2023, 4 May 2023, 8 May 2023 and 4 May 2023, respectively.
- (3) There has been no significant change in the financial or trading position of each of the Issuers or the Guarantor or of the Group since 31 December 2022 and no material adverse change in the prospects of each the Issuers or of the Guarantor or of the Group since 31 December 2022.
- (4) Neither the Issuers nor the Guarantor is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which any of them is aware) during the 12 months preceding the date of this Offering Circular which may have or has had in the recent past a material adverse effect on the business or financial position of the Guarantor.
- (5) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (6) Notes have been accepted for clearance through the Euroclear and Clearstream systems (which are the entities in charge of keeping the records). Notes have been accepted for clearance through CDP. The Issuers may also apply to have Notes accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the relevant Pricing Supplement. In addition, the Relevant Issuer may make an application for any Restricted Notes to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Notes will be confirmed in the relevant Notes. The relevant ISIN, the Common Code, the CUSIP number and (where applicable) the identification number for any other relevant clearing system for each series of Notes will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041. The address of any alternative clearing system will be specified in the relevant Pricing Supplement.

- (7) There are no material contracts entered into other than in the ordinary course of each of the Issuers' or Guarantor's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Relevant Issuer's or the Guarantor's ability to meet its obligations to noteholders in respect of the Notes being issued.

- (8) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Pricing Supplement of each Tranche, based on the prevailing market conditions. The Issuers and the Guarantor do not intend to provide any post-issuance information in relation to any issue of Notes.
- (9) For so long as Notes may be issued pursuant to this Offering Circular or any Note remains outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Guarantor:
- (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (ii) the Memorandum and Articles of Association or Constitution (as the case may be) of the Issuers and the Guarantor;
 - (iii) the audited financial statements of the Guarantor for the two financial years ended 31 December 2021 and 2022;
 - (iv) each Pricing Supplement (save that Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Relevant Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);
 - (v) a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular; and
 - (vi) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.
- (10) Copies of the latest audited annual financial statements and any interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Guarantor may be obtained, and copies of the Trust Deed (including the Guarantee) will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (11) PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, have audited, and, issued unqualified auditor's reports on the financial statements of the Guarantor for each of the two years ended 31 December 2021 and 2022.
- (12) There are certain restrictions as to the offer, sale and transfer of the Notes as set out herein. See "Subscription and Sale — Selling Restrictions" and "Transfer Restrictions".
- (13) For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuers (save for HLTSSPL) will appoint and maintain a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note or Global Certificate is exchanged for definitive Notes or certificates. In addition, in the event that a Global Note or Global Certificate is exchanged for definitive Notes or certificates, an announcement of such exchange shall be made by or on behalf of the Issuers (save for HLTSSPL) through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes or certificates, including details of the Paying Agent in Singapore.

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Note: Page references in the Guarantor’s audited consolidated financial statements for the years ended 31 December 2021 and 2022 set out there in refer to pages set out in the respective audited consolidated financial statements of the Guarantor.

THE HONGKONG LAND COMPANY, LIMITED
香港置地有限公司

(incorporated in Hong Kong with limited liability)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022



8TH FLOOR, ONE EXCHANGE SQUARE,
HONG KONG

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31st December 2022.

Principal activities

The principal activities of the Company and the Group are property investment and development.

Results and appropriations

The results of the Group for the year ended 31st December 2022 and the state of the Group's and the Company's affairs at that date are set out in the financial statements on pages 3 to 36.

Interim dividends of HK\$3,862 million (2021: HK\$3,604 million) were paid during the year. The Directors do not recommend the payment of a final dividend and propose that the revenue reserves at 31st December 2022 be carried forward.

Donations

The total donations made by the Group for charitable or similar purposes in 2022 amounted to HK\$33 million (2021: HK\$21 million).

Directors

The Directors during the year and up to the date of this report were:

Mr J R Witt - Chairman	
Mr C A Beattie	
Mr R M J Chow	(Resigned on 30th April 2022)
Mr K Y H Foo	
Mr K Y Kong	(Appointed on 1st May 2022)
Mr Y K Pang	
Mr R C M Wong	
Mr R Y C Wong	

It was noted that in accordance with the Company's articles of association, no Director is required to retire at the coming Annual General Meeting.

Mr R M J Chow resigned on 30th April 2022 as Director of the Company. Mr R M J Chow has confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

Directors of the Company's subsidiaries

The names of Directors who have served on the Boards of the subsidiaries of the Company during the year and up to the date of this report are set out below. Those marked with (*) have resigned during the said period:

Mr R M J Chow *	Mr T W Jan
Mr K Y H Foo	Mr D C Le F Edwards
Mr C A Beattie	Mr R L Garman
Mr R Y C Wong	Mr P A Barnes
Mr S B C Lim	Ms J Young
Mr R C M Wong	Mr G M H Wong
Ms J L Lopes	Mr J D J Simpkins
Ms E P W Sze	Ms S P Tang
Mr P S B Ng	Mr P C Kan *
Mrs C S L Ng	Mr P J T Bennett
Mr K Y Kong	Mr K M C Lau

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Directors' Report

Directors' interests

Save for contracts amongst group companies and the contracts mentioned below, no other transactions, arrangements and contracts of significance to which the Company's subsidiaries, fellow subsidiaries or its holding companies was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Permitted indemnity provision

During the financial year and up to the date of this Report, the Company has in force indemnity provisions as permitted under the Companies Ordinance for the benefit of the Directors of the Company. The permitted indemnity provisions are provided for in the Company's Articles of Association.

Management contracts

During the year, there existed arrangements whereby Hongkong Land Limited provided general management services, management consultancy services, administrative and secretarial services and leasing and collection services to the Group in return for a management services fee and a leasing and collection fee. Hongkong Land (Property Management) Limited provided management services to the Group in return for a management fee. Mr K Y H Foo was Director of Hongkong Land (Property Management) Limited and all the Directors of the Company were Directors of Hongkong Land Limited.

Property leasing and service contracts

A lease agreement had been signed with HKL (Landmark Hotel) Limited whereby a subsidiary of the Company rented properties to HKL (Landmark Hotel) Limited. Mr K Y Kong and Mr R C M Wong were Directors of HKL (Landmark Hotel) Limited.

Various lease agreements had been signed with the subsidiaries of Jardine Matheson Holdings Limited whereby the subsidiaries of the Company rented properties to the subsidiaries of Jardine Matheson Holdings Limited. Mr J R Witt and Mr Y K Pang were Directors of Jardine Matheson Holdings Limited.

Various property service agreements had been signed with the subsidiaries of Jardine Matheson Holdings Limited whereby the subsidiaries of Jardine Matheson Holdings Limited provided property services to the subsidiaries of the Company. Mr J R Witt and Mr Y K Pang were Directors of Jardine Matheson Holdings Limited.

Business review

No business review is presented for 2022 as the Group has been able to claim an exemption under section 388(3) of the Companies Ordinance (Cap. 622).

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Hong Kong,

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Profit and Loss Account

For the year ended 31st December 2022

	Note	2022			2021		
		Underlying business performance HK\$m	Non- trading items HK\$m	Total HK\$m	Underlying business performance HK\$m	Non- trading items HK\$m	Total HK\$m
Revenue	3	7,391	-	7,391	7,488	-	7,488
Net operating costs	4	(2,082)	-	(2,082)	(2,181)	-	(2,181)
		5,309	-	5,309	5,307	-	5,307
Change in fair value of investment properties	9	-	(4,028)	(4,028)	-	(10,966)	(10,966)
Operating profit/(loss)		5,309	(4,028)	1,281	5,307	(10,966)	(5,659)
Net financing charges	5						
- financing charges		(1,317)	-	(1,317)	(1,249)	-	(1,249)
- financing income		482	-	482	442	-	442
		(835)	-	(835)	(807)	-	(807)
Share of results of joint ventures	6	4	-	4	4	-	4
Profit/(loss) before tax		4,478	(4,028)	450	4,504	(10,966)	(6,462)
Tax	7	(616)	-	(616)	(619)	-	(619)
(Loss)/profit for the year		3,862	(4,028)	(166)	3,885	(10,966)	(7,081)

THE HONGKONG LAND COMPANY, LIMITED**香港置地有限公司****Consolidated Statement of Comprehensive Income**

For the year ended 31st December 2022

	2022 HK\$m	2021 HK\$m
Loss for the year	(166)	(7,081)
Other comprehensive expenses		
Items that may be reclassified subsequently to profit and loss:		
Cash flow hedges		
- net gain/(loss) arising during the year	11	(97)
- transfer to profit and loss	(24)	(9)
	(13)	(106)
- deferred tax	2	17
Other comprehensive expenses for the year, net of tax	(11)	(89)
Total comprehensive expense for the year	(177)	(7,170)

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Balance Sheet

At 31st December 2022

	Note	2022 HK\$m	2021 HK\$m
Net operating assets			
Tangible fixed assets	8	160	224
Investment properties	9	205,781	209,115
Joint ventures	10	1,550	1,540
Non-current debtors	11	35	142
Non-current inter-group balances	12	7,654	15,632
Deferred tax assets	13	144	24
Non-current assets		215,324	226,677
Properties for sale	14	17	17
Current debtors	11	844	880
Current inter-group balances	12	10,356	633
Current tax assets		2	-
Bank balances	15	306	315
Current assets		11,525	1,845
Current creditors	16	(3,687)	(4,278)
Current inter-group balances	12	(666)	(677)
Current borrowings	17	(1,414)	(4,861)
Current tax liabilities		(437)	(243)
Current liabilities		(6,204)	(10,059)
Net current liabilities		5,321	(8,214)
Long-term borrowings	17	(37,830)	(31,534)
Deferred tax liabilities	13	(601)	(673)
Non-current creditors	16	(148)	(151)
		182,066	186,105
Total equity			
Share capital (2,586m shares issued and fully paid)	18	2,147	2,147
Revenue and other reserves	19	179,919	183,958
Shareholders' funds		182,066	186,105

Approved by the Board of Directors on

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Statement of Changes in Equity

For the year ended 31st December 2022

	<i>Note</i>	Share capital HK\$m	Other capital reserves HK\$m	Revenue reserves HK\$m	Hedging reserves HK\$m	Total equity HK\$m
2022						
At 1st January		2,147	11	184,053	(106)	186,105
Total comprehensive expense		-	-	(166)	(11)	(177)
Dividends paid	20	-	-	(3,862)	-	(3,862)
At 31st December		2,147	11	180,025	(117)	182,066
2021						
At 1st January		2,147	11	194,738	(17)	196,879
Total comprehensive expense		-	-	(7,081)	(89)	(7,170)
Dividends paid	20	-	-	(3,604)	-	(3,604)
At 31st December		2,147	11	184,053	(106)	186,105

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Cash Flow Statement

For the year ended 31st December 2022

	<i>Note</i>	2022 HK\$m	2021 HK\$m
Operating activities			
Operating profit/(loss)		1,281	(5,659)
Depreciation	8	46	41
Change in fair value of investment properties	9	4,028	10,966
(Increase)/decrease in debtors		(35)	12
(Decrease)/increase in creditors		(110)	778
Decrease in amounts due from inter-group companies		285	188
Decrease in amounts due to inter-group companies		(11)	(380)
Interest received		2	-
Interest and other financing charges paid		(1,235)	(1,195)
Tax paid		(614)	(545)
Dividends received from joint ventures		8	-
Cash flows from operating activities		3,645	4,206
Investing activities			
Major renovations expenditure		(695)	(639)
Loan to joint ventures		(9)	(8)
Repayment from inter-group companies		-	901
Loan to inter-group companies		(2,030)	-
Cash flows from investing activities		(2,734)	254
Financing activities			
Drawdown of borrowings		12,300	8,567
Repayment of borrowings		(9,350)	(8,800)
Repayment to inter-group companies		-	(707)
Dividends paid		(3,862)	(3,604)
Cash flows from financing activities		(912)	(4,544)
Net decrease in cash and cash equivalents		(1)	(84)
Cash and cash equivalents at 1st January		292	376
Cash and cash equivalents at 31st December	21	291	292

Notes to the Financial Statements

1 Basis of preparation

The principal activities of the Company and the Group are property investment and development.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance (Cap.622). The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention except as disclosed in the accounting policies below.

Details of the Group's principal accounting policies are included in Note 29.

Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (effective from 1st January 2022)

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group applied the amendments from 1st January 2022 and there is no material impact on the Group's consolidated financial statements.

Apart from the above, there are no other amendments which are effective in 2022 and relevant to the Group's operations that have a significant impact on the Group's results, financial position and accounting policies.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective (refer Note 30).

The principal operating subsidiaries and joint ventures have different functional currencies in line with the economic environments of the locations in which they operate. The functional currency of the Company is Hong Kong dollars. The consolidated financial statements are presented in Hong Kong dollars.

The Group's reportable segments are set out in Note 2 and are described on pages 9 to 10.

Notes to the Financial Statements

2 Segmental information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company for the purpose of resource allocation and performance assessment. The Group has two operating segments, namely Investment Properties and Development Properties. No operating segments have been aggregated to form the reportable segments. Set out below is an analysis of the Group's underlying profit and total equity by reportable segment.

