

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

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The securities referred to herein (the “Securities”) have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state of the United States or other jurisdiction. The Securities are being offered and sold outside the United States in reliance on Regulation S 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 pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. No public offering of the Securities will be made in the United States or in any other jurisdiction where such an offering is restricted or prohibited.

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

Notice to Hong Kong investors: The Issuer and the Guarantor (as identified below) confirm that the notes to be issued under the Programme (the “Notes”) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) (the “Professional Investors”) only and the Programme (as identified below) has been, and the Notes (to the extent that such Notes are to be listed on The Stock Exchange of Hong Kong Limited) will be, listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

**PUBLICATION OF OFFERING CIRCULAR ON
THE STOCK EXCHANGE OF HONG KONG LIMITED**



WHEELOCK

Founded 1857

Wheelock MTN (BVI) Limited
(incorporated with limited liability in the British Virgin Islands)
(as Issuer)

Wheelock and Company Limited
(會德豐有限公司)
(incorporated with limited liability in Hong Kong)
(as Guarantor)

U.S.\$5,000,000,000
Medium Term Note Programme
(the “*Programme*”)

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering circular dated 19 October 2023 (the “**Offering Circular**”) appended hereto in relation to the Programme. As disclosed in the Offering Circular, the Notes are intended for purchase by Professional Investors only and the Programme has been, and the Notes (to the extent that such Notes are to be listed on The Stock Exchange of Hong Kong Limited) will be, listed on The Stock Exchange of Hong Kong Limited on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended.

20 October 2023

As at the date of this announcement, the Board of Directors of Wheelock MTN (BVI) Limited comprises Mr. Stephen T. H. Ng, Mr. Paul Y. C. Tsui and Mr. Peter Z. K. Pao.

As at the date of this announcement, the Board of Directors of Wheelock and Company Limited comprises Mr. Douglas C. K. Woo, Mr. Stephen T. H. Ng, Mr. Stewart C. K. Leung, Mr. Paul Y. C. Tsui, Mr. Ricky K. Y. Wong, Mr. Stephen K. C. Chan and Mr. Kevin C. Y. Hui.

TABLE OF CONTENTS

APPENDIX - OFFERING CIRCULAR DATED 19 OCTOBER 2023

APPENDIX - OFFERING CIRCULAR DATED 19 OCTOBER 2023

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON (AS DEFINED BELOW) OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES

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

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

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE 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. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE APPLICABLE PRICING SUPPLEMENT (AS DEFINED IN THE OFFERING CIRCULAR) AND TERMS AND CONDITIONS OF THE NOTES. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE FOLLOWING OFFERING CIRCULAR.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the Notes, investors must not be a U.S. Person and must not be located in the United States. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to Wheelock and Company Limited (會德豐有限公司) (“*Wheelock*” and the “*Guarantor*”), Wheelock MTN (BVI) Limited (the “*Issuer*”) and The Hongkong and Shanghai Banking Corporation Limited (the “*Arranger*” and a “*Dealer*”) and any additional Dealer appointed under the Programme from time to time by the Issuer (together with the Arranger, the “*Dealers*”) that you are not a U.S. Person or acting for the account or benefit of a U.S. Person and that the electronic mail address that you gave the Issuer, the Guarantor, the Arranger or the Dealers and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular (or any amendment or supplement thereto) by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the 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 the Offering Circular to any other person. You should not reply by e-mail to this document, and you may not purchase any Notes by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

The materials relating to the offering of the Notes do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of the Notes be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering of the Notes shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, the Arranger, any of the Dealers or any of the agents (the “*Agents*”) referred to in the Offering Circular nor any person who controls the Issuer, the Guarantor, the Arranger, any of the Dealers or the Agents, nor any director, officer, employee, representative nor any agent or adviser of the Issuer, the Guarantor, the Arranger, any of the Dealers, the Agents or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger or the Dealers.

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

Offering Circular



Wheelock MTN (BVI) Limited
(incorporated with limited liability in the British Virgin Islands) (as Issuer)

Wheelock and Company Limited
(會德豐有限公司)

(incorporated with limited liability in Hong Kong) (as Guarantor)

U.S.\$5,000,000,000
Medium Term Note Programme

On 16 December 2010, Wheelock and Company Limited (會德豐有限公司) ("Wheelock"), Wheelock Finance Limited, Wheelock Finance (No.1) Limited and Wheelock Finance (BVI) Limited established a U.S.\$2,000,000,000 Medium Term Note Programme (the "Programme") and issued an offering circular on that date describing the Programme. On 27 October 2011, Wheelock MTN (Singapore) Pte. Ltd. acceded to the Programme and the Programme Limit (as defined in the dealer agreement dated 16 December 2010 (as further amended, supplemented, replaced and/or restated from time to time, the "Dealer Agreement")) was increased to U.S.\$3,000,000,000. On 25 September 2015, the Programme Limit (as defined in the Dealer Agreement) was further increased to U.S.\$5,000,000,000. On 23 September 2016, Wheelock Finance (No.1) Limited, Wheelock Finance (BVI) Limited and Wheelock MTN (Singapore) Pte. Ltd. ceased to be issuers under the Programme. On 18 October 2018, Wheelock MTN (BVI) Limited (the "Issuer") acceded to the Programme. On 19 October 2020, Wheelock ceased to be an issuer under the Programme. On 19 October 2023, Wheelock Finance Limited ceased to be an issuer under the Programme. This Offering Circular supersedes the previous offering circular and any supplement thereto. Any Notes (as defined below) issued under this Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued prior to the date of this Offering Circular. Under the Programme, the Issuer, subject to compliance with all relevant laws, regulations and directives, may from time to time issue Medium Term Notes (the "Notes"). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$5,000,000,000 (or the equivalent in other currencies). Notes issued under the Programme will be guaranteed (the "Guarantee") by Wheelock (the "Guarantor").

The Guarantor has been rated "A3" by Moody's Investors Service ("Moody's"). Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency.

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

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

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

Unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement (as defined in "Summary of the Programme") in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange (or any other stock exchange).

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) ("Regulation S") absent registration or an exception from registration under the Securities Act.

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

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

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

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

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

UK PRIIPs REGULATION — PROHIBITION OF SALES TO UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", such 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 (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (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"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (the "UK MiFIR"); 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 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 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"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Investing in the Notes involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement, and the merits and risks of investing in a particular issue of Notes, in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with the Notes. Prospective investors should have regard to the factors described under "Risk Factors".

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

Interests in a temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent Global Note on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Until the expiration of 40 days after the later of the commencement of the offering of a Tranche (as defined herein) of a Series (as defined herein) and the issue date thereof, beneficial interests in a Global Note may only be held through Euroclear, Clearstream or the CMU.

Arranger and Dealer for the Programme

HSBC

Dated 19 October 2023

Wheelock (as to itself and the Group as defined below) and the Issuer (as to itself), having made all reasonable enquiries, confirm that this Offering Circular contains all information with respect to Wheelock, the Issuer, Wheelock together with its subsidiaries (as defined in the Conditions) and associates (collectively, the “*Group*”), the Programme and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to Wheelock, the Issuer and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to Wheelock, the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to Wheelock, the Issuer, Wheelock’s subsidiaries and associates or the Notes the omission of which would, in the context of the issue and offering of the Notes and the giving of the Guarantee, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by Wheelock and the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. For the purposes of this Offering Circular, an “associate”, with respect to the Guarantor and the Group, refers to an entity over which the relevant member of the Group has significant influence, and “significant influence” refers to the power to participate in the financial and operating policy decisions of such entity but is not in control or joint control of those policies.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by Wheelock, the Issuer or any of the Dealers or the Arranger (as defined in “*Summary of the Programme*”). Neither the delivery of this Offering Circular or any Pricing Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of Wheelock, the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of Wheelock or the Issuer 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.

Each Tranche (as defined in “*Summary of the Programme*”) of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” as amended and/or supplemented by a Pricing Supplement. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein (see “*Documents Incorporated by Reference*”) and, in relation to any tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The distribution of this Offering Circular and any Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by Wheelock, the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. 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 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, in the case of bearer notes, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a description of certain restrictions on offers, sales and transfers of Notes and on the distribution of this Offering Circular and any Pricing Supplement, see “*Subscription and Sale*”.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(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).

This Offering Circular has been prepared on the basis that any offer of Notes in any Member State of the EEA (each, a “*Member State*”) will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Member State of Notes which are the subject of an offering contemplated in this Offering Circular as completed by the pricing supplement in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor, the Arranger or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor does it authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

This Offering Circular has been prepared on the basis that any offer of Notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in the United Kingdom of Notes which are the subject of an offering contemplated in this Offering Circular as completed by the pricing supplement in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor, the Arranger or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor does it authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

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

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

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

PRIIPs REGULATION — 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 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 MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION — 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 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 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 Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of UK MiFIR; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by 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.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of certain offerings of the Notes pursuant to this Programme, each such offering, a **CMI Offering**, including certain Dealers (as defined in the Offering Circular), 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” (together, the “**OCs**”) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (an “**Association**”) with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, 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 CMI's). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMI's 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% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMI's 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 CMI's (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. 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.

This Offering Circular or any Pricing Supplement does not constitute an offer of, or an invitation by or on behalf of Wheelock, the Issuer, the Dealers or the Arranger (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls any of them) to subscribe for, or purchase, any Notes.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular

and confirm, having made all reasonable enquiries, that to the best of each of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor’s particular circumstances) of an investment in Notes of a particular Tranche. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular Tranche of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances. Each person receiving this Offering Circular acknowledges that such person has not relied on the Issuer, the Guarantor, the Arranger, the Dealers or the Agents (as defined below) or their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

None of the Dealers or the Arranger has separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, none of the Dealers, the Arranger, the Agents nor their respective affiliates, directors, officers, employees, agents, representatives or advisers, accepts any responsibility for the contents of this Offering Circular or for any other statement in connection with the issue and offering of the Notes made or purported to be made by the Arranger or a Dealer or on its behalf. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other information provided in connection with the Programme is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of Wheelock, the Issuer, the Arranger, the Dealers or the Agents nor their respective affiliates, directors, officers, employees, agents, representatives or advisers that any recipient, of this Offering Circular or of any such information, 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 Arranger, the Agents nor their respective affiliates, directors, officers, employees, agents, representatives or advisers undertakes to review the financial condition or affairs of Wheelock or the Issuer 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 Arranger, the Agents or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

In connection with any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) in the applicable Pricing Supplement (the “*Stabilisation Manager(s)*”) or any person acting on behalf of the Stabilisation Manager(s) may, to the extent permitted by applicable laws and directives, over-allot the Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or any person acting on behalf of the Stabilisation Manager(s)) will

undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

WARNING

The contents of this Offering Circular have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of any Notes. If you are in any doubt about any of the contents of this Offering Circular, you should obtain independent professional advice.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “GFA” are to gross floor area, to “TEU” are to a twenty-foot equivalent unit, to “Hong Kong” or “Hong Kong SAR” are to the Hong Kong Special Administrative Region of the People’s Republic of China, to “PRC”, “Mainland China” or “China” are to the People’s Republic of China (for the purposes of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan), to “U.S.”, “USA” or “United States” are to the United States of America, to “HK\$” and “HKD” are to the lawful currency of Hong Kong, to “CNY”, “Renminbi” or “RMB” are to the lawful currency of the People’s Republic of China, to “S\$” are to the lawful currency of Singapore, to “yen” or “JPY” are to the lawful currency of Japan, to “U.S.\$”, “U.S. dollar” and “USD” are to the lawful currency of the United States, to “sterling” or “£” are to the currency of the United Kingdom and to “euro” or “€” are to the lawful currency of member states of the European Union (the “EU”) that adopt the single currency introduced in accordance with the Treaty on the Functioning of the European Union, as amended from time to time.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- the Group's future expenditure (including its development and capital expenditure);
- the Group's financial condition and results of operations;
- the Group's business and investment strategy; and
- the industry outlook generally.

The words "anticipate", "believe", "estimate", "expect", "intend", "seek", "plan", "may", "will", "would", "could" and similar expressions, as they relate to the Group, are intended to identify a number of these forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond the Group's control. In addition, these forward-looking statements reflect the current views of the Group with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including but not limiting to:

- various business opportunities that the Group may pursue;
- changes or volatility in prices or interest rates;
- the effect of adverse conditions in the global and Hong Kong economies and the property, logistics and communications, media and entertainment markets;
- competition;
- potential legislative, accounting and regulatory changes in Hong Kong and Mainland China that may affect the Group's performance; and
- the risk factors discussed in this Offering Circular as well as other factors beyond the Group's control.

Subject to compliance with applicable regulatory requirements, neither the Issuer nor Wheelock intends to update or otherwise revise the forward-looking statements in this Offering Circular, whether as a result of new information, future events or otherwise. Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Offering Circular might not occur in the way the Group expects, or at all. Investors should not place undue reliance on any forward-looking information.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with (i) each relevant Pricing Supplement, (ii) the most recent annual audited consolidated financial statements of Wheelock, in each case with the report of the auditors in connection therewith (if any), (iii) any interim unaudited consolidated financial statements or information prepared subsequently to such annual audited consolidated financial statements from time to time (if any) that are circulated with this Offering Circular which have not been reviewed by the Guarantor's independent auditor, KPMG, or any other independent auditors and are dated as at a date or for a period ending subsequent to those financial statements incorporated in this Offering Circular, and (iv) all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified offices of the Paying Agents set out at the end of this Offering Circular.

Wheelock prepared annual audited consolidated financial statements for the financial years ended 31 December 2021 and 31 December 2022, which are reproduced in this Offering Circular. See "*Index to Financial Statements*". The financial statements of Wheelock 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 Wheelock. As at the date of this Offering Circular, the Issuer has not published any audited or unaudited financial statements.

The documents incorporated by reference herein are current only as at the date of such document and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Group since the date thereof or that the information contained therein is current as at any time subsequent to its date.

Save for the annual audited consolidated financial statements for each of the financial years ended 31 December 2021 and 31 December 2022 of Wheelock, the financial information contained in this Offering Circular does not constitute specified financial statements (as defined in the Companies Ordinance (Cap. 622) of Hong Kong (the "*Companies Ordinance*")) in relation to Wheelock. Wheelock is not required to deliver its specified financial statements for the years ended 31 December 2021 and 31 December 2022 to the Registrar of Companies of Hong Kong and has not done so. Wheelock's auditors have reported on the specified financial statements in relation to Wheelock for the years ended 31 December 2021 and 31 December 2022. The auditor's reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain any statement under section 406(2) or 407(2) or (3) of the Companies Ordinance.

SUPPLEMENTAL OFFERING CIRCULAR

Each of the Issuer and the Guarantor has undertaken to the Dealers in the Dealer Agreement (as defined in “*Subscription and Sale*”) to publish a supplement to this Offering Circular or a new offering circular upon becoming aware that a significant change affecting any matter contained in this Offering Circular the inclusion of which would reasonably be required by investors and their professional advisers and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer or the Guarantor (as the case may be) and the rights attaching to the Notes.

TABLE OF CONTENTS

| | PAGE |
|--|-------------|
| SUMMARY OF THE PROGRAMME | 1 |
| TERMS AND CONDITIONS OF THE NOTES. | 7 |
| SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM | 39 |
| RISK FACTORS | 45 |
| USE OF PROCEEDS | 75 |
| WHEELOCK MTN (BVI) LIMITED. | 76 |
| WHEELOCK AND COMPANY LIMITED. | 77 |
| DIRECTORS AND MANAGEMENT. | 92 |
| SUMMARY FINANCIAL INFORMATION | 95 |
| CAPITALISATION AND INDEBTEDNESS | 97 |
| TAXATION | 98 |
| PRC CURRENCY CONTROLS | 102 |
| CLEARANCE AND SETTLEMENT | 105 |
| SUBSCRIPTION AND SALE | 107 |
| FORM OF PRICING SUPPLEMENT | 117 |
| GENERAL INFORMATION | 131 |
| INDEX TO FINANCIAL STATEMENTS | F-1 |

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular.

| | |
|---|---|
| Issuer: | Wheelock MTN (BVI) Limited. |
| Legal Entity Identifier of Wheelock MTN (BVI) Limited: | 2549008QJTQY2VB3MV48. |
| Guarantor: | Wheelock and Company Limited (會德豐有限公司). |
| Description: | Medium Term Note Programme. |
| Size: | Up to U.S.\$5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. |
| Arranger: | The Hongkong and Shanghai Banking Corporation Limited. |
| Dealers: | The Hongkong and Shanghai Banking Corporation Limited. |

The Issuer 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 (as defined below) or in respect of the whole Programme. References in this Offering Circular to “*Permanent Dealers*” are to the entity listed above as a Dealer and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “*Dealers*” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

| | |
|---------------------------------|---|
| Fiscal Agent: | Deutsche Bank Aktiengesellschaft, Hong Kong Branch. |
| CMU Lodging Agent: | Deutsche Bank Aktiengesellschaft, Hong Kong Branch. |

| | |
|-------------------------------|---|
| Method of Issue: | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ <i>Series</i> ”) 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 “ <i>Tranche</i> ”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a “ <i>Pricing Supplement</i> ”). |
|-------------------------------|---|

Issue Price: Notes may be issued on a fully-paid or a partly-paid basis 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: 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*”).

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 “*Summary of the Programme — Selling Restrictions*”), otherwise such Tranche will be represented by a permanent Global Note. Individual definitive Notes or Certificates will only be available in certain limited circumstances as described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

Registered Notes will be represented on issue by a global certificate (a “*Global Certificate*”).

Clearing Systems: The CMU, Clearstream, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

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

Interests in Notes which are represented by a Global Note or a Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the relevant Clearing Systems.

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s).

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and fifty years.

| | |
|---|---|
| Denomination: | Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies). |
| Fixed Rate Notes: | Fixed interest will be payable 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 a specified Screen or Reference Rate; or (iii) on such other basis as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s). <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. |
| Index Linked Notes: | Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula 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 Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies). |
| Redemption by Instalments: | The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed. |
| Other Notes: | Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement. |
| Optional Redemption: | The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption. |
| Status of Notes and Guarantee: .. | The Notes and the Guarantee will constitute unsubordinated and unsecured obligations of the Issuer and, as the case may be, the Guarantor, all as described in “ <i>Terms and Conditions of the Notes — Status</i> ”. |
| Negative Pledge: | The negative pledge provision in the Notes will be applicable to the Issuer, the Guarantor and Principal Subsidiaries. See “ <i>Terms and Conditions of the Notes — Negative Pledge</i> ”. |
| Events of Default (including Cross Default): | The event of default provisions in the Notes will depend on the occurrence of certain events with respect to the Issuer, the Guarantor and in certain cases (including cross default), the Principal Subsidiaries. See “ <i>Terms and Conditions of the Notes — Events of Default</i> ”. |

“**Principal Subsidiary**” means at any time a Subsidiary of Wheelock:

- (i) whose profit (after taxation and before asset revaluation surplus/deficit and impairment provision) attributable to Wheelock (as relevant) represents at least 25 per cent. of the consolidated profit (after taxation and before asset revaluation surplus/deficit and impairment provision) of Wheelock and its consolidated Subsidiaries or whose total net assets attributable to Wheelock exceed 25 per cent. of the consolidated total net assets of Wheelock and its consolidated Subsidiaries, all as calculated by reference to the then latest audited financial statements (consolidated or unconsolidated, as the case may be or where no audited consolidated financial statements are available calculated by reference to the consolidated management accounts applicable to such Subsidiary as certified as being true and accurate by a director of Wheelock) of such Subsidiary and the then latest audited or unaudited consolidated financial statements of Wheelock; or
- (ii) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary,

and for such purpose, a certificate prepared by a director of Wheelock certifying that, in his/her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Noteholders; and

“*Subsidiary*” means a subsidiary of Wheelock, and “*subsidiary*” has the meaning given to it by the Companies Ordinance (Cap. 622) of Hong Kong.

| | |
|--------------------------------|--|
| Early Redemption: | Except as provided in “ <i>Optional Redemption</i> ” above, Notes will be redeemable at the option of the 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 Hong Kong subject to customary exceptions, all as described in “ <i>Terms and Conditions of the Notes — Taxation</i> ”. |
| Governing Law: | English law. |
| Listing: | Application has been made for the listing of the Programme, under which Notes may be issued during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only or as otherwise specified in the relevant Pricing Supplement. Separate application will be made for the listing of, and permission to deal in, the Notes on the Hong Kong Stock Exchange. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted. |

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

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

Rating: The Guarantor has been rated “A3” by Moody’s. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restrictions: United States, the PRC, Hong Kong, Japan, Singapore, European Economic Area, United Kingdom, the British Virgin Islands and such other restrictions as may be applicable in connection with the offering and sale of a particular Tranche of Notes. See “*Subscription and Sale*”.

The 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 Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the 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.

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. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. 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 and to “hereon” are to the relevant Pricing Supplement.

This Note is one of a series (“**Series**”) of Notes issued by Wheelock MTN (BVI) Limited (the “**Issuer**”) pursuant to the Agency Agreement (as defined below). The Notes will be guaranteed by Wheelock and Company Limited (會德豐有限公司) (“**Wheelock**” or the “**Guarantor**”).

The Notes are issued pursuant to an amended and restated agency agreement dated 19 October 2023 (as may be further amended, supplemented, replaced and/or restated from time to time, the “**Agency Agreement**”) between Wheelock, the Issuer, Deutsche Bank Aktiengesellschaft, Hong Kong Branch as fiscal agent, Deutsche Bank Aktiengesellschaft, 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**”), Deutsche Bank Aktiengesellschaft, Hong Kong Branch as registrar and the other agents named in it and with the benefit of an amended and restated deed of covenant dated 19 October 2023 (as may be further amended, supplemented, replaced and/or restated from time to time, the “**Deed of Covenant**”) executed by Wheelock and the Issuer in relation to the Notes. The fiscal 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 “**Fiscal Agent**”, the “**CMU Lodging Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent and the CMU Lodging Agent), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”. For the purposes of these Conditions, all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly. 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 deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

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

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during usual business hours at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

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 is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption 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 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.

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) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

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 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 (“*Regulations*”), the initial form of which is scheduled to the Agency Agreement. The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. 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 an 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 Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(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, partial redemption or exercise of an option shall be effected without charge by or on behalf of the 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 before any date on which Notes may be called for redemption by the 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 Issuer under the Notes, Receipts and Coupons. Its obligations in that respect (the “***Guarantee***”) are contained in the Deed of Covenant.

(b) ***Status of Notes and Guarantee***

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Guarantee 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 Issuer and, as the case may be, the Guarantor, present and future.