	2022				2021			
	Investment Properties	Development Properties	Corporate	Total	Investment Properties	Development Properties	Corporate	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Revenue	7,373	18	-	7,391	7,473	15	-	7,488
Net operating costs	(1,265)	-	(817)	(2,082)	(1,324)	-	(857)	(2,181)
Share of operating profit of joint ventures	-	3	-	3	6	-	-	6
Underlying operating profit / (loss)	6,108	21	(817)	5,312	6,155	15	(857)	5,313
Net financing charges - subsidiaries				(835)				(807)
Tax - subsidiaries				(616)				(619)
Tax - share of joint ventures				1				(2)
				(615)				(621)
Underlying profit attributable to shareholders				3,862				3,885
Non-trading items: - change in fair value of investment properties				(4,028)				(10,966)
Loss attributable to shareholders				(166)				(7,081)

Notes to the Financial Statements

2 Segmental information continued

	Revenue		Underlying operating profit		Underlying profit attributable to shareholders	
	2022	2021	2022	2021	2022	2021
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
By geographical location						
Hong Kong	7,391	7,488	6,129	6,170	6,129	6,170
Corporate, net financing charges and tax	-	-	(817)	(857)	(2,267)	(2,285)
	7,391	7,488	5,312	5,313	3,862	3,885
	Segment assets			Segment liabilities	Unallocated assets and liabilities	Total assets and liabilities
	Investment properties	Properties for sale	Others			
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
By business						
2022						
Investment Properties	205,781	-	785	(3,674)	-	202,892
Development Properties	-	1,554	2	(33)	-	1,523
Unallocated assets and liabilities	-	-	-	-	(22,349)	(22,349)
	205,781	1,554	787	(3,707)	(22,349)	182,066
2021						
Investment Properties	209,115	-	769	(4,274)	-	205,610
Development Properties	-	1,548	6	(39)	-	1,515
Unallocated assets and liabilities	-	-	-	-	(21,020)	(21,020)
	209,115	1,548	775	(4,313)	(21,020)	186,105
By geographical location						
2022						
Hong Kong	205,781	1,554	787	(3,707)	-	204,415
Unallocated assets and liabilities	-	-	-	-	(22,349)	(22,349)
	205,781	1,554	787	(3,707)	(22,349)	182,066
2021						
Hong Kong	209,115	1,548	775	(4,313)	-	207,125
Unallocated assets and liabilities	-	-	-	-	(21,020)	(21,020)
	209,115	1,548	775	(4,313)	(21,020)	186,105

Unallocated assets and liabilities include tax assets and liabilities, bank balances, borrowings, interest receivable and payable derivative financial instruments and inter-group balances.

Notes to the Financial Statements

3 Revenue

	2022 HK\$m	2021 HK\$m
Rental income	6,588	6,730
Management fee income	785	743
Sale of properties - recognised at a point in time	18	15
	7,391	7,488

The Group's principal business activities are property investment and development.

Total variable rents included in rental income amounted to HK\$99 million (2021: HK\$92 million).

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the balance sheet date are as follow:

	2022 HK\$m	2021 HK\$m
Within one year	5,340	5,705
Between one and two years	3,902	4,147
Between two and five years	4,994	5,081
Beyond five years	1,723	1,508
	15,959	16,441

Generally the Group's operating leases are for terms of three years or more.

4 Net operating costs

	2022 HK\$m	2021 HK\$m
Cost of sales	(1,265)	(1,324)
Administrative expenses	(817)	(857)
	(2,082)	(2,181)

The following charges are included in net operating costs:

Operating expenses arising from investment properties	(1,265)	(1,324)
Depreciation of tangible fixed assets (see Note 8)	(46)	(41)
Auditor's remuneration	(3)	(3)

None of the Directors received or will receive any fees or emoluments in respect of their services to the Company during the year (2021: Nil).

Notes to the Financial Statements

5 Net financing charges

	2022 HK\$m	2021 HK\$m
Interest expense		
- bank loans and overdrafts	(183)	(47)
- other borrowings	(1,043)	(1,096)
Total interest expense	(1,226)	(1,143)
Commitment and other fees	(87)	(91)
Interest expense on amount due to a fellow subsidiary	-	(15)
Interest expense on amount due to a related company	(4)	-
Financing charges	(1,317)	(1,249)
Interest income on amount due from the immediate holding company	402	339
Interest income on amount due from a fellow subsidiary	78	103
Interest income on bank deposits and other loan receivables	2	-
Financing income	482	442
	(835)	(807)

Financing charges and financing income are stated after taking into account hedging gains and losses.

6 Share of results of joint ventures

	2022 HK\$m	2021 HK\$m
Underlying business performance		
Investment Properties	-	4
Development Properties	4	-
	4	4

The Group's share of revenue of joint ventures was HK\$6 million (2021: HK\$10 million).

7 Tax

Tax charged to profit and loss is analysed as follows:

	2022 HK\$m	2021 HK\$m
Current tax	(806)	(660)
Deferred tax - accelerated capital allowances	72	41
Deferred tax - tax loss	118	-
	(616)	(619)
Reconciliation between tax expense and tax at the applicable tax rate:		
Tax at applicable tax rate 16.5% (2021: 16.5%)	(74)	1,067
Change in fair value of investment properties not taxable in determining taxable profit	(665)	(1,809)
Income not subject to tax	119	110
Expenses not deductible in determining taxable profit	(3)	(3)
Temporary differences arising in the year not recognised	5	-
Tax losses arising in the year not recognised	(2)	(2)
Over provision in prior years	4	18
	(616)	(619)

The applicable tax rate represents the Hong Kong profits tax rate.

Notes to the Financial Statements

8 Tangible fixed assets

	2022	2021
	HK\$m	HK\$m
Cost	396	362
Cumulative depreciation	(172)	(131)
Net book value at 1st January	224	231
(Cost adjustment)/additions	(18)	34
Depreciation	(46)	(41)
Net book value at 31st December	160	224
Cost	377	396
Cumulative depreciation	(217)	(172)
	160	224

9 Investment properties

	Completed commercial properties	Completed residential properties	Total
	HK\$m	HK\$m	HK\$m
2022			
At 1st January	207,065	2,050	209,115
Additions	677	17	694
Decrease in fair value	(4,002)	(26)	(4,028)
At 31st December	203,740	2,041	205,781
Leasehold properties			205,781
2021			
At 1st January	217,665	2,005	219,670
Additions	408	3	411
(Decrease)/Increase in fair value	(11,008)	42	(10,966)
At 31st December	207,065	2,050	209,115
Leasehold properties			209,115

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2022 and 2021 have been determined on the basis of valuations carried out by independent valuers who hold a recognised relevant professional qualification and have recent experience in Hong Kong and segments of the investment properties valued. The Group engaged Jones Lang LaSalle to value its commercial investment properties in Hong Kong which are held under long leases with unexpired lease terms of more than 50 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The valuations are comprehensively reviewed by the Group.

Notes to the Financial Statements

9 Investment properties continued

Fair value measurements of residential properties using no significant non-observable inputs

Fair values of completed residential properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value measurements of commercial properties using significant unobservable inputs

Fair values of completed commercial properties in Hong Kong are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' views of recent lettings, within the subject properties and other comparable properties.

The Group's policy is to recognise transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer.

	Fair value HK\$m	Valuation method	Range of significant unobservable inputs	
			Prevailing market rent per month HK\$	Capitalisation rate %
Completed properties				
Hong Kong	203,740	Income capitalisation	45.5 to 220.0 per square foot	2.8 to 5.0

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates are estimated by independent valuers based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

10 Joint ventures

	2022 HK\$m	2021 HK\$m
Unlisted joint ventures		
- share of attributable net assets	353	352
- amounts due from joint ventures	1,197	1,188
	1,550	1,540
By Business		
Development Properties	1,550	1,540
	1,550	1,540

Amounts due from joint ventures are interest free, unsecured and have no fixed terms of repayment.

Movements of joint ventures for the year:

At 1st January	1,540	1,533
Share of results after tax	4	4
Dividends received and receivable	(3)	(5)
Loans to joint ventures	9	8
At 31st December	1,550	1,540

Notes to the Financial Statements

11 Debtors

	2022	2021
	HK\$m	HK\$m
Trade debtors	75	43
Other debtors	804	979
	879	1,022
Non-current	35	142
Current	844	880
	879	1,022
By geographical area of operation		
Hong Kong	879	1,022

The fair value of trade debtors, contract assets and other debtors approximates to their carrying amounts, as the impact of discounting is not significant. Derivative financial instruments are stated at fair value.

Significant financial difficulties of a debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the debt is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

The Group applied the simplified approach to measure expected credit loss, that is a lifetime expected loss allowance for trade debtors and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31st December 2022 and 2021 was determined as follows for trade debtors.

	Below 30 days HK\$m	Between 31 and 60 days HK\$m	Between 61 and 120 days HK\$m	More than 120 days HK\$m	Total HK\$m
2022					
Expected loss rate (%)	3	11	22	28	12
Gross carrying amount	39	19	9	18	85
Loss allowance	(1)	(2)	(2)	(5)	(10)
2021					
Expected loss rate (%)	-	-	-	45	17
Gross carrying amount	19	5	8	20	52
Loss allowance	-	-	-	(9)	(9)

Trade debtors and other debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Other debtors are further analysed as follows:

	2022	2021
	HK\$m	HK\$m
Prepayments	657	648
Derivative financial instruments	35	175
Others	112	156
	804	979

Trade and other debtors excluding prepayments and derivative financial instruments are stated at amortised cost.

Notes to the Financial Statements

12 Inter-group balances

	2022 HK\$m	2021 HK\$m
Non-current assets		
Amount due from immediate holding company		
Interest bearing	7,654	13,037
Amounts due from fellow subsidiaries		
Interest bearing	-	2,595
	7,654	15,632
Current assets		
Amount due from intermediate holding company		
Interest free	-	38
Amount due from immediate holding company		
Interest free	197	477
Interest bearing	8,048	-
Amounts due from fellow subsidiaries		
Interest free	151	118
Interest bearing loans	1,960	-
	10,356	633
	18,010	16,265
Current liabilities		
Amounts due to fellow subsidiaries		
Interest free	(666)	(677)
	17,344	15,588

The balances are unsecured, repayable on demand and fully performing. Interest is charged on the interest bearing balances at commercial rates.

The fair value of the inter-group balances approximates their carrying amounts, as the impact of discounting is not significant.

No provision has been recognised by the Group as at 31st December 2022 in respect of expected credit losses on inter-group balances.

13 Deferred tax assets and liabilities

	Accelerated capital allowances HK\$m	Tax losses HK\$m	Other temporary differences HK\$m	Total HK\$m
2022				
At 1st January	(673)	-	24	(649)
Charged to profit and loss	72	118	-	190
Charged to other comprehensive income	-	-	2	2
At 31st December	(601)	118	26	(457)
Deferred tax assets	-	118	26	144
Deferred tax liabilities	(601)	-	-	(601)
	(601)	118	26	(457)
2021				
At 1st January	(713)	-	6	(707)
Charged to profit and loss	40	-	-	40
Charged to other comprehensive income	-	-	18	18
At 31st December	(673)	-	24	(649)
Deferred tax assets	-	-	24	24
Deferred tax liabilities	(673)	-	-	(673)
	(673)	-	24	(649)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed.

The Group's deferred tax assets of HK\$8 million (2021: HK\$6 million) arising from unused tax losses of HK\$51 million (2021: HK\$38 million) have not been recognised in the financial statements. Unused tax losses have no expiry date.

14 Properties for sale

	2022 HK\$m	2021 HK\$m
Properties under development	103	103
Provision for impairment	(86)	(86)
	17	17

Notes to the Financial Statements

15 Bank balances

	2022	2021
	HK\$m	HK\$m
Deposits with banks and financial institutions	220	190
Bank balances	86	125
	306	315

The weighted average interest rates on deposits with bank and financial institutions of the Group are 4.3% (2021: 0.2%) per annum.

16 Creditors

	2022	2021
	HK\$m	HK\$m
Trade creditors	1,452	1,629
Other creditors	343	672
Tenants' deposits	1,849	1,906
Derivative financial instruments	127	127
Rent received in advance	64	95
	3,835	4,429
Non-current	148	151
Current	3,687	4,278
	3,835	4,429
By geographical area of operation		
Hong Kong	3,835	4,429

Derivative financial instruments are stated at fair value. Other creditors are stated at amortised cost. The fair value of these creditors approximates their carrying amounts.

Notes to the Financial Statements

17 Borrowings

	2022		2021	
	Carrying amount HK\$m	Fair value HK\$m	Carrying amount HK\$m	Fair value HK\$m
Current				
Bank overdrafts	15	15	23	23
Current portion of long-term borrowings				
- Notes	1,399	1,386	4,838	4,862
	1,414	1,401	4,861	4,885
Long-term				
Bank loans	11,116	11,116	3,328	3,328
Notes	26,714	24,022	28,206	29,807
	37,830	35,138	31,534	33,135
	39,244	36,539	36,395	38,020

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 3.9% to 5.1% (2021: 0.5% to 1.7%) per annum. The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant.

At 31st December 2022 and 2021, all borrowings were unsecured.

The borrowings are further summarised as follows:

	Fixed rate borrowings				
	Weighted average interest rates %	Weighted average period outstanding Years	Floating rate borrowings		Total HK\$m
			HK\$m	HK\$m	
By currency - Hong Kong dollar					
2022	4.2	6.4	26,591	12,653	39,244
2021	3.2	6.9	28,673	7,722	36,395

The weighted average interest rates and period of fixed rate borrowings are stated after taking into account hedging transactions.