4 Negative Pledge and Other Covenants

(a) ***Negative Pledge***

The Issuer agrees, and the Guarantor has agreed in the Guarantee, that so long as any of the Notes remains outstanding neither the Issuer, the Guarantor nor any Principal Subsidiary (as defined in Condition 10) will create or permit to arise or subsist or have outstanding any encumbrance (excluding any Permitted Security Interest (as defined below)) on or over its present or future assets or revenues to secure the repayment or payment of principal, premium or interest of or on any Securities or to secure any guarantee, indemnity or surety given in respect of the repayment or payment of principal, premium or interest of or on any Securities without at the same time or previously either securing the Notes equally and rateably therewith or providing for the Notes such other security as shall have been approved for the purposes by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

(b) **Financial Statements**

So long as any Note or Coupon remains outstanding, each of the Issuer and the Guarantor (as the case may be) shall:

- (i) provide to the Fiscal Agent for inspection by any Noteholder a copy of its Annual Audited Financial Statements and Semi-Annual Unaudited Financial Statements (if any); and
- (ii) provide the Noteholders (at the discretion of the Guarantor) with a copy of its Annual Audited Financial Statements and Semi-Annual Unaudited Financial Statements (if any) upon written request and satisfactory proof of holding,

in each case as soon as they are available, but in any event within 120 calendar days (in the case of its Semi-Annual Unaudited Financial Statements) and 180 calendar days (in the case of its Annual Audited Financial Statements) after the end of the relevant period.

(c) **Definitions**

For the purposes of this Condition 4:

- (i) “**Annual Audited Financial Statements**” means in respect of the Issuer, its annual financial statements (if any) and in respect of the Guarantor, its annual consolidated financial statements, which include a consolidated income statement, a consolidated statement of comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, in each case audited by an internationally recognised firm of independent accountants, together with the auditor’s report and notes to the financial statements;
- (ii) any reference to an “**encumbrance**” is to a mortgage, charge, pledge, lien or other encumbrance;
- (iii) “**outstanding**” has the meaning ascribed to it in the Agency Agreement;
- (iv) “**Permitted Security Interest**” means (i) any encumbrance over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Principal Subsidiary as security for all or part of the purchase price of such assets and any substitute encumbrance created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets; and (ii) any existing encumbrance over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Principal Subsidiary subject to such encumbrance and any substitute encumbrance 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;
- (v) “**relevant period**” means, in relation to the Annual Audited Financial Statements, each period of 12 months ending on the last day of the financial year (being 31 December) and in relation to the Semi-Annual Unaudited financial statements, each period of six months ending on the last day of the first half of the financial year (being 30 June of that financial year);

- (vi) any reference to “*Securities*” is to any indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or on any other securities market (whether or not initially distributed by way of private placement) having a maturity of more than one year; and
- (vii) “*Semi-Annual Unaudited Financial Statements*” means semi-annual unaudited consolidated financial statements of the Guarantor, which have not been audited by the Guarantor’s independent auditors. Such financial statements include a consolidated income statement, a consolidated statement of comprehensive income, a consolidated statement of financial position, a consolidated statement of changes in equity and a consolidated statement of cash flows, in each case, prepared on a basis consistent with the Annual Audited Financial Statements.

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. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest 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) 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.

(iii) *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

- (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 11.00 a.m. (Brussels time in the case of EURIBOR, or Hong Kong time in the case of HIBOR) on the Interest Determination Date in question 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 EURIBOR or 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) 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 EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference 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 EURIBOR, at approximately 11:00 a.m. (Brussels time), or if the Reference Rate is 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 EURIBOR, at approximately 11:00 a.m., Brussels time or, if the Reference Rate is 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 EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is 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 EURIBOR, at approximately 11:00 a.m., Brussels time or, if the Reference Rate is 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 Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is 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).

(iv) Rate of Interest for Index Linked Interest Notes

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(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 a 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 on the due date for redemption unless, upon due presentation, payment 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 (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) 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 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 Fiscal Agent, the 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 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. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) *Benchmark Discontinuation*

Where this Condition 5(j) is specified as applicable hereon:

(i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, or failing which, an Alternative Rate (if any, in accordance with Condition 5(j)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(j)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(j) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents or the Noteholders for any determination made by it, pursuant to this Condition 5(j).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(j)(i) prior to the date which is five business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. 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 shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(j)(i).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser Determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component

part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(j)); or

- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(j)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser, following consultation with the Issuer, is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(j) and the Independent Adviser determines (A) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “Benchmark Amendments”) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(j)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(j), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(j) which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

For the avoidance of doubt, the Fiscal Agent and Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(j)(iv). Noteholders’ consent shall not be required in connection with effecting of the Successor Rate or the Alternative Rate (as applicable), any Adjustment Spread, Benchmark Amendments or such other changes, including the execution of any documents or any steps by the Fiscal Agent and Paying Agent (if required).

In connection with any such variation in accordance with this Condition 5(j)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(j) will be notified at least five business days prior to the relevant Interest Determination Date by the Issuer to the Fiscal Agent, the Calculation Agent and the Paying Agents. In accordance with Condition 14, notice shall be provided to the Noteholders as soon as practicable thereafter. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

Notwithstanding any other provision of this Condition 5(j), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(j), the Calculation Agent shall promptly notify the Issuer in writing thereof and the Issuer shall within three business days of receipt of the Calculation Agent's written notification direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not provided with such direction within the prescribed time frame, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall as soon as reasonably practicable notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 5(j)(i), 5(j)(ii), 5(j)(iii) and 5(j)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii) will continue to apply unless and until a Benchmark Event has occurred.

For the purposes of this Condition 5(j):

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

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser (in consultation with the Issuer) determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread, formula or methodology is customarily applied);

- (iii) the Independent Adviser (in consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser (in consultation with the Issuer) determines in accordance with Condition 5(j)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“**Benchmark Amendments**” has the meaning given to it in Condition 5(j)(iv).

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist;
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes;
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and notified to the Fiscal Agent, the Calculation Agent and the Paying Agents as soon as reasonably practicable. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“**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 Calculation Agent.

“**Independent Adviser**” means an independent financial institution of international or national repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(j)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

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

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

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

(k) **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 which if the currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively); and/or
- (ii) in the case of euro, a day on which T2 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 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

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

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

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

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

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

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

- (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;

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

“***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, and 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; or
- (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 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;

“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 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, 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; and

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

(l) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). 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 Issuer shall appoint a leading bank or investment banking firm 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 Hong Kong 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.

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, 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 Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or, at any time, (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer or the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong (in the case of payment by Wheelock) or the British Virgin Islands (in the case of payment by the Issuer) 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 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 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 the Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by any one Director of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) ***Redemption at the Option of the Issuer***

If Call Option is specified hereon, the 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 the date fixed for redemption. Any such redemption 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 and in such manner as may be fair and reasonable in the circumstances as determined by the Issuer, taking account of prevailing market practices, 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 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 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.

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 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 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 Issuer, the Guarantor and any of their respective 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.

(h) *Cancellation*

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective 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 Fiscal 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 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 may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes 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)(vi)), 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.

In this Condition 7, “**Bank**” means a bank in the principal financial centre for such currency (and which if the currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or, in the case of euro, in a city in which banks have access to T2.

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

(b) *Registered Notes*

- A. 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 (B) below.
- B. 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 (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Renminbi, on the fifth day before the due date for payment thereof (in each case, the “**Record Date**”). 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.

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

(c) *Payments in the United States*

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 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 Issuer, any adverse tax consequence to the Issuer.

(d) *Payments Subject to Fiscal Laws*

Save as provided in Condition 8, payments will be subject in all cases to any other applicable fiscal and other laws and regulations in the place of payment or other laws and regulations to which the Issuer or the Guarantor or any of the Agents agree to be subject and neither the Issuer nor the Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Fiscal Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal 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 Issuer shall at all times maintain (i) a Fiscal 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, (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 addition, the 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.

(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 or Index linked Notes), the Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing 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, Dual Currency Note or Index Linked Note, unmaturing 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) Where any Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and 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 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 Fiscal 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 are open for business 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 and which if the currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively; 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 banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the British Virgin Islands, as the case may be, or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders 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 Hong Kong, other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Declaration of non-residence:** to, or to a third party on behalf of, a holder of such Note, Receipt or Coupon to the extent such holder would not be liable for or subject to such deduction or withholding by making a declaration of non-residence or other similar claim for exemption or reduction to the relevant tax authority or under an applicable tax treaty or otherwise if, after having been requested to make such a declaration or claim, such holder fails to do so (provided, however, that, in the case of a Bearer Note, such holder may not be required to make such a declaration or claim in a form which reveals the identity of such holder to the relevant tax authority); or
- (c) **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 such 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 relative 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. 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.

9 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, 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 holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest (if applicable) to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

- (a) **Non-Payment:** there is a failure to pay the principal of or any interest on any of the Notes when due and such failure continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or, is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or the Guarantor or any of the Principal Subsidiaries (as defined herein) for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or the Guarantor or any of the Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of any moneys borrowed or raised, 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) have occurred equals

or exceeds U.S.\$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or

- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Issuer or the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 30 business days; or
- (e) **Security Enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any material part of the undertaking, assets and revenues of the Issuer or the Guarantor or any Principal Subsidiary and such possession or appointment is not discharged or stayed within 30 business days; or
- (f) **Insolvency:** the Issuer or the Guarantor or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any of the Principal Subsidiaries; or
- (g) **Winding-up:** an order is made in Hong Kong, the British Virgin Islands or such other relevant jurisdiction, as the case may be, where any Principal Subsidiary is located or an effective resolution passed for the winding-up or dissolution of the Issuer or the Guarantor or any of the Principal Subsidiaries, or the Issuer or the Guarantor ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of the Principal Subsidiaries; or
- (h) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of the Principal Subsidiaries; or
- (i) **Ownership:** the Issuer ceases to be wholly-owned and controlled by the Guarantor; or
- (j) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and/or the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done; or
- (k) **Illegality:** it is or will become unlawful for the Issuer and/or the Guarantor under the laws of Hong Kong to perform or comply with any one or more of its obligations under any of the Notes; or
- (l) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or

- (m) **Guarantee:** in the case of Notes issued by the Issuer, the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect,

For the purposes of this Condition 10:

“Principal Subsidiary” means at any time a Subsidiary of Wheelock:

- (i) whose profit (after taxation and before asset revaluation surplus/deficit and impairment provision) attributable to Wheelock (as relevant) represents at least 25 per cent. of the consolidated profit (after taxation and before asset revaluation surplus/deficit and impairment provision) of Wheelock and its consolidated Subsidiaries or whose total net assets attributable to Wheelock exceed 25 per cent. of the consolidated total net assets of Wheelock and its consolidated Subsidiaries, all as calculated by reference to the then latest audited financial statements (consolidated or unconsolidated, as the case may be or where no audited consolidated financial statements are available calculated by reference to the consolidated management accounts applicable to such Subsidiary as certified as being true and accurate by a director of Wheelock) of such Subsidiary and the then latest audited or unaudited consolidated financial statements of Wheelock; or
- (ii) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary,

and for such purpose, a certificate prepared by a director of Wheelock certifying that, in his/her opinion a Subsidiary is or is not or was or was not a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Noteholders; and

“Subsidiary” means a subsidiary of Wheelock; and **“subsidiary”** has the meaning given to it by Section 15 of the Companies Ordinance (Cap. 622) of Hong Kong.

11 Meeting of Noteholders and Modifications

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. 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 holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons 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 any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption 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 shown hereon, 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 the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 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 Noteholders (whether or not they were present at the meeting at which such resolution was passed), on all holders of Receipts and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the Noteholders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

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

(b) Modification of Agency Agreement

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

12 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 Fiscal 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 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 Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

The Issuer may from time to time, without the consent of the Noteholders or Couponholders, create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to “*Issue Date*” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “*Notes*” shall be construed accordingly.

14 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 Hong Kong. If 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 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 date of the first publication 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.

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer, failing whom the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16 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.

17 Governing Law and Jurisdiction

(a) *Governing Law*

The Notes, the Receipts, the Coupons and the Talons 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 and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons

(“*Proceedings*”) may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Service of Process*

Each of the Issuer and the Guarantor irrevocably appoints Law Debenture Corporate Services Limited of Eighth Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom as their agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

INITIAL ISSUE OF NOTES

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

Notes that are initially deposited with the Common Depositary 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 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 or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

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

EXCHANGE

Temporary Global Notes

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

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*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 a CMU Issue Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging 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.

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*”, 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 Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; or
- (ii) (1) 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 permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent (or, in the case of CMU Notes, the CMU Lodging Agent) of its election for such exchange.

Global Certificates

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

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

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the prior consent of the Issuer,

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

Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) 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 (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent (or, in the case of CMU Notes, the CMU Lodging Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes 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. 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 Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

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

AMENDMENT TO CONDITIONS

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes while they are in global form, 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 Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

In respect of a Global Note or a 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. For the purposes of this paragraph, “**Clearing System Business Day**” means a day on which the CMU is operating and open for business.

All payments in respect of Notes represented by a Global Note or a Global Certificate (other than a Global Note or 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 payment record date, being the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

Payments of principal, interest (if any) or any other amounts on a Global Note or a Global Certificate will be calculated in respect of the total aggregate amount of the Notes represented by the Global Note or Global Certificate as the case may be.

Prescription

Claims against the Issuer and/or the Guarantor (as the case may be) in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

Cancellation

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

Purchase

Notes represented by a permanent Global Note or a Global Certificate may only be purchased by the 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 Options

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

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes, while such Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held by or on behalf of a clearing system, may be exercised by (i) the holder giving notice to any of the Paying Agents (or in the case of CMU Notes, the CMU Lodging Agent) within the time limits in respect of which the option is exercised and presenting the Global Note or Global Certificate for endorsement or exercise (if required) or (ii) a holder of a book-entry interest in the Notes represented by the Global Note or Global Certificate delivering to any of the Paying Agents (or in the case of CMU Notes, the CMU Lodging Agent) the relevant exercise notice, duly completed by or on behalf of such holder (on appropriate proof of its identity and interest), in each case within the time limits specified in the Conditions and otherwise in accordance with the rules and procedures of the relevant clearing system. In the case of (ii) above, deposit of the Global Note or Global Certificate with any of the Paying Agents (or in the case of CMU Notes, the CMU Lodging Agent) together with such exercise notice shall not be required.

Events of Default

Each Global Note or Global Certificate provides that the holder may cause such Global Note or Global Certificate, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note or Global Certificate that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer and/or the Guarantor (as the case may be) under the terms of an amended and restated deed of covenant executed as a deed by Wheelock and the Issuer on 19 October 2023 (and as may be further amended, supplemented, replaced and/or restated from time to time) to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion of Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

Notices

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or such Global Certificate is held on behalf of (i) Euroclear and/or Clearstream or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or the Global Certificate or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the 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. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

REGISTERED NOTES

Registered Notes will initially be represented by interests in a Global Certificate, without interest coupons, deposited with a common depository for, and registered in the name of a nominee of, Euroclear and Clearstream or a sub-custodian for the CMU on its issue date. Any Global Certificate will bear a legend applicable to purchasers who purchase the Registered Notes pursuant to Regulation S.

RISK FACTORS

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

RISKS RELATING TO THE ISSUER

The Issuer is a special purpose vehicle.

The Issuer is a special purpose financing vehicle. Its principal activity is the arrangement of funds through the issuance of guaranteed notes to external parties and the lending of funds raised to its fellow subsidiaries. The Issuer has limited assets as recourse for Noteholders. Apart from the arrangements with respect to the Programme, the issuance of Notes and the on-lending of proceeds thereof to the Group, the Issuer has not undertaken any substantial business activities since the date of its incorporation, 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 Group.

The insolvency laws of the British Virgin Islands may differ from the insolvency laws in jurisdictions with which the holders of the Notes are familiar. As the Issuer is incorporated under the laws of the British Virgin Islands, an insolvency proceeding relating to the Issuer may involve the insolvency laws of the British Virgin Islands, the procedural and substantive provisions of which may differ from comparable provisions of jurisdictions with which the holders of the Notes are familiar. As a result, Noteholders may not have the same level of protection as may be available under the laws of other jurisdictions with which the holders of the Notes are familiar.

RISKS RELATING TO THE GUARANTOR

The Guarantor is a holding company and has limited operations of its own.

The Guarantor primarily operates through its subsidiaries, associates and joint ventures. As a result, the Guarantor's obligations in respect of the Notes will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries, associates and joint ventures (other than the Issuer). All claims of the creditors of these subsidiaries, associates and joint ventures (including trade creditors, lenders and all other creditors) will have priority as to the assets of such entities over claims of the Guarantor and the Guarantor's creditors, including Noteholders as beneficiaries of the Guarantee. Accordingly, the Guarantor depends, to a significant extent, on the receipt of dividends from its subsidiaries, associates and joint ventures to make payments with respect to its obligations (including its obligations under the Guarantee) and provide funds to its subsidiaries, associates and joint ventures. The ability of subsidiaries, associates and joint ventures of the Guarantor to pay dividends to their shareholders (including the Guarantor) is subject to the performance and cash flow requirements of such subsidiaries, associates and joint ventures and to applicable laws and other restrictions. The ability of the Guarantor's subsidiaries, associates and joint ventures in Mainland China to pay dividends and repay inter-company loans or advances is subject not only to, amongst others, distributable earnings, cash flow conditions, restrictions contained in the articles of association of the subsidiaries, associates and joint ventures, applicable laws and other restrictions, but also foreign exchange controls, see "*PRC Currency Controls*". These restrictions could reduce the payment amount or delay the timing of the payment that

the Guarantor receives. No assurance can be given that the Guarantor will have sufficient cash flows from dividends to satisfy its obligations as Guarantor in respect of the Notes, or that its subsidiaries, associates and joint ventures will pay dividends at all.

The Group's revenue and results of operations may fluctuate from period to period.

Part of the Group's revenue is derived from the sale of properties held for sale. The Group's results of operations may fluctuate in the future due to a combination of factors, including but not limited to the overall development schedule of its property projects, the level of interest in the properties by prospective purchasers, the proposed timing for completion and sale of the Group's developed properties, the Group's revenue recognition policies, property acquisition costs and price volatility in construction-related and development expenses. Most of the Group's commercial property projects require at least a year or more to complete, whereas the Group's residential property projects typically require a few years to complete and are often undertaken in phases. Selling prices of developed properties are often higher closer to completion, due in part to the more established community available to prospective purchasers. Furthermore, according to the Group's accounting policies for revenue recognition, the Group recognises revenue from the sale of properties only upon completion of the relevant contracts of sale, which, in the case of pre-sold residential properties, would typically be at the same time as the delivery of the completed properties to the purchasers. As such, even where a sale and purchase agreement has been entered into by the Group, the Group can only recognise revenue from such sale upon successful completion of that transaction. There could be a time gap ranging from several months to a number of years between the date on which the Group commences pre-sale of its residential properties and the date on which completed properties are delivered to the purchasers.

Accordingly, the Group's results of operations may vary significantly from period to period depending, in part, on the GFA sold and the timetable for the completion and delivery of properties contracted for sale. Historically, periods in which the Group completed more of its GFA have often generated a higher level of revenue. Periods in which the Group sells or pre-sells a considerable amount of aggregate GFA, however, may not necessarily generate a higher level of revenue if such sold or pre-sold properties are not completed within the same period. The Group's results of operations are also affected by the limitation that during any particular period of time, it can only undertake a limited number of projects due to the substantial capital requirements for property or land acquisitions, the construction costs and the limited supply of appropriate buildings or land.

The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may generate revenue and incur expenses in other currencies, including but not limited to Renminbi. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore have an impact on the Group's performance. Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's financial condition or results of operations.

For the year ended 31 December 2022, Wheelock (on a consolidated basis) reported net provision impairment of HK\$5,751 million made for certain development properties in Mainland China and Hong Kong, a decrease in fair value of investment properties of HK\$453 million. Together with the attributable revaluation deficit for investment properties of HK\$7,064 million from Wharf Real Estate Investment Company Limited ("*Wharf REIC*") together with its subsidiaries (collectively, the "*Wharf REIC Group*"), Wheelock (on a consolidated basis) reported a loss attributable to equity shareholders of HK\$3,659 million.

The Group's businesses are subject to the effects of global economic events.

Economic events outside Hong Kong and Mainland China may adversely affect the Group's businesses. In recent years, there has been a slowdown in the overall growth of the Mainland China economy. In particular, the COVID-19 pandemic and the downturn in the property sector have had an adverse impact

on the Mainland China economy. In Asia and other emerging markets, some countries are experiencing increasing inflationary pressure. The UK's exit from the European Union, the U.S. government's policies and its continued controversy with the PRC government over trade policies, political and other issues as well as other geopolitical events such as the continued tensions in the Middle East and the Korean peninsula could also create uncertainties for, and significantly undermine the stability of, the global economy and financial markets. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries, such as the collapse of Silicon Valley Bank and the acquisition of Credit Suisse Group AG by UBS Group AG. In addition, the ongoing military conflict between Russia and Ukraine has been contributing to increases in the price of energy, oil and other commodities and creating volatility in the global financial markets as well as a new landscape in the international sanctions regime. There is no assurance that economic and fiscal policy measures implemented by the Hong Kong, PRC and international governments in response to global economic events will have the intended effects, that a global economic downturn will not occur or that the market volatility will not persist. Any severe or prolonged slowdown or instability in the global economy or financial markets may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

In addition, there have been significant fluctuations in market interest rates in recent years. Mismatches between the supply and demand of goods and services contributed to a rise in inflation in 2021 and the United States Federal Open Market Committee (the "*FOMC*") has raised its benchmark interest rates multiple times since 2022 to counteract rising inflation. Fluctuations in interest rates may result in continued and significant volatility in global capital markets and adversely affect business and consumer confidence. In particular, the interest rate environment in Hong Kong has become volatile following the rate hike cycle in the United States, which could adversely affect the Group's financial condition, liquidity and profitability.

The outlook for the global economy and financial markets remain uncertain. If economic conditions were to worsen, if economic recovery fails to continue or if an economic slowdown were to return, the Group may have difficulties accessing financial markets, which could make it more difficult or expensive to obtain funding. In addition, there is no assurance that the Group will be able to raise finance at reasonable costs, or at all. The Group may also be subject to solvency risks of banks and of its counterparties in its financial arrangements and contracts. Any or all of the above may have a material adverse effect on the operations of the Group, which in turn may materially and adversely affect the Group's business, financial condition, results of operations and prospects. See "*— Economic, political, social, legal and regulatory developments in Hong Kong and Mainland China could adversely affect the Group's business*" and "*— The Group's prospects may be adversely affected by an outbreak, epidemic and/or pandemic of infectious or contagious diseases and/or other adverse public health developments, natural disasters or other catastrophic events, terrorist attacks or criminal attacks, other acts of violence or war, or social instability or public demonstrations*" for further information.

Economic, political, social, legal and regulatory developments in Hong Kong and Mainland China could adversely affect the Group's business.