The movements in borrowings are as follow:

	Bank overdrafts HK\$m	Long-term borrowings HK\$m	Short-term borrowings HK\$m	Total HK\$m
2022				
At 1st January	23	31,534	4,838	36,395
Exchange differences	-	(3)	24	21
Transfer	-	(1,399)	1,399	-
Change in fair value	-	(90)	(24)	(114)
Change in bank overdrafts	(8)	-	-	(8)
Drawdown of borrowings	-	12,300	-	12,300
Repayment of borrowings	-	(4,512)	(4,838)	(9,350)
At 31st December	15	37,830	1,399	39,244
2021				
At 1st January	45	36,064	513	36,622
Exchange differences	-	93	17	110
Transfer	-	(4,821)	4,821	-
Change in fair value	-	(69)	(13)	(82)
Change in bank overdrafts	(22)	-	-	(22)
Drawdown of borrowings	-	8,567	-	8,567
Repayment of borrowings	-	(8,300)	(500)	(8,800)
At 31st December	23	31,534	4,838	36,395

Notes to the Financial Statements

17 Borrowings continued

The exposure of the borrowings to interest rate changes and the contractual repricing dates at 31st December after taking into account hedging transactions are as follows:

	2022 HK\$m	2021 HK\$m
Floating rate borrowings	12,653	7,722
Fixed rate borrowings		
Within one year	1,399	2,083
Between one and two years	1,557	1,397
Between two and three years	5,013	1,556
Between three and four years	301	5,026
Between four and five years	1,451	301
Beyond five years	16,870	18,310
	26,591	28,673
	39,244	36,395

An analysis of the carrying amount of notes outstanding at 31st December is as below:

	Maturity	2022		2021	
		Current HK\$m	Non-current HK\$m	Current HK\$m	Non-current HK\$m
Medium term notes					
HK\$410m 10-year notes at 3.86%	2022	-	-	410	-
US\$500m 10-year notes at 4.50% *	2022	-	-	3,923	-
HK\$305m 10-year notes at 3.00%	2022	-	-	305	-
HK\$200m 10-year notes at 2.90%	2022	-	-	200	-
HK\$1,100m 10-year notes at 3.95%	2023	1,099	-	-	1,098
HK\$300m 10-year notes at 3.95%	2023	300	-	-	299
US\$400m 10-year notes at 4.625% *	2024	-	3,079	-	3,172
HK\$300m 15-year notes at 4.10%	2025	-	300	-	300
US\$600m 15-year notes at 4.50% *	2025	-	4,713	-	4,727
HK\$302m 15-year notes at 3.75%	2026	-	301	-	301
HK\$785m 15-year notes at 4.00%	2027	-	779	-	778
HK\$473m 15-year notes at 4.04%	2027	-	472	-	472
HK\$200m 15-year notes at 3.95%	2027	-	200	-	200
HK\$300m 15-year notes at 3.15%	2028	-	298	-	297
HK\$450m 10-year notes at 3.83%	2028	-	449	-	449
HK\$325m 15-year notes at 4.22%	2028	-	324	-	324
HK\$355m 10-year notes at 3.75%	2028	-	354	-	354
HK\$400m 15-year notes at 4.40%	2029	-	397	-	396
HK\$550m 10-year notes at 2.93%	2029	-	549	-	549
HK\$800m 20-year notes at 4.11%	2030	-	800	-	800
US\$600m 10-year notes at 2.875% *	2030	-	4,644	-	4,641
HK\$200m 20-year notes at 4.125%	2031	-	198	-	198
HK\$375m 10-year notes at 1.957%	2031	-	374	-	374
US\$500m 10-year notes at 2.25% *	2031	-	3,866	-	3,863
HK\$240m 20-year notes at 4.00%	2032	-	237	-	236
HK\$863m 12-year notes at 2.83%	2032	-	856	-	856
HK\$700m 15-year notes at 4.12%	2033	-	695	-	695
HK\$604m 15-year notes at 3.67%	2034	-	601	-	601
HK\$400m 15-year notes at 2.72%	2035	-	397	-	396
HK\$400m 15-year notes at 2.90%	2035	-	395	-	395
HK\$400m 15-year notes at 2.90%	2035	-	395	-	395
HK\$800m 15-year notes at 2.65%	2035	-	792	-	791
HK\$250m 30-year notes at 5.25%	2040	-	249	-	249
		1,399	26,714	4,838	28,206

* Listed on the Singapore Exchange.

18 Share capital

	<i>Ordinary shares in millions</i>		2022	2021
	2022	2021	HK\$m	HK\$m
Issued and fully paid				
Ordinary shares	2,586	2,586	2,147	2,147

19 Revenue and other reserves

	2022	2021
	HK\$m	HK\$m
Revenue reserves		
At 1st January	184,053	194,738
Loss for the year	(166)	(7,081)
Dividends (see Note 20)	(3,862)	(3,604)
At 31st December	180,025	184,053
Other capital reserves		
At 1st January and at 31st December	11	11
Hedging reserves		
At 1st January	(106)	(17)
Cash flow hedges		
- net gain/(loss) arising during the year	11	(97)
- transfer to profit and loss	(24)	(9)
- deferred tax	2	17
At 31st December	(117)	(106)
Total reserves at 31st December	179,919	183,958

Notes to the Financial Statements

20 Dividends

	2022	2021
	HK\$m	HK\$m
Interim dividends of HK\$1.4932 (2021: HK\$1.3936) per share	3,862	3,604

The Directors do not propose the payment of a final dividend (2021: Nil).

21 Cash and cash equivalents

	2022	2021
	HK\$m	HK\$m
Bank balances	306	315
Bank overdraft (see Note 17)	(15)	(23)
	291	292

22 Derivative financial instruments

The fair values of derivative financial instruments at 31st December are as follows:

	2022		2021	
	Positive fair value HK\$m	Negative fair value HK\$m	Positive fair value HK\$m	Negative fair value HK\$m
Designated as cash flow hedges				
- cross currency swaps	35	100	78	127
Designated as fair value hedges				
- cross currency swaps	-	27	97	-

Interest rate swaps

There was no outstanding interest rate swap contracts at 31st December 2022 and 31st December 2021.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts of the Group at 31st December 2022 was HK\$16,296 million (2021: HK\$20,178 million).

Notes to the Financial Statements

23 Commitments

	2022	2021
	HK\$m	HK\$m
Capital commitments - contracted not provided	572	891

24 Contingent liabilities

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

25 Related party transactions

The intermediate holding company of the Group is Hongkong Land Holdings Limited and the ultimate holding company is Jardine Matheson Holdings Limited. Both companies are incorporated in Bermuda.

In the normal course of business, the Group has entered into a variety of transactions with Hongkong Land Limited and its subsidiaries, the fellow subsidiaries of the Group. The more significant of these transactions are described below:

Corporate management services

The Group paid HK\$610 million (2021: HK\$677 million) in consideration for management consultancy services provided by Hongkong Land Limited. The Group paid HK\$76 million (2021: HK\$69 million) in consideration for management consultancy services provided by Hongkong Land Centric Limited. The Group paid HK\$102 million (2021: HK\$89 million) in consideration for management consultancy services provided by Hongkong Land Bespoke Limited.

Property management services

Hongkong Land (Property Management) Limited, a subsidiary of Hongkong Land Limited, provided property management services to the Group for a consideration of HK\$156 million in 2022 (2021: HK\$157 million). Hongkong Land (EXSQ Property Management) Limited, a subsidiary of Hongkong Land Limited, provided property management services to the Group for a consideration of HK\$72 million in 2022 (2021: HK\$75 million). The Group also reimbursed HK\$118 million (2021: HK\$121 million) property management expenses to Hongkong Land (Property Management) Limited.

Property leasing services

The Group paid HK\$152 million (2021: HK\$155 million) to Hongkong Land Limited as consideration for leasing and collection services to the Group.

The Group has entered into a leasing agreement with HKL (Landmark Hotel) Limited, a fellow subsidiary, for lease of property. Gross rental and service and management charges on such property in 2022 amounted to HK\$44 million (2021: HK\$47 million).

In the normal course of business, the Group has also entered into a variety of transactions with the subsidiaries, associates and joint ventures of Jardine Matheson Holdings Limited ("Jardine Matheson group members"). The more significant of these transactions are described below:

Property and other services

The Group rented properties to Jardine Matheson group members. Gross rents on such properties in 2022 amounted to HK\$109 million (2021: HK\$125 million).

Jardine Matheson group members provided property construction, maintenance and other services to the Group in 2022, in aggregate amounted to HK\$380 million (2021: HK\$304 million).

Notes to the Financial Statements

26 Principal subsidiaries and joint ventures

The principal subsidiaries and joint ventures of the Group at 31st December 2022 are set out below.

	<u>Effective holdings</u> %		<u>Issued share capital</u>	<u>Main activities</u>	<u>Place of incorporation</u>
Subsidiaries					
The Hongkong Land Property Company, Ltd	100	HK\$	200	Property investment	Hong Kong
HKL (Prince's Building) Ltd*	100	HK\$	200	Property investment	Hong Kong
HKL (Chater House) Ltd*	100	HK\$	1,500,000	Property investment	Hong Kong
Mulberry Land Company Ltd*	100	HK\$	200	Property investment	Hong Kong
HKL (The Forum) Limited*	100	HK\$	2,543,592,818	Property investment	Hong Kong
HKL (Three EXSQ) Limited*	100	HK\$	16,502,250,316	Property investment	Hong Kong
HKL (One EXSQ) Limited*	100	HK\$	24,035,000,001	Property investment	Hong Kong
HKL (Two EXSQ) Limited*	100	HK\$	21,570,000,001	Property investment	Hong Kong
HKL (Podium) Limited*	100	HK\$	826,000,001	Property investment	Hong Kong
HKL (Jardine House) Limited*	100	HK\$	21,401,000,001	Property investment	Hong Kong
Blossom Noble (HK) Limited*	100	HK\$	156,000,001	Property investment	Hong Kong
Grateful Point (HK) Limited*	100	HK\$	171,000,001	Property investment	Hong Kong
Violet Castle (HK) Limited*	100	HK\$	55,200,001	Property investment	Hong Kong
The Hongkong Land Finance (Cayman Islands) Company Ltd	100	US\$	2	Intra-group financing	Cayman Islands
The Hongkong Land Notes Company Ltd	100	US\$	2	Intra-group financing	British Virgin Islands
Joint ventures					
Bonus Plus Company Ltd*	50	HK\$	2	Property development	Hong Kong
Normelle Estates Ltd*	50	HK\$	10,000	Property investment	Hong Kong

* Owned indirectly

All effective holdings are unchanged from 31st December 2021.

Notes to the Financial Statements

27 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	As at 31 December	
	2022 HK\$m	2021 HK\$m
Net operating assets		
Tangible fixed assets	160	224
Investments in subsidiaries	87,273	19,441
Non-current inter-group balances	3,884	7,055
Deferred tax assets	9	9
Non-current assets	91,326	26,729
Current debtors	30	30
Amounts due from subsidiaries	14,331	12,636
Current inter-group balances	10,316	560
Bank balances	252	284
Current assets	24,929	13,510
Current creditors	(83)	(432)
Amounts due to subsidiaries	(14,001)	(12,590)
Current inter-group balances	(666)	(677)
Current liabilities	(14,750)	(13,699)
Net current assets/(liabilities)	10,179	(189)
Long-term borrowings	(11,116)	(3,328)
Deferred tax liabilities	(18)	(24)
Non-current creditors	(39)	(40)
	90,332	23,148
Total equity		
Share capital (2,586m shares issued and fully paid)	2,147	2,147
Revenue and other reserves (Note (a))	88,185	21,001
Shareholders' funds	90,332	23,148

Approved by the Board of Directors on

27 Balance sheet and reserve movement of the Company continued

Note (a) Reserve movement of the Company

	2022 HK\$m	2021 HK\$m
Revenue reserves		
At 1st January	21,038	3,839
Profit for the year	71,044	20,803
Dividends (see Note 20)	(3,862)	(3,604)
At 31st December	88,220	21,038
Other capital reserves		
At 1st January and at 31st December	11	11
Hedging reserves		
At 1st January	(48)	-
Cash flow hedges		
- net loss arising during the year	-	(57)
- transfer to profit and loss	2	-
- deferred tax	-	9
At 31st December	(46)	(48)
Total reserves at 31st December	88,185	21,001

28 Benefits and interests of Directors

The Directors of the Company do not receive any emoluments from the Company during the year, but receive emoluments from a fellow subsidiary in respect of their services to the Company. No apportionment has been made as the Directors consider that it is impracticable to apportion this amount between their services to the Company and their services to the group companies.

Directors' remuneration including consideration for directors' services in respect of services to all companies of the Group totalled HK\$99 million (2021: HK\$97 million), which is borne by a fellow subsidiary. No consideration was provided to or receivable by third parties for making available directors' services (2021: HK\$nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2021: HK\$nil).

Notes to the Financial Statements

29 Principal accounting policies

Basis of consolidation

- i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in joint ventures.
- ii) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognises the non-controlling interest's proportionate share of the recognised identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in profit and loss.

All material intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated.

- iii) A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint ventures are included on the equity basis of accounting.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint ventures are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the joint ventures.

- iv) The results of subsidiaries and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively. The results of entities other than subsidiaries and joint ventures are included to the extent of dividends received when the right to receive such dividend is established.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Foreign currencies

Transactions in foreign currencies are accounted for at the exchange rates ruling at the transaction dates.

Monetary assets and liabilities expressed in foreign currencies, are translated into Hong Kong dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into Hong Kong dollars at the average rates of exchange ruling during the year, which approximate the exchange rates at the dates of the transactions. All exchange differences are recognised in profit and loss.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the assets may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the units may be impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment annually.

Notes to the Financial Statements

29 Principal accounting policies continued

Goodwill

Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the Group's share of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in profit and loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of joint ventures is included in investment in joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

The profit or loss on disposal of subsidiaries and joint ventures is stated after deducting the carrying amount of goodwill relating to the entity sold.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation of tangible fixed assets is calculated on the straight line basis to allocate the cost or valuation of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The estimated useful lives are as follows:

Furniture, equipment and motor vehicles	3 – 10 years
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Where the carrying amount of a tangible fixed asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The profit or loss on disposal of tangible fixed assets is recognised by reference to their carrying amount.