Some of the Group's assets are located in, and a portion of the Group's revenue is derived from, Hong Kong. As a result, any adverse change in the general state of the Hong Kong economy, the interest rate environment and the political, social, legal and regulatory situation in Hong Kong will affect the Group's results of operations and financial condition. In addition, any instability in the local economic, political and social landscape which may arise from events beyond the Group's control, in particular, if significant and prolonged, may materially and adversely affect the Group's business, financial condition, results of operations and prospects. For example, civil unrests and an uncertain political environment may impact the Hong Kong economy and result in an economic slowdown. In addition, any spread of communicable diseases or public health emergencies such as the outbreak of the COVID-19 pandemic may cause severe disruption to business and economic activities in Hong Kong, Mainland China and globally and adversely

impact consumer and investor confidence, decrease consumer spending and trading activities and affect inbound tourism to Hong Kong, all of which in turn may have a negative impact on the Hong Kong economy. While the Hong Kong SAR government has introduced certain economic relief measures to support the Hong Kong economy, there is no assurance that such measures will have the intended effects. See “— *The Group’s businesses are subject to the effects of global economic events*” and “— *The Group’s prospects may be adversely affected by an outbreak, epidemic and/or pandemic of infectious or contagious diseases and/or other adverse public health developments, natural disasters or other catastrophic events, terrorist attacks or criminal attacks, other acts of violence or war, or social instability or public demonstrations*” for further information. Any significant or sudden economic slowdown, recession, adverse public health developments or other adverse changes or developments in the economic, political and social landscape in Hong Kong may result in a decline in the Group’s profitability and materially affect the Group’s business and expansion strategy, financial results and profitability.

Furthermore, any disruption to the Hong Kong economy such as an increase in the unemployment rate, an upsurge in interest rates, labour disputes, the occurrence of social unrests, persistent high oil prices, a slowdown in the rate of economic growth in Hong Kong, Mainland China or the global economy may have an adverse impact on the Group’s financial condition, asset value, results of operations and prospects. Hong Kong is a Special Administrative Region of the PRC, with its own government and legislature. The Joint Declaration between the PRC and British governments and the Basic Law, the “mini-constitution” for Hong Kong, provide that Hong Kong will have a high degree of legislative, judicial and economic autonomy, that the socialist system and policies of Mainland China will not be practised in Hong Kong, and that Hong Kong’s capitalist system and way of life shall remain unchanged for 50 years. Hong Kong has enjoyed autonomy since 1 July 1997 when Mainland China resumed the exercise of sovereignty over Hong Kong. However, if there were any change in the political, social or legal environment in Hong Kong, the Group’s business and financial condition could be adversely affected.

The PRC government exercises significant control over the economic growth of Mainland China through the allocation of resources, controlling the payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Any future actions and policies adopted by the PRC government could materially affect the economy of Mainland China, which may adversely affect the Group’s business, financial condition and results of operations. See “— *Risks specific to the Group’s business in Mainland China*”.

The Group’s prospects may be adversely affected by an outbreak, epidemic and/or pandemic of infectious or contagious diseases and/or other adverse public health developments, natural disasters or other catastrophic events, terrorist attacks or criminal attacks, other acts of violence or war, or social instability or public demonstrations.

The Group’s operations and financial condition could be materially and adversely affected by any outbreak, epidemic and/or pandemic of (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of) infectious or contagious diseases and/or other adverse public health developments in Hong Kong, Mainland China or elsewhere. In particular, the COVID-19 pandemic, as well as policies such as travel restrictions, mandatory quarantine measures, stay-at-home orders and lockdowns implemented by governments in response to the COVID-19 pandemic, had led to a significant decline in visitor arrivals and caused disruption to business and economic activities in Hong Kong, Mainland China and globally. The Group’s business, including the operation of and demand for its investment properties and hotels, the construction, completion and sales of its development projects in Mainland China, the construction, completion and sales of its residential properties, the supply chain of its logistics infrastructure segment as well as the business operations and financial condition of its contractors, counterparties, customers and tenants, have been negatively impacted by the COVID-19 pandemic, which in turn has materially and adversely affected the Group’s financial condition, results of operations and profitability.

Although the labour market is gradually improving as disruption caused by the COVID-19 pandemic begins to recede, consumer confidence and sentiment remain weak due to external macro uncertainties and weaker asset prices. The relaxation of travel restrictions has also created uncertainties for many economic sectors. In addition, the COVID-19 pandemic has continued to affect many countries globally and there remain significant uncertainties as to how the COVID-19 pandemic will evolve. It is difficult to predict the magnitude of the impact of the COVID-19 pandemic on the Hong Kong, Mainland China and global economies. Any change in government policies or resurgence of the COVID-19 pandemic, or the emergence of an epidemic in the future, could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

In addition, all levels of business in Hong Kong, Mainland China and other Asian countries were adversely affected by the outbreak of the Severe Acute Respiratory Syndrome (“SARS”) in 2003. There have also been sporadic outbreaks of the H5N1 Avian Influenza A among birds, in particular poultry, as well as some isolated cases of transmission of the virus to humans. In 2009 and 2010, there were also outbreaks among humans of the H1N1 Avian Influenza A. Other recent epidemics include the Middle East Respiratory Syndrome (MERS), the H7N9 Avian Influenza A, the Ebola virus disease and the Zika virus disease. The occurrence of another outbreak, epidemic and/or pandemic of (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of) the COVID-19 pandemic, SARS, the H1N1 Avian Influenza A or any other infectious or contagious diseases (whether known or unknown to the world) and/or other adverse public health developments in Hong Kong, Mainland China or elsewhere may result in another regional and/or global economic downturn and could materially and adversely affect the overall level of business and travel activities in the affected areas and/or globally, which in turn could have a material adverse effect on the Group's and the Group's tenants' business, financial condition, results of operations and prospects.

Moreover, natural disasters or other catastrophic events, such as earthquakes, floods or severe weather conditions affecting Hong Kong or Mainland China could, depending on their magnitude, significantly disrupt the Group's business operations. Terrorist attacks, criminal attacks, other acts of violence or war, or social instability or public demonstrations, could also have a negative impact on economic conditions in regions where the Group operates, including with respect to travel and leisure expenditures, which in turn could disrupt the Group's operations. More specifically, an actual, threatened or potential terrorist attack, criminal attack, other social instability or public demonstration occurring in, associated with or targeted at the Group's properties or adjacent areas could deter or prevent people from using them. The occurrence of any of the above would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Interim financial information of Wheelock included in this Offering Circular has not been audited by the Guarantor's independent auditor, KPMG, or any other independent auditors. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

This Offering Circular includes summary unaudited interim financial information relating to specified line items (the “*Interim Specified Line Items*”) extracted from Wheelock's interim unaudited consolidated financial statements as at and for the six months ended 30 June 2022 and 2023, which have not been audited by the Guarantor's independent auditor, KPMG, or any other independent auditors. The Interim Specified Line Items should not be relied upon by potential investors to provide the same type or quality of information associated with information that has been subject to an audit by an independent auditor. In addition, the Interim Specified Line Items comprise of selected line items only and do not present the audited financial information of the Group as at and for the periods specified. In particular, potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. The Interim Specified Line Items should not be taken as an indication of the expected financial condition and results of operations of the Group for the full financial year ending 31 December 2023 or be treated as representative of or presenting a complete or true and fair view of the financial position of the Group and the results of operations and changes in financial position of the Group for the periods specified. None of the Arranger, any of the Dealers or the Agents (nor any of their

respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls any of them) makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of the Interim Specified Line Items for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations.

Certain historical consolidated financial information of Wheelock may not be comparable to the consolidated financial information of Wheelock for subsequent periods.

Following completion of the privatisation of Wheelock by way of a scheme of arrangement under section 673 of the Companies Ordinance in July 2020, Wheelock's effective interests in The Wharf (Holdings) Limited ("**WHL**") and Wharf REIC has been adjusted and Wharf REIC ceased to be a subsidiary of the Guarantor and is accounted for as an associate thereafter under the equity method of accounting. As such, certain historical consolidated financial information of Wheelock before July 2020 may not be comparable to the consolidated financial information of Wheelock for subsequent periods. Potential investors must therefore exercise caution when using such historical financial information to evaluate the Group's financial condition and results of operations.

The continuing success of the Group depends on key management personnel.

The continuing success of the Group depends on key management personnel and the continued service of its executive officers and other skilled managerial and technical personnel. Competition for qualified personnel is intense. The Group's business could be adversely affected if the service of a number of key personnel was lost and if the Group could not recruit suitable replacements in a timely manner. Furthermore, as the business of the Group continues to grow, the Group will need to recruit, retain and train additional qualified personnel. If the Group fails to recruit, retain or train qualified personnel, its business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group's results of operations include revaluation adjustments which are unrealised and the future fair value of its investment properties is likely to fluctuate from time to time.

The Group has adopted a policy of measuring its investment properties at fair value, and as a result it is required under HKFRS to reassess the fair value of its investment properties at each reporting date for which it issues financial statements. Under HKFRS, the revaluation deficit or surplus arising on revaluation on investment properties is recognised as "decrease/increase in fair value of investment properties" in the consolidated income statement in the period in which they arise.

Fair value gains or losses do not change the Group's cash position as long as the relevant investment properties are held by it and, therefore, do not increase or decrease the Group's liquidity in spite of the increased or decreased profit. Therefore, fair value gains would not generate any cash flow from which dividends could be paid. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. Given the size of the Group's investment property portfolio, any significant change in the fair value of the Group's investment properties may significantly affect the Group's financial results and may not be able to truly reflect the Group's operating performance. There is no assurance that the Group will not record any decrease in the fair value on the Group's investment properties in the future and any significant decrease in the fair value of the Group's investment properties in the future may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

RISKS RELATING TO PROPERTY DEVELOPMENT AND THE GROUP'S INVESTMENT PROPERTIES

The property markets in Hong Kong and Mainland China are volatile, which could adversely affect the Group's business.

Historically, Hong Kong property values have been volatile as they are affected by the supply of, and the demand for, comparable properties and the policies of the Hong Kong SAR government, including the amount of new land made available by the Hong Kong SAR government to third parties as well as to MTR Corporation Limited over or near the stations of its mass transport networks. In addition to releasing more land for development and public housing, a series of measures are in place to curb speculation and restrain rising prices in the Hong Kong property market.

The Residential Properties (First-hand Sales) Ordinance became law on 29 April 2013. This ordinance sets out detailed requirements in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements and the mandatory provisions of preliminary agreement for sale and purchase and agreement for sale and purchase for the sales of first-hand residential properties.

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

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

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

The Stamp Duty (Amendment) (No. 2) Ordinance 2018 (the "*2018 Amendment Ordinance No. 2*") was gazetted on 20 April 2018. The 2018 Amendment Ordinance No. 2 provides, amongst others, that acquisition of more than one residential property under a single instrument executed on or after 12 April 2017, unless specifically exempted or provided otherwise, will be subject to AVD at the rate under Part 1

of the Scale 1 rates, i.e. a flat rate of 15% of the consideration or value of the residential property, whichever is higher, even if the purchaser or transferee is a Hong Kong permanent resident acting on his/her own behalf and does not own any other residential property in Hong Kong at the time of acquisition.

The Stamp Duty (Amendment) Ordinance 2021 (the “**2021 Amendment Ordinance**”) was gazetted on 19 March 2021. The 2021 Amendment Ordinance provides, amongst others, that any instrument executed on or after 26 November 2020 for the sale and purchase or transfer of non-residential property, unless specifically exempted or provided otherwise, will be subject to AVD at rates equal to half of the rates under Part 2 of the Scale 1 rates (“**Scale 2 rates**”).

The Stamp Duty (Amendment) (No. 2) Ordinance 2023 (the “**2023 Amendment Ordinance No. 2**”) was gazetted on 25 May 2023. The 2023 Amendment Ordinance No. 2 makes adjustments in the value bands on which the Scale 2 rates apply and provides, amongst others, that the new value bands are applicable to any instrument executed at 11 a.m. on 22 February 2023 or thereafter for the sale and purchase or transfer of residential property or non-residential property that is subject to AVD at Scale 2 rates, unless provided otherwise.

On 29 June 2018, the Hong Kong SAR government proposed a tax on vacant first-hand private residential units (the “**Vacancy Tax**”) to encourage developers to release residential units more quickly into the market and expedite the supply of first-hand homes. 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 months at or above the market rent after the issue of the occupation permit will be considered vacant and subject to the Vacancy Tax charged at two times the annual rateable value of the units. On 13 September 2019, the Hong Kong SAR government gazetted the Rating (Amendment) Bill 2019 (the “**Bill**”) to implement the proposed Vacancy Tax at the Legislative Council and in May 2020, a Bills Committee was formed to study the Bill. On 23 June 2020, members of the Bills Committee decided to discontinue their scrutiny works on the Bill. The Hong Kong SAR government had made a statement that it would take into account the prevailing market circumstances when considering whether to reintroduce the Bill into Legislative Council for scrutiny in the next legislative term. If implemented, the Vacancy Tax may have an adverse effect on the Group’s business, financial condition and results of operations.

On 16 October 2019, the Hong Kong SAR government expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90% loan-to-value ratio (“**LTV**”) has been raised from HK\$4 million to HK\$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80% LTV has also been raised from HK\$6 million to HK\$10 million. On 23 February 2022, the Mortgage Insurance Programme for completed residential properties has been further amended to provide assistance to home buyers with housing needs. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90% LTV has been raised to HK\$10 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80% LTV has also been raised to HK\$12 million. In addition, coverage of the Mortgage Insurance Programme has been extended to properties valued from above HK\$12 million and up to HK\$19.2 million, subject to a mortgage loan cap of HK\$9.6 million. On 7 July 2023, the Mortgage Insurance Programme for completed residential properties has been further amended for the same purpose. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 80% LTV has been raised to HK\$15 million. Coverage of the Mortgage Insurance Programme has also been extended to properties valued from above HK\$15 million and up to HK\$30 million, subject to a mortgage loan cap of HK\$12 million or a maximum of 70% LTV, whichever is higher.

As the introduction of these measures are subject to policy changes reflecting domestic, political and/or economic circumstances, there is no assurance that the Hong Kong SAR government will not introduce

further measures in the future that may have a significant impact on the Hong Kong property market, which in turn may affect the Group's financial condition and results of operations.

The HKMA also imposes a number of measures applicable to the provision of loans secured over real estate by banks in Hong Kong aimed at protecting the depositors of those banks from the risk of a collapse in real estate prices in Hong Kong. On 27 February 2015, the HKMA announced a series of countercyclical measures to banks in relation to property mortgage lending to strengthen banks' risk management and resilience, with immediate effect, namely, (i) the maximum LTV for self-use residential properties with a value below HK\$7 million was lowered by a maximum of 10 percentage points. For example, the maximum LTV applicable to properties with a value of HK\$6 million or below and subject to the LTV cap of 70% was lowered to 60%, (ii) the maximum debt-servicing ratio ("*DSR*") for borrowers who buy a second residential property for self-use was lowered to 40% from 50%, and the stressed-*DSR* cap was lowered to 50% from 60% and (iii) the maximum *DSR* of mortgage loans for all non-self-use properties, including residential properties, commercial and industrial properties and car park spaces, was lowered to 40% from 50%, and the stressed-*DSR* cap was lowered to 50% from 60%. On 19 May 2017, the HKMA further announced a series of new measures to banks in relation to property mortgage lending to strengthen the risk management of banks and safeguard banking stability, with immediate effect, which include, amongst others, (i) to lower the applicable LTV cap by 10 percentage points for property mortgage loans involving borrowers and/or guarantors with one or more pre-existing mortgage loans, in addition to the existing requirement of lowering the applicable *DSR* limit by 10 percentage points for these loans and (ii) to lower the applicable *DSR* limit by 10 percentage points for property mortgage loans extended to borrowers whose income is mainly derived from outside of Hong Kong, on top of the existing requirement of lowering the applicable LTV cap by 10 percentage points for these loans. On 19 August 2020, the HKMA relaxed the countercyclical measures for mortgage loans on non-residential properties. The applicable LTV caps for mortgage loans on non-residential properties were adjusted upward by 10 percentage points, from 40% to 50% for general cases, with effect from 20 August 2020. On 7 July 2023, the HKMA further adjusted the countercyclical measures for property mortgage loans, with immediate effect, which include, amongst others, (i) for residential properties for self-occupation, the maximum LTV will be adjusted to 70% for properties valued at HK\$15 million or below, and 60% for properties with a value of more than HK\$15 million and up to HK\$30 million, (ii) the maximum LTV for non-residential properties will be adjusted from 50% to 60%, (iii) for mortgage loans assessed based on the net worth of mortgage applicants, the maximum LTV will be adjusted from 40% to 50%. This adjustment is applicable to both residential properties and non-residential properties and (iv) the existing requirements to lower the applicable maximum LTV and *DSR* limit by 10 percentage points for mortgage applicants whose incomes are mainly derived from outside of Hong Kong will be lifted. In addition, the existing requirement to apply a 5-percentage-point knock down on applicable *DSR* limits when mortgage applicants' total mortgage finance exceeds the HKMA's normal permissible LTV ceilings by 20 percentage points will be removed. These regulatory changes (and any further measures which the Hong Kong SAR government may introduce from time to time in the future) may have an adverse effect on the property market, and in turn, the Group's business, financial condition, results of operations, prospects and profitability.

Since 2005, the Group has acquired sites in various cities in Mainland China for development. The property market in Mainland China has been volatile as it is affected by numerous factors, including but not limited to the supply of and demand for comparable properties, the amount of new land made available by the Municipal Bureaus of Land and Resources, the rate of urbanisation in Mainland China, government policies towards the property market and events such as the availability of end-buyer mortgages as well as political and economic developments in Mainland China. In recent years, the Mainland China development property market has been concurrently affected by economic factors and government policies, including but not limited to changes affecting the issue of pre-sale licences and permitted selling price, mortgage levels and ownership, interest rate changes, supply and demand conditions as well as the overall economic volatility in Mainland China, which may affect the Group's investment strategies and business model as well as the Group's business, financial condition, results of operations, prospects and profitability. See also "*Risks specific to the Group's business in Mainland China*".

Any of the above factors and any significant drop in property prices and/or liquidity in the Hong Kong or Mainland China property market may adversely affect the Group's business, financial condition, results of operations, prospects and profitability.

The Group is subject to project development risks.

The Group is subject to significant risks relating to property development when compared with companies which acquire existing investment properties. Such risks, amongst others, include the financing risks for property under development, construction not being completed on schedule or within budget due to unforeseen infrastructure or engineering problems, delays in land site clearance, workforce shortages, unexpected increases in building costs, property design feasibility problems, interruptions caused by environmental or weather constraints, problems with independent contractors and changes to government policies and regulations. Contractors may undertake projects for other developers and the time and costs involved in completing construction can also be adversely affected by many factors, including but not limited to shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with subcontractors, accidents, changes in government priorities and other unforeseen circumstances. In addition, major contractors may experience financial or other difficulties that could affect their ability to carry out the construction works, which in turn may delay the completion of the Group's development projects or result in additional costs for the Group. There is no assurance that the Group's projects will be completed in a timely manner or with satisfactory quality within the original budget.

Failure to complete and/or deliver a pre-sold property in a timely manner may cause the Group to be liable to the relevant purchasers for losses suffered by them. The Group's failure to complete property development projects in the time required by pre-sale contracts may entitle purchasers to claim damages under the pre-sale contracts, and in the event that such failure causes a delay that extends beyond any grace period stipulated in the pre-sale contracts, purchasers may be entitled to terminate the pre-sale contracts, claim damages and request a refund of their purchase amount together with interest.

All these risks may adversely affect the timeliness of project completion and investment returns generated from development property projects undertaken by the Group and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group derives a portion of its revenue from its investment property portfolio, the performance of which depends on a number of factors, including but not limited to volatility in market rental levels and occupancy rates, competition for tenants maintenance and repair costs and rental collection and renewal.

Part of the Group's business is constituted by the leasing of its investment properties. The Group is subject to risks incidental to the ownership and operation of commercial properties, including but not limited to volatility in market rental levels and occupancy rates, competition for tenants, costs resulting from ongoing maintenance and repair and the inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, the Group may not be able to renew leases with its tenants on terms acceptable to it, or at all, upon the expiration of the existing terms. The Group's rental income may experience more frequent adjustments resulting from competition arising from an oversupply in retail and office areas. Furthermore, rental levels may also be impacted by external economic and market conditions, including but not limited to the fluctuations in general supply and demand, performance in stock markets and financial volatility, which may indirectly affect the revenue and profitability of the Group's investment properties. Any downturn in the rental market for retail and/or office premises in general could adversely affect the demand for the Group's rental properties and revenue. The occurrence of any of these events may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's revenue and profit are affected by its ability to continue to attract and retain quality tenants.

The Group's investment properties compete for tenants with other properties on the basis of, amongst others, location, quality, maintenance, property management, rental levels and other lease terms. There is no assurance that existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with the Group's investment properties would increase the competition for tenants and, as a result, the Group may have to reduce rent or incur additional costs to make its properties more attractive. If the Group is unable to retain its existing tenants or attract new tenants to replace those that have left or to lease its new properties, occupancy rates of the Group's properties may decline. If the Group is unable to attract renowned brands as tenants or retain existing tenants that bring in renowned brands to its properties, its investment properties may become less attractive and less competitive. The occurrence of any of these events may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

There is no assurance that third-party contractors will always meet the quality standards of the Group and provide services in a timely manner.

The Group employs third-party contractors to carry out various works, including but not limited to design, construction, structural engineering, internal decoration, landscaping, electrical and mechanical engineering and lift installation. Despite the Group's project management, there is no assurance that such third-party contractors will always provide satisfactory services. In addition, the Group may not be able to engage third-party contractors with the appropriate experience and on favourable terms. Moreover, as is common in the property industry, completion of the required property development, maintenance, repairs, refurbishment, redevelopment and/or renovation may be delayed and the Group may incur additional costs due to a contractor's financial or operational difficulties. The Group's contractors may undertake projects for others thereby diverting resources, engage in risky undertakings or otherwise encounter financial or other difficulties, any of which may cause delays in the completion of the Group's projects and result in additional costs for the Group. The services rendered by independent contractors may not always meet the quality standards of the Group. Any of these factors could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is subject to risks associated with the title of its properties.

In Hong Kong, structural alterations of properties are subject to prior approval by the Building Authority of the Hong Kong SAR government (the "BA"). The BA may issue warning notices and/or building orders in relation to certain parts of a property or the common areas of a building if there are alteration works carried out without the required permits or consents. If the subject matter as stated in the warning notice is not rectified within the specified period, the BA may issue a building order which may constitute title defects in respect of the relevant property, unless and until the relevant requirements as set out in the building order have been duly complied with. The works required to comply with warning notices and/or building orders may involve substantial costs to be borne by the owners. Under Hong Kong law, the existence of these title defects and other title issues do not prevent the relevant properties from being sold, purchased, or being suitable for acceptance by banks as security for granting mortgages. Nevertheless, any title defect on any property may have adverse effect on the value of such property. If such property has been contracted for sale with a prospective purchaser, such title defect may entitle the prospective purchaser to refuse completion of the sale and purchase transaction.

There is no assurance that the Group's properties held for investment purposes or the common areas of the building in which such properties are situated will not be subject to any warning notice or building order. If any warning notice or building order is issued against the Group's properties and the subject matter cannot be rectified by the Group and/or other owners of the building in a timely manner, or at all, the sale of the Group's properties may be affected, which in turn may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Potential liabilities for environmental problems could result in costs to the Group.

The Group is subject to various laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, its environmental condition, the present and former uses of the site, as well as any adjoining properties. Environmental laws and conditions may result in delays to the Group's property development projects, cause the Group to incur compliance and other costs and/or prohibit or severely restrict project development activities in environmentally-sensitive regions or areas.