Investment properties

Properties including those under operating leases which are held for long-term rental yields or capital gains are classified and accounted for as investment properties, but the business model does not necessarily envisage that the properties will be held for their entire useful life. Investment properties are carried at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. The market value of commercial properties are calculated on the discounted net rental income allowing for reversionary potential. The market value of residential properties are arrived at by reference to market evidence of transaction prices for similar properties. Changes in fair value are recognised in profit and loss.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group enters into contracts with lease components as a lessor on its investment properties. These leases are operating leases as they do not transfer the risk and rewards incidental to the underlying investment properties. The Group recognises the lease payments received under these operating leases on a straight line basis over the lease term as part of revenue in the profit and loss.

Properties for sale

Properties for sale, which comprise land and buildings held for resale, are stated at the lower of cost and net realisable value. The cost of properties for sale comprises land cost, and construction and other development costs.

Debtors

Debtors are recognised initially at the amount of consideration that is unconditional and measured subsequently at amortised cost using the effective interest method. A contract asset arises if the Group has a right to consideration in exchange for goods or services the Group has transferred to a customer, that is conditional on something other than the passage of time. All other debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial. For trade debtors and contract assets, the Group applied the simplified approach as permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors. Provision for impairment is established by considering potential financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

Notes to the Financial Statements

29 Principal accounting policies continued

Debtors continued

Debtors with maturities greater than twelve months after the balance sheet date are classified under non-current assets.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, and bank and cash balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method.

Borrowing costs relating to major development projects are capitalised until the asset is substantially completed. Capitalised borrowing costs are included as part of the cost of the asset. All other borrowing costs are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or direct in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Hong Kong where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to acquisitions, on the difference between the fair value of the net assets acquired and their tax base. Deferred tax is provided on temporary differences associated with investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures and not as speculative investments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognised asset or liability (fair value hedge), or a hedge of a forecast transaction or of the foreign currency risk on a firm commitment (cash flow hedge), or a hedge of a net investment in a foreign entity.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Notes to the Financial Statements

29 Principal accounting policies continued

Derivative financial instruments continued

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recognised in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit and loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit and loss over the residual period to maturity.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion is recognised immediately in profit and loss. Where the hedged item results in the recognition of a non-financial asset or of a non-financial liability, the deferred gains and losses are included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in profit and loss as the hedged item affects profit and loss. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecast transaction affects profit and loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit and loss within finance cost at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognised when the committed or forecast transaction ultimately is recognised in profit and loss. When a committed or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to profit and loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in HKFRS 9. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under HKFRS 9 are recognised immediately in profit and loss.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in exchange reserves; the gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

The fair value of derivatives which are designated and qualify as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 12 months after the balance sheet date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Non-trading items

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains or losses on revaluation of investment properties; gains and losses arising from the sale of businesses, investments and investment properties; impairment of non-depreciable intangible assets and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

Dividends

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Revenue recognition

i) Properties for sale

Revenue from properties for sale is recognised when or as the control of the property is transferred to the customer. Revenue consists of the fair value of the consideration received and receivable, net of value added tax, rebates and discounts. Proceeds received in advance for pre-sale are recorded as contract liabilities. Depending on the terms of the contract and the laws that apply to the contract, control of the property may transfer over time or at a point in time.

Notes to the Financial Statements

29 Principal accounting policies continued

Revenue recognition continued

i) *Properties for sale* continued

If control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the property.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For properties for sale under development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

ii) *Investment properties*

Rental income from investment properties are accounted for on an accruals basis over the lease term.

iii) *Service income*

Revenue from property management service and hospitality service are recognised over-time when services are performed.

30 Standards and Amendments Issued But Not Yet Effective

A number of new standard and amendments effective for accounting periods beginning after 2023 have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standard and amendments but expects their adoption will not have a significant impact on the Group's consolidated financial statements. The more important standard and amendments are set out below.

- i) Amendment to HKAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1st January 2023) requires companies to recognise deferred tax on transactions that on initial recognition, give rise to equal amounts taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The Group is assessing the potential impact on the Group's consolidated financial statements.

31 Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group's treasury function co-ordinates, under the directions of the board of Hongkong Land Limited, a fellow subsidiary, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, cross-currency swaps and forward foreign exchange contracts as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. In general, the volatility in profit or loss can be reduced by applying hedge accounting.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

Notes to the Financial Statements

31 Financial Risk Management continued

Financial risk factors continued

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- i) The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;
- ii) Differences in critical terms between the interest rate swaps and loans.

The ineffectiveness during 2022 or 2021 in relation to interest rate swaps was not material.

- i) Market risk

Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk from future commercial transactions and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Entities in the Group use cross-currency swaps in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage their foreign exchange risk arising from future commercial transactions. Group entities are required to manage their foreign exchange risk against their functional currency. Foreign currency borrowings are swapped into the entity's functional currency using cross-currency swaps except where the foreign currency borrowings are repaid with cash flows generated in the same foreign currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2022, there are no significant monetary balances held by group companies that are denominated in a non-functional currency other than the United States dollar borrowings hedged by cross-currency swap contracts with contract amounts of HK\$16,296 million (2021: HK\$20,178 million). Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Since the Group manages the interdependencies between foreign exchange risk and interest rate risk of foreign currency borrowings using cross-currency swaps, the sensitivity analysis on financial impacts arising from cross-currency swaps is included in the sensitivity assessment on interest rates under the interest rate risk section.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. At 31st December 2022, the Group's interest rate hedge was 68% (2021: 79%) with an average tenor of six years (2021: seven years). The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 17.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by entering into interest rate swaps for a maturity of generally up to five years. Interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instrument will fluctuate because of changes in market interest rates. The Group manages its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate, to maintain the Group's fixed rate instruments to within the Group's guideline.

Notes to the Financial Statements

31 Financial Risk Management continued

Financial risk factors continued

i) Market risk continued

At 31st December 2022, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been decreased/increased by HK\$20 million (2021: HK\$14 million) and hedging reserve would have been increased/decreased by HK\$609 million (2021: HK\$840 million), as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States and Hong Kong rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in fair value of the hedged item caused by interest rate movements balance out in profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks, credit exposures to customers, inter-group balances and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios.

In respect of credit exposures to customers, the Group has policies in place to ensure that investment properties are let principally to corporate companies with appropriate credit history, and rental deposits in the form of cash or bank guarantee are usually received from tenants. The Group receives progress payments from sales of residential properties to individual customers prior to the completion of transactions. In the event of default by customers, the Group undertakes legal proceedings to recover the property. Amounts due from joint ventures and inter-group balances are generally supported by the underlying assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

iii) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. In addition long-term cash flows are projected to assist with the Group's long-term debt financing plans.

At 31st December 2022, total committed and uncommitted borrowing facilities amounted to HK\$47,243 million (2021: HK\$52,174 million) of which HK\$39,244 million (2021: HK\$36,395 million) was drawn down. Undrawn committed revolving credit loan facilities, totalled HK\$7,634 million (2021: HK\$15,422 million) and those for uncommitted amounted to HK\$365 million (2021: HK\$357 million).

Notes to the Financial Statements

31 Financial Risk Management continued

Financial risk factors continued

iii) Liquidity risk continued

The following table analyses the Group's non-derivative financial liabilities, net-settled derivative financial liabilities and gross-settled financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Repayable on demand HK\$m	Within one year HK\$m	Between one and two years HK\$m	Between two and three years HK\$m	Between three and four years HK\$m	Between four and five years HK\$m	Beyond five years HK\$m	Total undiscounted cash flows HK\$m
2022								
Borrowings	-	3,047	4,568	13,859	4,142	1,980	18,888	46,484
Trade and other creditors	-	1,769	5	2	2	-	17	1,795
Inter-group balances	666	-	-	-	-	-	-	666
Gross settled derivative financial instruments								
- inflow	-	577	3,558	5,071	222	222	9,236	18,886
- outflow	-	(600)	(3,535)	(5,042)	(233)	(233)	(9,198)	(18,841)
2021								
Borrowings	-	5,963	2,429	3,964	7,532	2,429	20,871	43,188
Trade and other creditors	-	2,270	9	1	1	2	18	2,301
Inter-group balances	677	-	-	-	-	-	-	677
Gross settled derivative financial instruments								
- inflow	-	4,550	577	3,561	5,078	222	9,463	23,451
- outflow	-	(4,464)	(527)	(3,537)	(5,042)	(233)	(9,432)	(23,235)

None of the undiscounted borrowings at 31st December 2022 are impacted by IBOR reform.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated balance sheet plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group does not have a defined dividend policy or share repurchase plan.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances. Interest cover is calculated as underlying operating profit and the Group's share of underlying operating profit of joint ventures divided by net financing charges including the Group's share of net financing charges within joint ventures. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2022 and 2021 are as follows:

	2022	2021
Gearing ratio (%)	21	19
Interest cover (times)	6	7

Fair value estimation

i) Financial instruments that are measured at fair value

Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')

The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and cross-currency swaps are calculated by reference to market interest rates and foreign exchange rates.

The table below analyses financial instruments carried at fair value and measured using observable current market transactions.

Notes to the Financial Statements

31 Financial Risk Management continued

Fair value estimation continued

	2022 HK\$m	2021 HK\$m
Assets		
Derivatives designated at fair value		
- through other comprehensive income	35	78
- through profit and loss	-	97
	<u>35</u>	<u>175</u>
Liabilities		
Derivatives designated at fair value		
- through other comprehensive income	(100)	(127)
- through profit and loss	(27)	-
	<u>(127)</u>	<u>(127)</u>

ii) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances, current creditors, current borrowings, amounts due from/to subsidiaries and inter-group balances are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates.

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts as at 31st December 2022 and 2021 are as follows:

	Financial assets at amortised cost HK\$m	Derivatives used for hedging HK\$m	Other financial liabilities at amortised cost HK\$m	Total carrying amount HK\$m	Fair value HK\$m
2022					
Debtors	187	35	-	222	222
Inter-group balances	18,010	-	-	18,010	16,786
Bank balances	306	-	-	306	306
	<u>18,503</u>	<u>35</u>	<u>-</u>	<u>18,538</u>	<u>17,314</u>
Borrowings	-	-	(39,244)	(39,244)	(36,539)
Creditors	-	(127)	(1,795)	(1,922)	(1,922)
Inter-group balances	-	-	(666)	(666)	(666)
	<u>-</u>	<u>(127)</u>	<u>(41,705)</u>	<u>(41,832)</u>	<u>(39,127)</u>
2021					
Debtors	199	175	-	374	374
Inter-group balances	16,265	-	-	16,265	16,265
Bank balances	315	-	-	315	315
	<u>16,779</u>	<u>175</u>	<u>-</u>	<u>16,954</u>	<u>16,954</u>
Borrowings	-	-	(36,395)	(36,395)	(38,020)
Creditors	-	(127)	(2,301)	(2,428)	(2,428)
Inter-group balances	-	-	(677)	(677)	(677)
	<u>-</u>	<u>(127)</u>	<u>(39,373)</u>	<u>(39,500)</u>	<u>(41,125)</u>

32 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from the COVID-19 pandemic have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets and the independent valuers' valuation of the Group's investment properties. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

32 Critical Accounting Estimates and Judgements continued

Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis calculated on the discounted net income allowing for reversionary potential. Capitalisation rates in the range of 2.80% to 3.40% for office (2021: 2.75% to 3.35%) and 4.50% to 5.00% for retail (2021: 4.50% to 5.00%) are used in the fair value determination.

Considerations have been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

The independent valuers have considered climate change, sustainability, resilience and environmental, social and governance ("ESG") within their valuations. Properties held by the Group are considered to currently display ESG characteristics that would be expected in the market, and therefore there were no direct and tangible pricing adjustments required to the valuation of investment properties. The Group will monitor these considerations for each reporting period.

Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group's accounting policies.

Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as US\$ LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

To transition existing contracts and agreements that reference IBORs (including US\$ LIBOR) to risk free rates ('RFRs') such as US\$ LIBOR to Secured Overnight Financing Rate, adjustments for term differences and credit differences might need to be applied to RFRs, to enable the two benchmark rates to be economically equivalent on transition. The greatest change will be amendments to the contractual terms of the IBORs referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the changed reference rate might also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

Group Treasury is managing the Group's IBORs transition plan. There are no outstanding contracts at 31st December 2022 impacted by the IBORs reform.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE HONGKONG LAND COMPANY, LIMITED**

香港置地有限公司
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of The Hongkong Land Company, Limited 香港置地有限公司 (the "Company") and its subsidiaries (the "Group"), which are set out on pages 3 to 36, comprise:

- the consolidated balance sheet as at 31st December 2022;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the directors' report and Major Property Portfolio, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE HONGKONG LAND COMPANY, LIMITED**

香港置地有限公司
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors for the Consolidated Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong,

Major Property Portfolio

At 31st December 2022

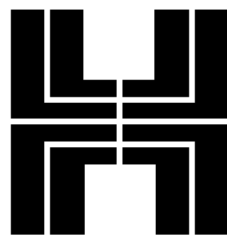
Commercial Investment Property

	Attributable	Location	Lettable area (100%)		
	interests		Total	Office	Retail
	%		(in thousands of square metres)		
Alexandra House	100	Hong Kong	35	30	5
Chater House	100	Hong Kong	43	39	4
Exchange Square	100		139		
One Exchange Square	100	Hong Kong		53	-
Two Exchange Square	100	Hong Kong		47	-
Three Exchange Square	100	Hong Kong		30	-
Podium	100	Hong Kong		-	5
The Forum	100	Hong Kong		4	-
Jardine House	100	Hong Kong	63	59	4
Gloucester Tower	100	Hong Kong	42	42	-
Landmark Atrium	100	Hong Kong	26	-	26
Edinburgh Tower	100	Hong Kong	45	32	13
York House	100	Hong Kong	10	10	-
Prince's Building	100	Hong Kong	52	38	14

THE HONGKONG LAND COMPANY, LIMITED
香港置地有限公司

(incorporated in Hong Kong with limited liability)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021



8TH FLOOR, ONE EXCHANGE SQUARE,
HONG KONG

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31st December 2021.