Each project developed by the Group in Hong Kong or Mainland China is required under applicable laws and regulations to undergo environmental assessments. Furthermore, an environmental impact assessment document is required to be submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request the Group to submit additional environmental impact documents, issue orders to suspend the construction and/or impose penalties for any project that has not, prior to the commencement of construction, received approval following the submission of the environmental impact assessment documents. Although the environmental investigations conducted to date have not revealed any environmental liability that the Group believes would have a material adverse effect on its business, financial condition or results of operations, it is possible that these investigations did not reveal all environmental liabilities, or that there are material environmental liabilities of which the Group is unaware. In such circumstances, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group is subject to risks relating to accidents, injuries, prohibited activities or other incidents which may not be covered by insurance.

The Group maintains insurance coverage on all of its properties under construction, third party liabilities and owner's liabilities in accordance with what it believes to be industry standards. However, the Group may become subject to liabilities for hazards which it cannot insure against or which it may elect not to insure against because the premium costs are disproportionate to the level of risks concerned or other reasons. In particular, the Group's insurance policies generally do not cover certain types of losses incurred due to events such as war, civil disorder, acts of terrorism, pollution, fraud, professional negligence and acts of God. Any losses may significantly affect the Group's business operations and the Group may not have sufficient funds to replace any property destroyed as a result of such hazards. Furthermore, the Group's insurers may become impaired and financially unable to meet claims.

In addition, where insurance is taken out in relation to properties which are owned by a joint venture or an associate in which the Group is interested, there is no assurance that such properties are insured in accordance with the same standards which the Group applies when taking out insurance in respect of its own properties.

Furthermore, accidents, injuries, prohibited activities or other incidents, such as theft, may occur from time to time. Such accidents, injuries, prohibited activities and other incidents may expose the Group to liabilities or other claims by its customers and other third parties. The occurrence of such accidents, injuries, prohibited activities or other incidents at any of the Group's investment properties, construction sites or hotels could adversely affect the Group's reputation among shoppers, tenants of its properties and hotel guests (as applicable), harm the Group's brand, decrease its overall rents and occupancy rates and increase its costs by requiring the Group to implement additional safeguard measures. In addition, if accidents, injuries, prohibited activities or other incidents occur at any of the Group's investment properties, construction sites or hotels, the Group may be held liable for costs, damages and fines and there is also a risk that the Group's operations may be suspended as a result. Although the Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents, injuries, prohibited activities or other incidents which are not covered by these arrangements

could occur. The occurrence of any such accidents, injuries, prohibited activities or other incidents which are not covered by insurance and the resulting payment the Group may be required to make to cover any losses, damages or liabilities could adversely affect the Group's business, financial condition, results of operations and prospects. Moreover, whilst due care is taken by the Group and its employees in the selection and supervision of its independent contractors, it is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

The Group is subject to a tightened credit environment.

Development properties require significant amount of capital. The Group has traditionally financed land acquisition, development properties and investment properties through a combination of equity, borrowings and access to the debt capital markets. The Group's ability to arrange for external financing and the costs of such financing is dependent on a number of factors, including but not limited to general economic conditions, interest rates, credit availability from banks, investor confidence in the Group and the legal and regulatory environment. As a result of concerns for heightened inflation and asset-bubble risks, the availability of credit in the global credit and financial markets may decrease. Regulatory authorities in both developed and developing countries have issued regulations to further tighten traditional bank lending, including capital reserve requirements. Where the Group's unsecured bank borrowings are on a floating rate basis, fluctuations in interest rates may increase the Group's interest expenses. In the event of any adverse change in the capital markets, the Group may have difficulties in accessing new financing sources, which could make it more difficult or expensive for the Group to obtain funding in the future. In light of the above, no assurance can be given that the Group will be able to raise financing at a reasonable cost, or at all.

The Group is subject to the cyclical nature of consumer demand and commercial market sentiment.

The Group derives a portion of its revenue from shopping malls and office properties which are closely tied to general consumer demand and commercial market sentiment. Any change in such general consumer demand and commercial market sentiment can affect the overall economic outlook and investor confidence, leading to changes in the tenant mix and credit standing of tenants. Competition from new market entrants and fluctuations in the level of disposable household income may adversely affect the Group's relative bargaining position with its tenants in terms of lease rates, tenure and frequency of rental revisions, which in turn could adversely affect the Group's revenue and materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Some of the Group's development and investment property projects are undertaken through joint ventures.

The Group has invested in joint venture companies to develop, own and/or manage some of its development properties and investment properties in Hong Kong and Mainland China. Certain corporate actions of these joint ventures require approval from all partners. If there are any significant disputes or issues with respect to its joint venture partners which could not be resolved, they could have a material adverse effect on the success of these properties, which in turn could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business may be adversely affected in the future if it is unable to acquire land at favourable prices.

Property is the Group's most important business segment and the Group's business and results of operations are dependent, in part, on the availability of land suitable for development as well as the Group's ability to replenish its land bank at a favourable cost. The Group has enjoyed a competitive advantage in this segment because several of its projects in Hong Kong and Mainland China are located on sites that were acquired by the Group at a relatively favourable cost. There is no assurance that the

Group will be able to obtain additional land for development properties in Hong Kong or Mainland China at similarly favourable prices in the future. The occurrence of such circumstances may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Cash conversion risks of property assets and liquidity risks.

As development properties, investment properties and hotels are relatively illiquid in general, the Group's ability to liquidate one or more of its properties may be limited or it may be required to discount property prices significantly to ensure a timely sale in case of any market downturn if the Group is unable to satisfy its obligations from its cash and bank balances, committed undrawn banking facilities or from the capital markets.

Development properties, investment properties and hotels cannot be readily converted to alternative uses, as such conversion requires extensive government approvals and involves substantial capital expenditure and time for refurbishment and renovation. There is no assurance that the Group will obtain the necessary approvals and sufficient funds to carry out such conversion. These factors and any other factors that would impede the Group's ability to respond to adverse changes in the performance of its development properties, investment properties and hotels could affect the Group's ability to compete against its competitors. The occurrence of any of these events may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may be involved in disputes and legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result.

The Group may be involved in disputes arising out of the leasing, usage, development or sale of its properties with tenants, residents, residents of surrounding areas, contractors, suppliers, construction workers, co-investors, joint venture partners, purchasers or other parties. These disputes may lead to protests and/or legal or other proceedings and may damage the Group's reputation and divert its resources and management's attention. Significant costs may have to be incurred by the Group in defending itself in such proceedings, regardless of whether the defence is successful or not. If the Group is not successful in defending itself in such proceedings, it may be liable for damages, the amount of which may be significant. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings or unfavourable decrees that may result in liabilities and cause delays to its property development projects. The Group may also be involved in disputes or legal proceedings in relation to delays in the completion and delivery of its projects. Any of the above could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Furthermore, the Group has endeavoured to structure its business in a tax efficient manner. If any of the Group's arrangements is successfully challenged by the relevant tax authorities, it may incur additional tax liabilities, which could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Failures or breakdowns in the Group's information and technology systems may interrupt its business operations.

The Group uses modern information and technology systems to control and manage its operations. These information and technology systems are intended to enable the Group to improve efficiency and monitor and control its operations and are fundamental to ensuring that the Group maintains its competitiveness in its industry. The Group's information and technology systems are vulnerable to damage or interruption from circumstances beyond its control, including but not limited to fire, power loss, hardware failure, software programme error, back-up data failure, telecommunications failure, computer viruses, human error, hacking and break-in and other similar events. Any failure or breakdown in these systems could interrupt the Group's normal business operations and result in a significant decrease in operational and management efficiency during such failure or breakdown. Recovery from such disasters may result in lost

data as a result of such malfunction and disruption. In addition, precautionary measures may only be partly, if at all, successful. Any prolonged failure or breakdown could significantly impact the Group's ability to manage its properties and offer services to its customers, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is exposed to environmental, social and governance risks.

Given climate change is a globally recognised environmental urgency faced by any business, and failure to build climate resilience can negatively impact the Group's property portfolio, the Group carried out a climate risk mapping exercise with reference to Task Force on Climate-related Financial Disclosures (TCFD)'s recommendations. Climate scenario analysis was conducted to understand the impact at different climate landscapes and time frames, and significant physical and transition risks and opportunities were identified.

In addition, the global pandemic and regional competition for skilled professionals have made talent attraction and retention a social risk to the Group.

As a sizable organisation with complex structure, the Group encounters governance risks that could result in significant financial losses and damage to the Group's reputation.

RISKS SPECIFIC TO THE GROUP'S OTHER BUSINESSES

Competition from ports in Mainland China may adversely affect the Group's container terminal business in Hong Kong.

The attractiveness of a port is dependent on a number of factors, including but not limited to location, facilities, supporting infrastructure, services and price. If competing ports are built or existing terminals are substantially upgraded with superior facilities and supporting infrastructure and services or if competitors offer lower tariffs, these or other similar events may lead to a reduction in the Group's market share, a decrease in the volume of containers handled or an increase in the price competition, any of which could adversely affect the Group's cash flows, operating margins and profitability.

Since the early 1990s, various new container terminals have been built in Mainland China (including those in which the Group has an interest through Modern Terminals Limited ("*Modern Terminals*")) that compete, or will compete, with the Group's container terminal business in Hong Kong. There is a cost advantage to shippers using ports in Mainland China due to the lower costs of onshore transportation arising from the relatively close proximity of such ports to the source, or, as the case may be, destination of the cargo and the lower handling fees at such ports. Due to this cost disadvantage, such ports in Mainland China may absorb the majority of the growth in trade between Mainland China and the rest of the world in the future, which would adversely affect the Group's container terminal business in Hong Kong.

The Group is subject to risks associated with the tourism and hospitality industry.

The Group's hotel performance is generally subject to a high degree of fluctuations caused by both predictable and unpredictable factors, including but not limited to seasonality, global and domestic economic conditions, social stability, epidemic diseases and ease of traveling. For example, the Group's hotel business was adversely affected by the COVID-19 pandemic and the respective government policies to contain the spread of the pandemic. Counter measures including restrictions on cross-border travels and social distancing measures adopted by governments had adversely affected the Group's operations and financial results, resulting in an adverse impact on the Group's revenue, profitability and cash flows. While disruption caused by the COVID-19 pandemic begins to recede, any resurgence of the COVID-19 pandemic or change in government policies, or the emergence of an epidemic in the future, could materially and adversely affect the viability of Group's hotel business.

RISKS SPECIFIC TO THE GROUP'S INVESTMENTS

Volatility of stock market could affect the performance of the Group's long-term investment portfolio.

The Group holds a portfolio of long-term investments consisting of mainly blue chips listed investments. None of the investments is individually material to the Group's total assets. Given the volatility of the stock market, the portfolio is subject to market fluctuations and may affect the net asset value and/or financial performance of the Group.

RISKS SPECIFIC TO THE GROUP'S BUSINESS IN MAINLAND CHINA

Mainland China's economic, political, social, legal and regulatory conditions, as well as government policies, could affect the Group's business.