Principal activities

The principal activities of the Company and the Group are property investment and development.

Results and appropriations

The results of the Group for the year ended 31st December 2021 and the state of the Group's and the Company's affairs at that date are set out in the financial statements on pages 3 to 36.

Interim dividends of HK\$3,604 million (2020: HK\$2,904 million) were paid during the year. The Directors do not recommend the payment of a final dividend and propose that the revenue reserves at 31st December 2021 be carried forward.

Donations

The total donations made by the Group for charitable or similar purposes in 2021 amounted to HK\$21 million (2020: HK\$3 million).

Directors

The Directors during the year and up to the date of this report were:

Mr J R Witt - Chairman	
Mr C A Beattie	(Appointed on 1st September 2021)
Mr R M J Chow	
Mr K Y H Foo	
Mr S C Dixon	(Resigned on 31st August 2021)
Mr Y K Pang	
Mr R C M Wong	
Mr R Y C Wong	

It was noted that in accordance with the Company's articles of association, no Director is required to retire at the coming Annual General Meeting.

Mr S C Dixon resigned on 31st August 2021 as Director of the Company. Mr S C Dixon has confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

Directors of the Company's subsidiaries

The names of Directors who have served on the Boards of the subsidiaries of the Company during the year and up to the date of this report are set out below. Those marked with (*) have resigned during the said period:

Mr R M J Chow	Mr T W Jan
Mr K Y H Foo	Mr D C Le F Edwards
Mr C A Beattie	Mr R L Garman
Mr R Y C Wong	Mr P A Barnes
Mr S B C Lim	Ms J Young
Mr S C Dixon *	Mr G M H Wong
Mr R C M Wong	Mr J D J Simpkins
Ms J L Lopes	Mr D P Lamb *
Ms E P W Sze	Ms S P Tang
Mr P S B Ng	Mr P C Kan
Mrs C S L Ng	

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Directors' Report

Directors' interests

Save for contracts amongst group companies and the contracts mentioned below, no other transactions, arrangements and contracts of significance to which the Company's subsidiaries, fellow subsidiaries or its holding companies was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Permitted indemnity provision

During the financial year and up to the date of this Report, the Company has in force indemnity provisions as permitted under the Companies Ordinance for the benefit of the Directors of the Company. The permitted indemnity provisions are provided for in the Company's Articles of Association.

Management contracts

During the year, there existed arrangements whereby Hongkong Land Limited provided general management services, management consultancy services, administrative and secretarial services and leasing and collection services to the Group in return for a management services fee and a leasing and collection fee. Hongkong Land (Property Management) Limited provided management services to the Group in return for a management fee. Mr K Y H Foo was Director of Hongkong Land (Property Management) Limited and all the Directors of the Company were Directors of Hongkong Land Limited.

Property leasing and service contracts

A lease agreement had been signed with HKL (Landmark Hotel) Limited whereby a subsidiary of the Company rented properties to HKL (Landmark Hotel) Limited. Mr R M J Chow and Mr R C M Wong were Directors of HKL (Landmark Hotel) Limited.

Various lease agreements had been signed with the subsidiaries of Jardine Matheson Holdings Limited whereby the subsidiaries of the Company rented properties to the subsidiaries of Jardine Matheson Holdings Limited. Mr J R Witt and Mr Y K Pang were Directors of Jardine Matheson Holdings Limited.

Various property service agreements had been signed with the subsidiaries of Jardine Matheson Holdings Limited whereby the subsidiaries of Jardine Matheson Holdings Limited provided property services to the subsidiaries of the Company. Mr J R Witt and Mr Y K Pang were Directors of Jardine Matheson Holdings Limited.

Business review

No business review is presented for 2021 as the Group has been able to claim an exemption under section 388(3) of the Companies Ordinance Cap. 622 since it is a wholly owned subsidiary of Hongkong Land China Holdings Limited.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

Hong Kong,

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Profit and Loss Account

For the year ended 31st December 2021

	Note	2021			2020		
		Underlying business performance HK\$m	Non- trading items HK\$m	Total HK\$m	Underlying business performance HK\$m	Non- trading items HK\$m	Total HK\$m
Revenue	3	7,488	-	7,488	7,609	-	7,609
Net operating costs	4	(2,181)	-	(2,181)	(2,039)	-	(2,039)
		5,307	-	5,307	5,570	-	5,570
Change in fair value of investment properties	9	-	(10,966)	(10,966)	-	(26,169)	(26,169)
Operating (loss)/profit		5,307	(10,966)	(5,659)	5,570	(26,169)	(20,599)
Net financing charges	5						
- financing charges		(1,249)	-	(1,249)	(1,210)	-	(1,210)
- financing income		442	-	442	425	-	425
		(807)	-	(807)	(785)	-	(785)
Share of results of joint ventures	6						
- before change in fair value of investment properties		4	-	4	6	-	6
- change in fair value of investment properties		-	-	-	-	(11)	(11)
		4	-	4	6	(11)	(5)
(Loss)/profit before tax		4,504	(10,966)	(6,462)	4,791	(26,180)	(21,389)
Tax	7	(619)	-	(619)	(663)	-	(663)
(Loss)/profit for the year		3,885	(10,966)	(7,081)	4,128	(26,180)	(22,052)

THE HONGKONG LAND COMPANY, LIMITED**香港置地有限公司****Consolidated Statement of Comprehensive Income**

For the year ended 31st December 2021

	2021 HK\$m	2020 HK\$m
Loss for the year	(7,081)	(22,052)
Other comprehensive expenses		
Items that may be reclassified subsequently to profit and loss:		
Cash flow hedges		
- net loss arising during the year	(97)	(143)
- transfer to profit and loss	(9)	(11)
	(106)	(154)
- deferred tax	17	25
Other comprehensive expenses for the year, net of tax	(89)	(129)
Total comprehensive expense for the year	(7,170)	(22,181)

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Balance Sheet

At 31st December 2021

	Note	2021 HK\$m	2020 HK\$m
Net operating assets			
Tangible fixed assets	8	224	231
Investment properties	9	209,115	219,670
Joint ventures	10	1,540	1,533
Non-current debtors	11	142	245
Non-current inter-group balances	12	15,632	16,533
Deferred tax assets	13	24	6
Non-current assets		226,677	238,218
Properties for sale	14	17	18
Current debtors	11	880	860
Current inter-group balances	12	633	821
Bank balances	15	315	421
Current assets		1,845	2,120
Current creditors	16	(4,278)	(4,108)
Current inter-group balances	12	(677)	(1,764)
Current borrowings	17	(4,861)	(558)
Current tax liabilities		(243)	(128)
Current liabilities		(10,059)	(6,558)
Net current liabilities		(8,214)	(4,438)
Long-term borrowings	17	(31,534)	(36,064)
Deferred tax liabilities	13	(673)	(713)
Non-current creditors	16	(151)	(124)
		186,105	196,879
Total equity			
Share capital (2,586m shares issued and fully paid)	18	2,147	2,147
Revenue and other reserves	19	183,958	194,732
Shareholders' funds		186,105	196,879

Approved by the Board of Directors on

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Statement of Changes in Equity

For the year ended 31st December 2021

	<i>Note</i>	Share capital HK\$m	Other capital reserves HK\$m	Revenue reserves HK\$m	Hedging reserves HK\$m	Total equity HK\$m
2021						
At 1st January		2,147	11	194,738	(17)	196,879
Total comprehensive expense		-	-	(7,081)	(89)	(7,170)
Dividends paid	20	-	-	(3,604)	-	(3,604)
At 31st December		2,147	11	184,053	(106)	186,105
2020						
At 1st January		2,147	11	219,694	112	221,964
Total comprehensive expense		-	-	(22,052)	(129)	(22,181)
Dividends paid	20	-	-	(2,904)	-	(2,904)
At 31st December		2,147	11	194,738	(17)	196,879

THE HONGKONG LAND COMPANY, LIMITED

香港置地有限公司

Consolidated Cash Flow Statement

For the year ended 31st December 2021

	Note	2021 HK\$m	2020 HK\$m
Operating activities			
Operating loss		(5,659)	(20,599)
Depreciation	8	41	31
Change in fair value of investment properties	9	10,966	26,169
Decrease/(increase) in debtors		12	(61)
Increase in creditors		778	634
Decrease/(increase) in amounts due from inter-group companies		188	(443)
Decrease in amounts due to inter-group companies		(380)	(1,473)
Interest received		-	12
Interest and other financing charges paid		(1,195)	(1,255)
Tax paid		(545)	(1,252)
Dividends received from joint ventures		-	5
Cash flows from operating activities		4,206	1,768
Investing activities			
Major renovations expenditure		(639)	(925)
Developments capital expenditure		-	(1)
Loan to joint ventures		(8)	(7)
Repayment from inter-group companies		901	-
Loan to inter-group companies		-	(9,565)
Proceeds from disposal of fixed assets		-	1
Cash flows from investing activities		254	(10,497)
Financing activities			
Drawdown of borrowings		8,567	22,568
Repayment of borrowings		(8,800)	(12,172)
Loan from inter-group companies		-	707
Repayment to inter-group companies		(707)	-
Dividends paid		(3,604)	(2,904)
Cash flows from financing activities		(4,544)	8,199
Net decrease in cash and cash equivalents		(84)	(530)
Cash and cash equivalents at 1st January		376	906
Cash and cash equivalents at 31st December	21	292	376

Notes to the Financial Statements

1 Basis of preparation

The principal activities of the Company and the Group are property investment and development.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention except as disclosed in the accounting policies below.

Details of the Group’s principal accounting policies are included in Note 29.

The Group has adopted the Interest Rate Benchmark Reform - Phase 2: Amendments to HKFRS9, HKAS 39, HKFRS7, HKFRS 4 and HKFRS 16 (effective 1st January 2021) for the annual reporting period commencing 1st January 2021. The amendments provide practical expedient from certain requirements under the HKFRSs as a result of the reform which affect the measurement of financial assets, financial liabilities and lease liabilities, and a number of reliefs for hedging relationships. The Group applied the amendments from 1st January 2021 and there is no significant impact on the Group’s consolidated financial statements.

Apart from the above, there are no other amendments which are effective in 2021 and relevant to the Group’s operations that have a significant impact on the Group’s results, financial position and accounting policies.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective (refer Note 30).

The principal operating subsidiaries and joint ventures have different functional currencies in line with the economic environments of the locations in which they operate. The functional currency of the Company is Hong Kong dollars. The consolidated financial statements are presented in Hong Kong dollars.

The Group’s reportable segments are set out in Note 2 and are described on pages 9 to 10.

Notes to the Financial Statements

2 Segmental information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company for the purpose of resource allocation and performance assessment. The Group has two operating segments, namely Investment Properties and Development Properties. No operating segments have been aggregated to form the reportable segments. Set out below is an analysis of the Group's underlying profit and total equity by reportable segment.

	2021				2020			
	Investment Properties	Development Properties	Corporate	Total	Investment Properties	Development Properties	Corporate	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Revenue	7,473	15	-	7,488	7,592	17	-	7,609
Net operating costs	(1,324)	-	(857)	(2,181)	(1,340)	-	(699)	(2,039)
Share of operating profit of joint ventures	6	-	-	6	7	-	-	7
Underlying operating profit / (loss)	6,155	15	(857)	5,313	6,259	17	(699)	5,577
Net financing charges - subsidiaries				(807)				(785)
Tax - subsidiaries				(619)				(663)
Tax - share of joint ventures				(2)				(1)
				(621)				(664)
Underlying profit attributable to shareholders				3,885				4,128
Non-trading items: - change in fair value of investment properties				(10,966)				(26,180)
Loss attributable to shareholders				(7,081)				(22,052)

Notes to the Financial Statements

2 Segmental information continued

	Revenue		Underlying operating profit		Underlying profit attributable to shareholders	
	2021	2020	2021	2020	2021	2020
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
By geographical location						
Hong Kong	7,488	7,609	6,170	6,276	6,170	6,276
Corporate, net financing charges and tax	-	-	(857)	(699)	(2,285)	(2,148)
	7,488	7,609	5,313	5,577	3,885	4,128

	Segment assets			Segment liabilities	Unallocated assets and liabilities	Total assets and liabilities
	Investment properties	Properties for sale	Others			
	HK\$m	HK\$m	HK\$m			
By business						
2021						
Investment Properties	209,115	-	769	(4,274)	-	205,610
Development Properties	-	1,548	6	(39)	-	1,515
Unallocated assets and liabilities	-	-	-	-	(21,020)	(21,020)
	209,115	1,548	775	(4,313)	(21,020)	186,105
2020						
Investment Properties	220,093	-	797	(4,108)	-	216,782
Development Properties	-	1,122	1	(55)	-	1,068
Unallocated assets and liabilities	-	-	-	-	(20,971)	(20,971)
	220,093	1,122	798	(4,163)	(20,971)	196,879
By geographical location						
2021						
Hong Kong	209,115	1,548	775	(4,313)	-	207,125
Unallocated assets and liabilities	-	-	-	-	(21,020)	(21,020)
	209,115	1,548	775	(4,313)	(21,020)	186,105
2020						
Hong Kong	220,093	1,122	798	(4,163)	-	217,850
Unallocated assets and liabilities	-	-	-	-	(20,971)	(20,971)
	220,093	1,122	798	(4,163)	(20,971)	196,879

Unallocated assets and liabilities include tax assets and liabilities, bank balances, borrowings, interest receivable and payable derivative financial instruments and inter-group balances.

Notes to the Financial Statements

3 Revenue

	2021 HK\$m	2020 HK\$m
Rental income	6,730	6,844
Management fee income	743	748
Sale of properties - recognised at a point in time	15	17
	7,488	7,609

The Group's principal business activities are property investment and development.

Total variable rents included in rental income amounted to HK\$92 million (2020: HK\$65 million).

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the balance sheet date are as follow:

	2021 HK\$m	2020 HK\$m
Within one year	5,705	5,898
Between one and two years	4,147	4,286
Between two and five years	5,081	5,492
Beyond five years	1,508	2,017
	16,441	17,693

Generally the Group's operating leases are for terms of three years or more.

4 Net operating costs

	2021 HK\$m	2020 HK\$m
Cost of sales	(1,324)	(1,340)
Administrative expenses	(857)	(699)
	(2,181)	(2,039)

The following charges are included in net operating costs:

Operating expenses arising from investment properties	(1,324)	(1,340)
Depreciation of tangible fixed assets (see Note 8)	(41)	(31)
Auditor's remuneration	3	3

None of the Directors received or will receive any fees or emoluments in respect of their services to the Company during the year (2020: Nil).

Notes to the Financial Statements

5 Net financing charges

	2021	2020
	HK\$m	HK\$m
Interest expense		
- bank loans and overdrafts	(47)	(144)
- other borrowings	(1,096)	(993)
Total interest expense	(1,143)	(1,137)
Commitment and other fees	(91)	(71)
Interest expense on amounts due to a fellow subsidiary	(15)	(2)
Financing charges	(1,249)	(1,210)
Interest income on amounts due from the immediate holding company	339	310
Interest income on amounts due from a fellow subsidiary	103	104
Interest income on bank deposits and other loan receivables	-	11
Financing income	442	425
	(807)	(785)

Financing charges and financing income are stated after taking into account hedging gains and losses.

6 Share of results of joint ventures

	2021	2020
	HK\$m	HK\$m
Investment Properties		
Underlying business performance	4	6
Non-trading items:		
- Change in fair value of investment properties	-	(11)
	4	(5)

The Group's share of revenue of joint ventures was HK\$10 million (2020: HK\$10 million).

7 Tax

Tax charged to profit and loss is analysed as follows:

	2021	2020
	HK\$m	HK\$m
Current tax	(660)	(624)
Deferred tax - accelerated capital allowances	41	(39)
	(619)	(663)
Reconciliation between tax expense and tax at the applicable tax rate:		
Tax at applicable tax rate 16.5% (2020: 16.5%)	1,067	3,529
Change in fair value of investment properties not taxable in determining taxable profit	(1,809)	(4,318)
Income not subject to tax	110	125
Expenses not deductible in determining taxable profit	(3)	(1)
Tax losses arising in the year not recognised	(2)	(1)
Over provision in prior years	18	3
	(619)	(663)

The applicable tax rate represents the Hong Kong profits tax rate.

Notes to the Financial Statements

8 Tangible fixed assets

	2021	2020
	HK\$m	HK\$m
Cost	362	355
Cumulative depreciation	(131)	(101)
Net book value at 1st January	231	254
Additions	34	10
Disposals	-	(2)
Depreciation	(41)	(31)
Net book value at 31st December	224	231
Cost	396	362
Cumulative depreciation	(172)	(131)
	224	231

9 Investment properties

	Completed commercial properties	Completed residential properties	Total
	HK\$m	HK\$m	HK\$m
2021			
At 1st January	217,665	2,005	219,670
Additions	408	3	411
(Decrease)/increase in fair value	(11,008)	42	(10,966)
At 31st December	207,065	2,050	209,115
Leasehold properties			209,115
2020			
At 1st January	242,975	2,033	245,008
Additions	829	2	831
Decrease in fair value	(26,139)	(30)	(26,169)
At 31st December	217,665	2,005	219,670
Leasehold properties			219,670

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31st December 2021 and 2020 have been determined on the basis of valuations carried out by independent valuers who hold a recognised relevant professional qualification and have recent experience in Hong Kong and segments of the investment properties valued. The Group engaged Jones Lang LaSalle to value its commercial investment properties in Hong Kong which are held under long leases with unexpired lease terms of more than 50 years. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at by reference to the net income, allowing for reversionary potential, of each property. The valuations are comprehensively reviewed by the Group.

Notes to the Financial Statements

9 Investment properties continued

Fair value measurements of residential properties using no significant non-observable inputs

Fair values of completed residential properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value measurements of commercial properties using significant unobservable inputs

Fair values of completed commercial properties in Hong Kong are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' views of recent lettings, within the subject properties and other comparable properties.

The Group's policy is to recognise transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer.

Information about fair value measurements using significant unobservable inputs at 31st December 2021:

	Fair value HK\$m	Valuation method	Range of significant unobservable inputs	
			Prevailing market rent per month HK\$	Capitalisation rate %
Completed properties				
Hong Kong	207,065	Income capitalisation	46.8 to 220.2 per square foot	2.75 to 5.0

Prevailing market rents are estimated based on independent valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates are estimated by independent valuers based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

10 Joint ventures

	2021 HK\$m	2020 HK\$m
Unlisted joint ventures		
- share of attributable net assets	352	353
- amounts due from joint ventures	1,188	1,180
	1,540	1,533
By Business		
Investment Properties	-	424
Development Properties	1,540	1,109
	1,540	1,533

Amounts due from joint ventures are interest free, unsecured and have no fixed terms of repayment.

Movements of joint ventures for the year:

At 1st January	1,533	1,536
Share of results after tax	4	(5)
Dividends received and receivable	(5)	(5)
Loans to joint ventures	8	7
At 31st December	1,540	1,533

Notes to the Financial Statements

11 Debtors

	2021	2020
	HK\$m	HK\$m
Trade debtors	43	103
Other debtors	979	1,002
	1,022	1,105
Non-current	142	245
Current	880	860
	1,022	1,105
By geographical area of operation		
Hong Kong	1,022	1,105

The fair value of trade debtors, contract assets and other debtors approximates to their carrying amounts, as the impact of discounting is not significant. Derivative financial instruments are stated at fair value.

Significant financial difficulties of a debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the debt is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

The Group applied the simplified approach to measure expected credit loss, that is a lifetime expected loss allowance for trade debtors and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31st December 2021 and 2020 was determined as follows for trade debtors.

	Below 30 days	Between 31 and 60 days	Between 61 and 120 days	More than 120 days	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
2021					
Expected loss rate (%)	-	-	-	45	17
Gross carrying amount	19	5	8	20	52
Loss allowance	-	-	-	(9)	(9)
2020					
Expected loss rate (%)	10	4	10	29	10
Gross carrying amount	42	26	39	7	114
Loss allowance	(4)	(1)	(4)	(2)	(11)

Trade debtors and other debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Other debtors are further analysed as follows:

	2021	2020
	HK\$m	HK\$m
Prepayments	648	621
Derivative financial instruments	175	258
Others	156	123
	979	1,002

Trade and other debtors excluding prepayments and derivative financial instruments are stated at amortised cost.

Notes to the Financial Statements

12 Inter-group balances

	2021 HK\$m	2020 HK\$m
Non-current assets		
Amount due from immediate holding company		
Interest bearing	13,037	13,940
Amounts due from fellow subsidiaries		
Interest bearing	2,595	2,593
	15,632	16,533
Current assets		
Amount due from intermediate holding company		
Interest free	38	-
Amount due from immediate holding company		
Interest free	477	635
Amounts due from fellow subsidiaries		
Interest free	118	186
	633	821
	16,265	17,354
Current liabilities		
Amounts due to fellow subsidiaries		
Interest bearing	-	(707)
Interest free	(677)	(1,057)
	(677)	(1,764)
	15,588	15,590

The balances are unsecured, repayable on demand and fully performing. Interest is charged on the interest bearing balances at commercial rates.

The fair value of the inter-group balances approximates their carrying amounts, as the impact of discounting is not significant.

No provision has been recognised by the Group as at 31st December 2021 in respect of expected credit losses on inter-group balances.

Notes to the Financial Statements

13 Deferred tax assets and liabilities

	Accelerated capital allowances HK\$m	Other temporary differences HK\$m	Total HK\$m
2021			
At 1st January	(713)	6	(707)
Charged to profit and loss	40	-	40
Charged to other comprehensive income	-	18	18
At 31st December	(673)	24	(649)
Deferred tax assets	-	24	24
Deferred tax liabilities	(673)	-	(673)
	(673)	24	(649)
2020			
At 1st January	(674)	(19)	(693)
Charged to profit and loss	(39)	-	(39)
Charged to other comprehensive income	-	25	25
At 31st December	(713)	6	(707)
Deferred tax assets	-	6	6
Deferred tax liabilities	(713)	-	(713)
	(713)	6	(707)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are netted when the taxes relate to the same taxation authority and where offsetting is allowed.

The Group's deferred tax assets of HK\$6 million (2020: HK\$4 million) arising from unused tax losses of HK\$38 million (2020: HK\$23 million) have not been recognised in the financial statements. Unused tax losses have no expiry date.

14 Properties for sale

	2021 HK\$m	2020 HK\$m
Properties under development	103	104
Provision for impairment	(86)	(86)
	17	18

Notes to the Financial Statements

15 Bank balances

	2021 HK\$m	2020 HK\$m
Deposits with banks and financial institutions	190	150
Bank balances	125	271
	315	421

The weighted average interest rates on deposits with bank and financial institutions of the Group are 0.2% (2020: 0.2%) per annum.

16 Creditors

	2021 HK\$m	2020 HK\$m
Trade creditors	1,629	1,788
Other creditors	672	281
Tenants' deposits	1,906	1,966
Derivative financial instruments	127	99
Rent received in advance	95	98
	4,429	4,232
Non-current	151	124
Current	4,278	4,108
	4,429	4,232
By geographical area of operation		
Hong Kong	4,429	4,232

Derivative financial instruments are stated at fair value. Other creditors are stated at amortised cost. The fair value of these creditors approximates their carrying amounts.

Notes to the Financial Statements

17 Borrowings

	2021		2020	
	Carrying amount HK\$m	Fair value HK\$m	Carrying amount HK\$m	Fair value HK\$m
Current				
Bank overdrafts	23	23	45	45
Current portion of long-term borrowings				
- Notes	4,838	4,862	513	513
	4,861	4,885	558	558
Long-term				
Bank loans	3,328	3,328	7,283	7,283
Notes	28,206	29,807	28,781	31,205
	31,534	33,135	36,064	38,488
	36,395	38,020	36,622	39,046

The fair values are based on market prices or are estimated using the expected future payments discounted at market interest rates ranging from 0.5% to 1.7% (2020: 0.3% to 1.1%) per annum. The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant.

At 31st December 2021 and 2020, all borrowings were unsecured.

The borrowings are further summarised as follows:

	Fixed rate borrowings				
	Weighted average interest rates %	Weighted average period outstanding Years	Floating rate borrowings		Total HK\$m
			HK\$m	HK\$m	
By currency - Hong Kong dollar					
2021	3.2	6.9	28,673	7,722	36,395
2020	3.1	7.4	24,360	12,262	36,622

The weighted average interest rates and period of fixed rate borrowings are stated after taking into account hedging transactions.

The movements in borrowings are as follow:

	Bank overdrafts HK\$m	Long-term borrowings HK\$m	Short-term borrowings HK\$m	Total HK\$m
2021				
At 1st January	45	36,064	513	36,622
Exchange differences	-	93	17	110
Transfer	-	(4,821)	4,821	-
Change in fair value	-	(69)	(13)	(82)
Change in bank overdrafts	(22)	-	-	(22)
Drawdown of borrowings	-	8,567	-	8,567
Repayment of borrowings	-	(8,300)	(500)	(8,800)
At 31st December	23	31,534	4,838	36,395
2020				
At 1st January	37	25,113	1,000	26,150
Exchange differences	-	(48)	-	(48)
Transfer	-	(513)	513	-
Change in fair value	-	116	-	116
Change in bank overdrafts	8	-	-	8
Drawdown of borrowings	-	22,568	-	22,568
Repayment of borrowings	-	(11,172)	(1,000)	(12,172)
At 31st December	45	36,064	513	36,622

Notes to the Financial Statements

17 Borrowings continued

The exposure of the borrowings to interest rate changes and the contractual repricing dates at 31st December after taking into account hedging transactions are as follows:

	2021	2020
	HK\$m	HK\$m
Floating rate borrowings	7,722	12,262
Fixed rate borrowings		
Within one year	2,083	-
Between one and two years	1,397	2,074
Between two and three years	1,556	1,396
Between three and four years	5,026	1,545
Between four and five years	301	5,009
Beyond five years	18,310	14,336
	28,673	24,360
	36,395	36,622

An analysis of the carrying amount of notes outstanding at 31st December is as below:

	<u>Maturity</u>	2021		2020	
		Current	Non-current	Current	Non-current
		HK\$m	HK\$m	HK\$m	HK\$m
Medium term notes					
HK\$500m 12-year notes at 4.28%	2021	-	-	513	-
HK\$410m 10-year notes at 3.86%	2022	410	-	-	410
US\$500m 10-year notes at 4.50% *	2022	3,923	-	-	3,914
HK\$305m 10-year notes at 3.00%	2022	305	-	-	304
HK\$200m 10-year notes at 2.90%	2022	200	-	-	200
HK\$1,100m 10-year notes at 3.95%	2023	-	1,098	-	1,097
HK\$300m 10-year notes at 3.95%	2023	-	299	-	299
US\$400m 10-year notes at 4.625% *	2024	-	3,172	-	3,212
HK\$300m 15-year notes at 4.10%	2025	-	300	-	299
US\$600m 15-year notes at 4.50% *	2025	-	4,727	-	4,710
HK\$302m 15-year notes at 3.75%	2026	-	301	-	300
HK\$785m 15-year notes at 4.00%	2027	-	778	-	777
HK\$473m 15-year notes at 4.04%	2027	-	472	-	472
HK\$200m 15-year notes at 3.95%	2027	-	200	-	200
HK\$300m 15-year notes at 3.15%	2028	-	297	-	297
HK\$450m 10-year notes at 3.83%	2028	-	449	-	449
HK\$325m 15-year notes at 4.22%	2028	-	324	-	323
HK\$355m 10-year notes at 3.75%	2028	-	354	-	353
HK\$400m 15-year notes at 4.40%	2029	-	396	-	396
HK\$550m 10-year notes at 2.93%	2029	-	549	-	549
HK\$800m 20-year notes at 4.11%	2030	-	800	-	800
US\$600m 10-year notes at 2.875% *	2030	-	4,641	-	4,610
HK\$200m 20-year notes at 4.125%	2031	-	198	-	198
HK\$375m 10-year notes at 1.957%	2031	-	374	-	-
US\$500m 10-year notes at 2.25% *	2031	-	3,863	-	-
HK\$240m 20-year notes at 4.00%	2032	-	236	-	236
HK\$863m 12-year notes at 2.83%	2032	-	856	-	855
HK\$700m 15-year notes at 4.12%	2033	-	695	-	695
HK\$604m 15-year notes at 3.67%	2034	-	601	-	601
HK\$400m 15-year notes at 2.72%	2035	-	396	-	396
HK\$400m 15-year notes at 2.90%	2035	-	395	-	395
HK\$400m 15-year notes at 2.90%	2035	-	395	-	395
HK\$800m 15-year notes at 2.65%	2035	-	791	-	790
HK\$250m 30-year notes at 5.25%	2040	-	249	-	249
		4,838	28,206	513	28,781

* Listed on the Singapore Exchange.

18 Share capital

	<i>Ordinary shares in millions</i>		2021	2020
	2021	2020	HK\$m	HK\$m
Issued and fully paid				
Ordinary shares	2,586	2,586	2,147	2,147

19 Revenue and other reserves

	2021	2020
	HK\$m	HK\$m
Revenue reserves		
At 1st January	194,738	219,694
Loss for the year	(7,081)	(22,052)
Dividends (see Note 20)	(3,604)	(2,904)
At 31st December	184,053	194,738
Other capital reserves		
At 1st January and at 31st December	11	11
Hedging reserves		
At 1st January	(17)	112
Cash flow hedges		
- net loss arising during the year	(97)	(143)
- transfer to profit and loss	(9)	(11)
- deferred tax	17	25
At 31st December	(106)	(17)
Total reserves at 31st December	183,958	194,732

Notes to the Financial Statements

20 Dividends

	2021	2020
	HK\$m	HK\$m
Interim dividends of HK\$1.3936 (2020: HK\$1.1228) per share	3,604	2,904

The Directors do not propose the payment of a final dividend (2020: Nil).

21 Cash and cash equivalents

	2021	2020
	HK\$m	HK\$m
Bank balances	315	421
Bank overdraft (see Note 17)	(23)	(45)
	292	376

22 Derivative financial instruments

The fair values of derivative financial instruments at 31st December are as follows:

	2021		2020	
	Positive	Negative	Positive	Negative
	fair value	fair value	fair value	fair value
	HK\$m	HK\$m	HK\$m	HK\$m
Designated as cash flow hedges				
- cross currency swaps	78	127	75	99
Designated as fair value hedges				
- interest rate swaps	-	-	13	-
- cross currency swaps	97	-	170	-

Interest rate swaps

There was no outstanding interest rate swap contracts at 31st December 2021. The notional principal amounts of the outstanding interest rate swap contracts of the Group at 31st December 2020 were HK\$500 million. The fair value of interest rate swaps were based on the estimated cash flows discounted at market rates ranging from 0.3% to 0.35% per annum.

Cross currency swaps

The contract amounts of the outstanding cross currency swap contracts of the Group at 31st December 2021 was HK\$20,178 million (2020: HK\$16,294 million).

Notes to the Financial Statements

23 Commitments

	2021	2020
	HK\$m	HK\$m
Capital commitments - contracted not provided	891	794

24 Contingent liabilities

Various Group companies are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

25 Related party transactions

The intermediate holding company of the Group is Hongkong Land Holdings Limited and the ultimate holding company is Jardine Matheson Holdings Limited. Both companies are incorporated in Bermuda.

In the normal course of business, the Group has entered into a variety of transactions with Hongkong Land Limited and its subsidiaries, the fellow subsidiaries of the Group. The more significant of these transactions are described below:

Corporate management services

The Group paid HK\$677 million (2020: HK\$594 million) in consideration for management consultancy services provided by Hongkong Land Limited. The Group paid HK\$69 million (2020: HK\$45 million) in consideration for management consultancy services provided by Hongkong Land Centric Limited. The Group paid HK\$89 million (2020: HK\$60 million) in consideration for management consultancy services provided by Hongkong Land Bespoke Limited.

Property management services

Hongkong Land (Property Management) Limited, a subsidiary of Hongkong Land Limited, provided property management services to the Group for a consideration of HK\$157 million in 2021 (2020: HK\$159 million). Hongkong Land (EXSQ Property Management) Limited, a subsidiary of Hongkong Land Limited, provided property management services to the Group for a consideration of HK\$75 million in 2021 (2020: HK\$79 million). The Group also reimbursed HK\$121 million (2020: HK\$123 million) property management expenses to Hongkong Land (Property Management) Limited.

Property leasing services

The Group paid HK\$155 million (2020: HK\$159 million) to Hongkong Land Limited as consideration for leasing and collection services to the Group.

The Group has entered into a leasing agreement with HKL (Landmark Hotel) Limited, a fellow subsidiary, for lease of property. Gross rental and service and management charges on such property in 2021 amounted to HK\$47 million (2020: HK\$33 million).

In the normal course of business, the Group has also entered into a variety of transactions with the subsidiaries, associates and joint ventures of Jardine Matheson Holdings Limited ("Jardine Matheson group members"). The more significant of these transactions are described below:

Property and other services

The Group rented properties to Jardine Matheson group members. Gross rents on such properties in 2021 amounted to HK\$125 million (2020: HK\$132 million).

Jardine Matheson group members provided property construction, maintenance and other services to the Group in 2021, in aggregate amounted to HK\$304 million (2020: HK\$429 million).

Notes to the Financial Statements

26 Principal subsidiaries and joint ventures

The principal subsidiaries and joint ventures of the Group at 31st December 2021 are set out below.

	<u>Effective holdings</u> %		<u>Issued share capital</u>	<u>Main activities</u>	<u>Place of incorporation</u>
Subsidiaries					
The Hongkong Land Property Company, Ltd	100	HK\$	200	Property investment	Hong Kong
HKL (Prince's Building) Ltd*	100	HK\$	200	Property investment	Hong Kong
HKL (Chater House) Ltd*	100	HK\$	1,500,000	Property investment	Hong Kong
Mulberry Land Company Ltd*	100	HK\$	200	Property investment	Hong Kong
HKL (The Forum) Limited*	100	HK\$	2,543,592,818	Property investment	Hong Kong
HKL (Three EXSQ) Limited*	100	HK\$	16,502,250,316	Property investment	Hong Kong
Blossom Noble (HK) Limited*	100	HK\$	156,000,001	Property investment	Hong Kong
Grateful Point (HK) Limited*	100	HK\$	171,000,001	Property investment	Hong Kong
Violet Castle (HK) Limited*	100	HK\$	55,200,001	Property investment	Hong Kong
The Hongkong Land Finance (Cayman Islands) Company Ltd	100	US\$	2	Finance	Cayman Islands
The Hongkong Land Notes Company Ltd	100	US\$	2	Finance	British Virgin Islands
Joint ventures					
Bonus Plus Company Ltd*	50	HK\$	2	Property development	Hong Kong
Normelle Estates Ltd*	50	HK\$	10,000	Property development	Hong Kong

* Owned indirectly

All effective holdings are unchanged from 31st December 2020, except for Blossom Noble (HK) Limited, Grateful Point (HK) Limited and Violet Castle (HK) Limited which are incorporated in 2021.

27 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	As at 31 December	
	2021 HK\$m	2020 HK\$m
Net operating assets		
Tangible fixed assets	224	231
Investment in subsidiaries	19,441	13
Non-current inter-group balances	7,055	7,990
Deferred tax assets	9	-
Non-current assets	26,729	8,234
Current debtors	30	9
Amounts due from subsidiaries	12,636	13,759
Current inter-group balances	560	748
Bank balances	284	394
Current assets	13,510	14,910
Current creditors	(432)	(86)
Amounts due to subsidiaries	(12,590)	(7,999)
Current inter-group balances	(677)	(1,749)
Current liabilities	(13,699)	(9,834)
Net current (liabilities)/assets	(189)	5,076
Long-term borrowings	(3,328)	(7,283)
Deferred tax liabilities	(24)	(30)
Non-current creditors	(40)	-
	23,148	5,997
Total equity		
Share capital (2,586m shares issued and fully paid)	2,147	2,147
Revenue and other reserves (Note (a))	21,001	3,850
Shareholders' funds	23,148	5,997

Approved by the Board of Directors on

27 Balance sheet and reserve movement of the Company continued

Note (a) Reserve movement of the Company

	2021 HK\$m	2020 HK\$m
Revenue reserves		
At 1st January	3,839	917
Profit for the year	20,803	5,826
Dividends (see Note 20)	(3,604)	(2,904)
	21,038	3,839
Other capital reserves		
At 1st January and at 31st December	11	11
Hedging reserves		
At 1st January	-	-
Cash flow hedges		
- net gain arising during the year	(57)	-
- deferred tax	9	-
	(48)	-
At 31st December	(48)	-
Total reserves at 31st December	21,001	3,850

28 Benefits and interests of Directors

The Directors of the Company do not receive any emoluments from the Company during the year, but receive emoluments from a fellow subsidiary in respect of their services to the Company. No apportionment has been made as the Directors consider that it is impracticable to apportion this amount between their services to the Company and their services to the group companies.

Directors' remuneration including consideration for directors' services in respect of services to all companies of the Group totalled HK\$97 million (2020: HK\$97 million), which is borne by a fellow subsidiary. No consideration was provided to or receivable by third parties for making available directors' services (2020: HK\$nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2020: HK\$nil).

Notes to the Financial Statements

29 Principal accounting policies

Basis of consolidation

- i) The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in joint ventures.
- ii) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognises the non-controlling interest's proportionate share of the recognised identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in profit and loss. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in profit and loss.

All material intercompany transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated.

- iii) A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint ventures are included on the equity basis of accounting.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint ventures are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the joint ventures.

- iv) The results of subsidiaries and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively. The results of entities other than subsidiaries and joint ventures are included to the extent of dividends received when the right to receive such dividend is established.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Foreign currencies

Transactions in foreign currencies are accounted for at the exchange rates ruling at the transaction dates.

Monetary assets and liabilities expressed in foreign currencies, are translated into Hong Kong dollars at the rates of exchange ruling at the year end. Results expressed in foreign currencies are translated into Hong Kong dollars at the average rates of exchange ruling during the year, which approximate the exchange rates at the dates of the transactions. All exchange differences are recognised in profit and loss.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the assets may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the units may be impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment annually.

Notes to the Financial Statements

29 Principal accounting policies continued

Goodwill

Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the Group's share of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in profit and loss. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of joint ventures is included in investment in joint ventures. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing and is carried at cost less accumulated impairment loss.

The profit or loss on disposal of subsidiaries and joint ventures is stated after deducting the carrying amount of goodwill relating to the entity sold.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation of tangible fixed assets is calculated on the straight line basis to allocate the cost or valuation of each asset to its residual value over its estimated useful life. The residual values and useful lives are reviewed at each balance sheet date. The estimated useful lives are as follows:

Furniture, equipment and motor vehicles	3 – 10 years
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Where the carrying amount of a tangible fixed asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The profit or loss on disposal of tangible fixed assets is recognised by reference to their carrying amount.

Investment properties

Properties including those under operating leases which are held for long-term rental yields or capital gains are classified and accounted for as investment properties, but the business model does not necessarily envisage that the properties will be held for their entire useful life. Investment properties are carried at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. The market value of commercial properties are calculated on the discounted net rental income allowing for reversionary potential. The market value of residential properties are arrived at by reference to market evidence of transaction prices for similar properties. Changes in fair value are recognised in profit and loss.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group enters into contracts with lease components as a lessor on its investment properties. These leases are operating leases as they do not transfer the risk and rewards incidental to the underlying investment properties. The Group recognises the lease payments received under these operating leases on a straight line basis over the lease term as part of revenue in the profit and loss.

Properties for sale

Properties for sale, which comprise land and buildings held for resale, are stated at the lower of cost and net realisable value. The cost of properties for sale comprises land cost, and construction and other development costs.

Debtors

Debtors are recognised initially at the amount of consideration that is unconditional and measured subsequently at amortised cost using the effective interest method. A contract asset arises if the Group has a right to consideration in exchange for goods or services the Group has transferred to a customer, that is conditional on something other than the passage of time. All other debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial. For trade debtors and contract assets, the Group applied the simplified approach as permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors. Provision for impairment is established by considering potential financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

Notes to the Financial Statements

29 Principal accounting policies continued

Debtors continued

Debtors with maturities greater than twelve months after the balance sheet date are classified under non-current assets.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and financial institutions, and bank and cash balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current borrowings.

Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligations can be made.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method.

Borrowing costs relating to major development projects are capitalised until the asset is substantially completed. Capitalised borrowing costs are included as part of the cost of the asset. All other borrowing costs are expensed as incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or direct in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Hong Kong where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to acquisitions, on the difference between the fair value of the net assets acquired and their tax base. Deferred tax is provided on temporary differences associated with investments in subsidiaries and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying exposures and not as speculative investments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as a hedge of the fair value of a recognised asset or liability (fair value hedge), or a hedge of a forecast transaction or of the foreign currency risk on a firm commitment (cash flow hedge), or a hedge of a net investment in a foreign entity.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Notes to the Financial Statements

29 Principal accounting policies continued

Derivative financial instruments continued

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recognised in profit and loss, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit and loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit and loss over the residual period to maturity.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under hedging reserves. Changes in the fair value relating to the ineffective portion is recognised immediately in profit and loss. Where the hedged item results in the recognition of a non-financial asset or of a non-financial liability, the deferred gains and losses are included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in profit and loss as the hedged item affects profit and loss. Otherwise, amounts deferred in hedging reserves are transferred to profit and loss in the same periods during which the hedged firm commitment or forecast transaction affects profit and loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit and loss within finance cost at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserves at that time remains in the hedging reserves and is recognised when the committed or forecast transaction ultimately is recognised in profit and loss. When a committed or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserves is immediately transferred to profit and loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in HKFRS 9. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under HKFRS 9 are recognised immediately in profit and loss.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in exchange reserves; the gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

The fair value of derivatives which are designated and qualify as effective hedges are classified as non-current assets or liabilities if the remaining maturities of the hedged assets or liabilities are greater than 12 months after the balance sheet date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Non-trading items

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains or losses on revaluation of investment properties; gains and losses arising from the sale of businesses, investments and investment properties; impairment of non-depreciable intangible assets and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into underlying business performance.

Dividends

Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Revenue recognition

i) Properties for sale

Revenue from properties for sale is recognised when or as the control of the property is transferred to the customer. Revenue consists of the fair value of the consideration received and receivable, net of value added tax, rebates and discounts. Proceeds received in advance for pre-sale are recorded as contract liabilities. Depending on the terms of the contract and the laws that apply to the contract, control of the property may transfer over time or at a point in time.

Notes to the Financial Statements

29 Principal accounting policies continued

Revenue recognition continued

i) *Properties for sale* continued

If control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the property.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For properties for sale under development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

ii) *Investment properties*

Rental income from investment properties are accounted for on an accruals basis over the lease term.

iii) *Service income*

Revenue from property management service and hospitality service are recognised over-time when services are performed.

30 Standards and Amendments Issued But Not Yet Effective

A number of new standard and amendments effective for accounting periods beginning after 2021 have been published and will be adopted by the Group from their effective dates. The Group is currently assessing the potential impact of these standard and amendments but expects their adoption will not have a significant impact on the Group's consolidated financial statements. The more important standard and amendments are set out below.

- i) Amendment to HKFRS 9: 'Fees in the '10 per cent' Test for Derecognition of Financial Liabilities' (effective from 1st January 2022) clarifies the requirement to derecognise the original financial liability and recognise a new financial liability where there is an exchange between an existing borrower and lender of debt instrument with substantially different terms. The amendments clarifies that the terms are substantially different if the discounted present value of the cash flows under the new terms using the original effective interest rate, including any fees paid net of any fees received, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.
- ii) Amendments to HKAS 37 - Onerous Contracts - Cost of Fulfilling a Contract (effective from 1st January 2022) clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group will apply the amendment from 1st January 2022, but it is not expected the adoption will have a significant impact on the Group's consolidated financial statements.
- iii) Amendment to HKAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1st January 2023) requires companies to recognise deferred tax on transactions that on initial recognition, give rise to equal amounts taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The Group is assessing the potential impact on the Group's consolidated financial statements.

31 Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Notes to the Financial Statements

31 Financial Risk Management continued

Financial risk factors continued

The Group's treasury function co-ordinates, under the directions of the board of Hongkong Land Limited, a fellow subsidiary, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and foreign exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, cross-currency swaps and forward foreign exchange contracts as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. In general, the volatility in profit or loss can be reduced by applying hedge accounting.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- i) The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan;
- ii) Differences in critical terms between the interest rate swaps and loans.

The ineffectiveness during 2021 or 2020 in relation to interest rate swaps was not material.

- i) Market risk

Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk from future commercial transactions and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Entities in the Group use cross-currency swaps in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage their foreign exchange risk arising from future commercial transactions. Group entities are required to manage their foreign exchange risk against their functional currency. Foreign currency borrowings are swapped into the entity's functional currency using cross-currency swaps except where the foreign currency borrowings are repaid with cash flows generated in the same foreign currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2021, there are no significant monetary balances held by group companies that are denominated in a non-functional currency other than the United States dollar borrowings hedged by cross-currency swap contracts with contract amounts of HK\$20,178 million (2020: HK\$16,294 million). Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Since the Group manages the interdependencies between foreign exchange risk and interest rate risk of foreign currency borrowings using cross-currency swaps, the sensitivity analysis on financial impacts arising from cross-currency swaps is included in the sensitivity assessment on interest rates under the interest rate risk section.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of derivative financial instruments such as interest rate swaps. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. At 31st December 2021, the Group's interest rate hedge was 79% (2020: 67%) with an average tenor of seven years (2020: seven years). The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 17.

Notes to the Financial Statements

31 Financial Risk Management continued

Financial risk factors continued

i) Market risk continued

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by entering into interest rate swaps for a maturity of generally up to five years. Interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instrument will fluctuate because of changes in market interest rates. The Group manages its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate, to maintain the Group's fixed rate instruments to within the Group's guideline.

At 31st December 2021, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been decreased/increased by HK\$14 million (2020: HK\$16 million) and hedging reserve would have been increased/decreased by HK\$840 million (2020: HK\$627 million), as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specifically the United States and Hong Kong rates, over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in fair value of the hedged item caused by interest rate movements balance out in profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

ii) Credit risk

The Group's credit risk is primarily attributable to deposits with banks, credit exposures to customers, inter-group balances and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, and limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. Similarly transactions involving derivative financial instruments are with banks with sound credit ratings and capital adequacy ratios.

In respect of credit exposures to customers, the Group has policies in place to ensure that investment properties are let principally to corporate companies with appropriate credit history, and rental deposits in the form of cash or bank guarantee are usually received from tenants. The Group receives progress payments from sales of residential properties to individual customers prior to the completion of transactions. In the event of default by customers, the Group undertakes legal proceedings to recover the property. Amounts due from joint ventures and inter-group balances are generally supported by the underlying assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

iii) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. In addition long-term cash flows are projected to assist with the Group's long-term debt financing plans.

At 31st December 2021, total committed and uncommitted borrowing facilities amounted to HK\$52,174 million (2020: HK\$50,974 million) of which HK\$36,395 million (2020: HK\$36,622 million) was drawn down. Undrawn committed revolving credit loan facilities, totalled HK\$15,422 million (2020: HK\$14,017 million) and those for uncommitted amounted to HK\$357 million (2020: HK\$335 million).

Notes to the Financial Statements

31 Financial Risk Management continued

Financial risk factors continued

iii) Liquidity risk continued

The following table analyses the Group's non-derivative financial liabilities, net-settled derivative financial liabilities and gross-settled financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Repayable on demand HK\$m	Within one year HK\$m	Between one and two years HK\$m	Between two and three years HK\$m	Between three and four years HK\$m	Between four and five years HK\$m	Beyond five years HK\$m	Total undiscounted cash flows HK\$m
2021								
Borrowings	-	5,963	2,429	3,964	7,532	2,429	20,871	43,188
Trade and other creditors	-	2,270	9	1	1	2	18	2,301
Tenant deposit	-	619	397	358	149	66	317	1,906
Inter-group balances	677	-	-	-	-	-	-	677
Gross settled derivative financial instruments								
- inflow	-	4,550	577	3,561	5,078	222	9,463	23,451
- outflow	-	(4,464)	(527)	(3,537)	(5,042)	(233)	(9,432)	(23,235)
2020								
Borrowings	-	1,753	5,863	2,376	3,893	12,899	16,920	43,704
Trade and other creditors	-	2,037	8	2	2	3	17	2,069
Inter-group balances	1,764	-	-	-	-	-	-	1,764
Gross settled derivative financial instruments								
- inflow	-	661	4,439	486	3,453	4,960	5,259	19,258
- outflow	-	(576)	(4,377)	(438)	(3,454)	(4,952)	(5,283)	(19,080)

None of the undiscounted borrowings at 31st December 2021 are impacted by IBOR reform.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated balance sheet plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group does not have a defined dividend policy or share repurchase plan.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances. Interest cover is calculated as underlying operating profit and the Group's share of underlying operating profit of joint ventures divided by net financing charges including the Group's share of net financing charges within joint ventures. The Group does not have a defined gearing or interest cover benchmark or range.

The ratios at 31st December 2021 and 2020 are as follows:

	2021	2020
Gearing ratio (%)	19	18
Interest cover (times)	7	7

Fair value estimation

i) Financial instruments that are measured at fair value

Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ('observable current market transactions')

The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and cross-currency swaps are calculated by reference to market interest rates and foreign exchange rates.

The table below analyses financial instruments carried at fair value and measured using observable current market transactions.

Notes to the Financial Statements

31 Financial Risk Management continued

Fair value estimation continued

	2021	2020
	HK\$m	HK\$m
Assets		
Derivatives designated at fair value		
- through other comprehensive income	78	75
- through profit and loss	97	183
	175	258
Liabilities		
Derivatives designated at fair value		
- through other comprehensive income	(127)	(99)
	(127)	(99)

ii) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances, current creditors, current borrowings, amounts due from/to subsidiaries and inter-group balances are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates.

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts as at 31st December 2021 and 2020 are as follows:

	Financial assets at amortised cost	Derivatives used for hedging	Other financial liabilities at amortised cost	Total carrying amount	Fair value
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
2021					
Debtors	199	175	-	374	374
Inter-group balances	16,265	-	-	16,265	16,265
Bank balances	315	-	-	315	315
	16,779	175	-	16,954	16,954
Borrowings	-	-	(36,395)	(36,395)	(38,020)
Creditors	-	(127)	(2,301)	(2,428)	(2,428)
Inter-group balances	-	-	(677)	(677)	(677)
	-	(127)	(39,373)	(39,500)	(41,125)
2020					
Debtors	226	258	-	484	484
Inter-group balances	17,354	-	-	17,354	17,354
Bank balances	421	-	-	421	421
	18,001	258	-	18,259	18,259
Borrowings	-	-	(36,622)	(36,622)	(39,046)
Creditors	-	(99)	(2,069)	(2,168)	(2,168)
Inter-group balances	-	-	(1,764)	(1,764)	(1,764)
	-	(99)	(40,455)	(40,554)	(42,978)

32 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from the COVID-19 pandemic have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets and the independent valuers' valuation of the Group's investment properties. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Notes to the Financial Statements

32 Critical Accounting Estimates and Judgements continued

Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis calculated on the discounted net income allowing for reversionary potential. Capitalisation rates in the range of 2.75% to 3.35% for office (2020: 2.75% to 3.35%) and 4.50% to 5.00% for retail (2020: 4.50% to 5.00%) are used in the fair value determination.

Considerations have been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

The independent valuers have considered climate change, sustainability, resilience and environmental, social and governance ("ESG") within their valuations. Properties held by the Group are considered to currently display ESG characteristics that would be expected in the market, and therefore there were no direct and tangible pricing adjustments required to the valuation of investment properties. The Group will monitor these considerations for each reporting period.

Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group's accounting policies.

Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as US\$ LIBOR and other interbank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

To transition existing contracts and agreements that reference IBORs (including US\$ LIBOR) to risk free rates ('RFRs') such as US\$ LIBOR to Secured Overnight Financing Rate, adjustments for term differences and credit differences might need to be applied to RFRs, to enable the two benchmark rates to be economically equivalent on transition.

Group Treasury is managing the Group's IBORs transition plan. There are no outstanding contracts at 31st December 2021 impacted by the IBORs reform.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE HONGKONG LAND COMPANY, LIMITED**

香港置地有限公司

(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of The Hongkong Land Company, Limited 香港置地有限公司 (the "Company") and its subsidiaries (the "Group"), which are set out on pages 3 to 36, comprise:

- the consolidated balance sheet as at 31st December 2021;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the directors' report and Major Property Portfolio, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE HONGKONG LAND COMPANY, LIMITED**

香港置地有限公司
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors for the Consolidated Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong,

Major Property Portfolio

At 31st December 2021

Commercial Investment Property

	Attributable	Location	Lettable area (100%)		
	interests		Total	Office	Retail
	%		(in thousands of square metres)		
Alexandra House	100	Hong Kong	35	30	5
Chater House	100	Hong Kong	43	39	4
Exchange Square	100		139		
One Exchange Square	100	Hong Kong		53	-
Two Exchange Square	100	Hong Kong		47	-
Three Exchange Square	100	Hong Kong		30	-
Podium	100	Hong Kong		-	5
The Forum	100	Hong Kong		4	-
Jardine House	100	Hong Kong	63	59	4
Gloucester Tower	100	Hong Kong	42	42	-
Landmark Atrium	100	Hong Kong	26	-	26
Edinburgh Tower	100	Hong Kong	45	32	13
York House	100	Hong Kong	10	10	-
Prince's Building	100	Hong Kong	52	38	14

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