The Group's strategy is to continue to expand its business in Mainland China to capitalise on Mainland China's economic growth and rapid urbanisation. In the near to medium term, the Group's growth drivers are expected to be its business initiatives in both property and logistics in Mainland China. The Group's financial condition, results of operations and prospects will, accordingly, be subject to economic, political, social and legal and regulatory developments in Mainland China. The PRC economy differs from the economies of most developed countries in many respects, including but not limited to:

- extent of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources to sectors such as transport, energy, healthcare, education and energy efficient motor vehicles. Some of these measures benefit the overall PRC economy, but may also have a negative effect on the Group's operations. For example, the Group's business, financial condition and results of operations may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises in recent years, a substantial portion of productive assets in Mainland China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in Mainland China by imposing top-down policies. It also exercises significant control over Mainland China's economic growth through the allocation of resources, controlling the payment of foreign currency- denominated obligations, setting monetary policies and providing preferential treatments to particular regions, industries or companies. The PRC government may also implement credit tightening measures to increase the costs of credit and reduce the availability of credit to curb inflationary pressure. The PRC government may also implement other measures which could have an adverse effect on the Group's ability to access onshore

financing in Mainland China, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The PRC legal system is less developed than legal systems in certain other countries and the interpretation and enforcement of PRC laws and regulations may involve uncertainties.

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC government has introduced many new laws and regulations to provide general guidance on economic and business practices in Mainland China and regulate foreign investments. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investments, commerce, taxation and trade. The promulgation of changes to existing laws and regulations and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group and its joint ventures. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainties. The interpretation and enforcement of PRC laws and regulations may be subject to policy changes which reflect domestic political changes. As the PRC legal system develops, the promulgation of new laws and regulations, changes to existing laws and regulations and the pre-emption of local regulations by national laws may have an adverse effect on the Group's financial condition, results of operations and prospects.

Real estate is a highly regulated sector in Mainland China.

The Group's business is dependent on continued economic growth in Mainland China. The PRC government had imposed restrictions on direct foreign investments in the property sector in the past to curtail the overheating economy. Property developers in Mainland China must comply with various national and local regulatory requirements promulgated by different tiers of regulators. The PRC government also adjusts its macroeconomic and fiscal policies from time to time to encourage or restrict property development, which may have a direct impact on the Group's business. For example, with effect from 1 May 2016, certain real estate transactions are now subject to value added tax. The Group must also obtain relevant permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of development, including but not limited to land use rights documents, planning permits, construction permits and confirmation of completion and acceptance. Each approval is dependent on the satisfactory compliance with certain requirements or conditions. There is no assurance that the Group will be able to obtain such permits, licences, certificates or other approvals, that the Group will not encounter delays or other impediments in fulfilling the conditions precedent or requirements for obtaining such approvals or that the Group will be able to comply with any new laws, regulations or policies that may come into effect with respect to the property development industry in general. If the Group fails to obtain the relevant permits, licences, certificates or other approvals or to fulfil the conditions therein for its property development projects, its development projects may not proceed on schedule, and the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

The supply of land in Mainland China is controlled and regulated by the PRC government. The land supply policies adopted by the PRC government directly impact the Group's ability to acquire land use rights for development and the costs of such acquisitions. For example, in recent years, the PRC government has introduced a series of measures (and may implement further measures) to curb its overheating economy, including but not limited to introducing policies which aim to prevent excessive rises in property prices in certain cities and sectors such as taxing capital gains to discourage speculation, restricting purchases of real estate by foreigners, limiting the amount of luxury villa developments and tightening credit available to real estate developers and individual purchasers.

The PRC government's restrictive measures to control the property development industry's rate of growth could limit the Group's access to capital resources, reduce market demand and increase the Group's

operating costs. The PRC government may adopt additional and more stringent measures in the future, which may further slow the development of the industry and materially and adversely affect the Group's business and results of operations.

Under applicable PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, land use or the time for commencement and completion of the land development), the relevant local government authority may give a warning to or impose a penalty on the developer or forfeit the land granted to the developer. If a developer fails to pay any outstanding land premium by the stipulated deadline, it may be subject to a late payment penalty calculated on a per-day basis. In addition, if a developer fails to commence development of a property project within the stipulated period as required under applicable PRC laws and regulations without the approval from the relevant PRC land bureau, the relevant PRC land bureau may serve a warning notice on the developer and impose an idle land fee of up to 20% of the land premium, unless such failure is caused by a government action or a force majeure event. Even if the commencement of the land development complies with the land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or if the total capital expenditure is less than 25% of the total investment of the project and the suspension of the land development is more than one year without government approval, the land will still be treated as idle land. The Notice on Promoting Economisation of Land Use issued by the State Council in January 2008 further confirmed the idle land fee at 20% of the land premium. If a developer fails to commence such development for more than two years, the land is subject to forfeiture without compensation, unless such delay in development is caused by a government action or a force majeure event. In addition, a developer with idle land, together with its shareholders, may be restricted from participating in future land bidding.

Although the Group has never been subject to any such penalties or required to pay any idle land fee or have any of its land forfeited in Mainland China, there is no assurance that circumstances leading to possible forfeiture of land or delays in the completion of a project may not arise in the future.

The PRC government may adopt measures to slow down the growth in the property sector.

Along with the economic growth in Mainland China, investments in the property sector have increased significantly in the past decade. In response to concerns over the increase in such investments, the PRC government had from time to time introduced policies and measures to curtail property development.

There is no assurance that the PRC government will not adopt additional and more stringent measures in the future, which could further slow down property development in Mainland China and adversely affect the Group's business and prospects.

The PRC government and local government authorities will continue to exercise a substantial degree of control and influence over the PRC economy and property market and any form of government control or newly implemented laws and regulations, depending on the nature and extent of such changes and the Group's ability to make corresponding adjustments, may have a material adverse effect on the Group's business and results of operations. In particular, decisions taken by the PRC government concerning economic policies or goals that are inconsistent with the Group's interests could adversely affect the Group's results of operations.

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

During the last decade, a large number of property developers based in Mainland China have begun to undertake property development and investment projects in Mainland China. In addition, a number of international developers have expanded their operations into Mainland China, including but not limited to a number of leading Hong Kong real estate development and investment groups. Many of these

developers, both private and state-owned, have significant financial, managerial, marketing and other resources as well as experience in property and land development. Competition in the property development industry is intense and may result in, amongst others, increased costs for the acquisition of land for development, oversupply of properties in certain parts of Mainland China, a decrease in property prices, a slowdown in the rate at which new property development projects will be approved and/or reviewed by the relevant government authorities, an increase in construction costs and difficulties in obtaining high quality contractors and qualified employees.

The PRC central and local governments have implemented various measures to regulate the means by which property developers obtain land for property development. They control land supply through zoning, land usage regulations and other means. All these measures could further intensify the competition for land in Mainland China among property developers. For example, subsequent re-zoning by the PRC government may adversely affect the Group's ability to obtain land use rights. If the Group fails to acquire sufficient land bank suitable for development in a timely manner and at acceptable prices, or at all, its competitive position, performance, growth potential and prospects may be materially and adversely affected.

The eventuation of any such risks may adversely affect the Group's business, financial position and results of operations. In addition, the property market in Mainland China is rapidly changing. If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors, the Group's business, financial condition and results of operations will be adversely affected.

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

The Group's ability to arrange adequate financing for land acquisitions or development properties on favourable terms depends on a number of factors, many of which are beyond the Group's control. The PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten lending requirements for property developers, which, amongst others:

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

The People's Bank of China ("**PBOC**") adjusts the reserve requirement ratio for commercial banks to curtail overheating of the property sector, or, as the case may be, in order to stimulate the PRC economy as necessary. The reserve requirement refers to the amount of funds that banks must hold in reserve with

PBOC against deposits (including margin deposits such as acceptances, letters of credit and letters of guarantee) made by their customers. Further increases in the bank reserve requirement ratio may negatively impact the amount of funds available for lending to businesses, including the Group, by commercial banks in Mainland China. The China Banking and Insurance Regulatory Commission also regulates the provision of ‘shadow finance’ in the form of wealth management products by banks and trust companies to curtail the overheating of the property sector and to protect investors. The regulations include limitations on the pooling of assets, the proportion of wealth management products relative to other assets, proprietary trading and the disclosure associated with the marketing of wealth management products.

There is no assurance that the PRC government will not introduce other initiatives which may limit the Group’s access to capital resources. The above and other initiatives introduced by the PRC government may limit the Group’s flexibility and ability to use bank loans or other forms of financing to finance the Group’s development properties and therefore may require the Group to maintain a relatively high level of internally sourced cash. As a result, the Group’s business, financial condition and results of operations may be materially and adversely affected.

Mainland China inflationary pressure may result in increased construction or funding costs.

Inflation in Mainland China may result in increased construction and funding costs for the Group. The PRC government uses various measures to control inflation, including but not limited to increasing benchmark lending rates and reserve ratios on several occasions. As commercial banks in Mainland China link the interest rates on their loans to benchmark lending rates published by PBOC, any increase in such benchmark lending rates will increase the Group’s funding costs. The PRC government is expected to continue to manage liquidity and the property market and to use price controls in the property market when necessary. The Group’s business, financial condition and results of operations in Mainland China may be adversely affected by any increase in construction or funding costs.

The Group is exposed to foreign exchange risks.

Part of the Group’s revenue is denominated in Renminbi and may be converted into U.S. dollars or other foreign currencies to pay dividends or make other payments. Under the PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditure from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, foreign exchange controls are imposed on capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities. In the past, there have been shortages of U.S. dollars or other foreign currencies available for conversion of Renminbi in Mainland China, and it is possible such shortages could recur, or that restrictions on conversion could be re-imposed. A portion of the Group’s revenue and associated operating costs are denominated in Renminbi. Any volatility of the Renminbi exchange rate in the future may materially affect the Group’s financial condition and results of operations and any devaluation of the Renminbi against foreign currencies will increase the amount of Renminbi the Group needs to service its obligations denominated in foreign currencies.

The relevant PRC tax authorities may challenge the basis on which the Group calculates its land appreciation tax (“LAT”) obligations.

Under PRC tax laws and regulations, the Group’s properties developed for sale or transfer are subject to LAT, which is collected by local tax authorities. All income from the sale or transfer of land use rights relating to state-owned land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as defined by the relevant tax laws and regulations, with certain exceptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items as defined in the relevant tax laws and

regulations. On 28 December 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises which came into effect on 1 February 2007 (the “*LAT Notice*”). Under the LAT Notice, local tax authorities can formulate their own implementation rules according to the notice and local situations. The Group could be adversely affected if the local authorities governing cities in which the Group undertakes development projects promulgate implementation rules which require the Group to settle all unpaid LAT.

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

RISKS RELATING TO THE NOTES ISSUED UNDER THE PROGRAMME

The Notes may not be a suitable investment for all investors.

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

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

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

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

Credit ratings may not reflect all risks and any credit rating of the Notes may be revised, qualified, suspended, reduced or withdrawn.

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market and additional factors discussed above and other factors that may affect the value of the Notes. As at the date of this Offering Circular, the Guarantor has been assigned a rating of “A3” by Moody’s. Tranches of Notes issued under the Programme may be rated or unrated, as specified in the applicable Pricing Supplement. The rating represents the opinion of the relevant rating agency and its assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Notes and the Guarantee and the credit risks in determining the likelihood that payments will be made when due under the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency. There is no assurance that any rating will remain for any given period of time or that any rating will not be revised, qualified, suspended, reduced or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. None of the Issuer nor the Guarantor is obligated to inform holders of the Notes if a rating is revised, qualified, suspended, reduced or withdrawn. The significance of each rating should be analysed independently from any other rating. A revision, qualification, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes.

The Notes are subject to modification and waivers.

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority Noteholders may be adverse to the interests of individual Noteholders. In addition, the Conditions may be amended, modified or varied in relation to any Notes by the terms of the relevant Pricing Supplement.

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

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

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

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

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream or, as the case may be, in the case of the CMU, to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are being held in the CMU in accordance with the CMU Rules. A holder of a beneficial interest in a Global Note or a Global Certificate

must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

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

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

Notes may be issued with a minimum denomination. The Pricing Supplement of a Tranche of Notes may provide that, for so long as the Notes are represented by a Global Note or a Global Certificate and the relevant Clearing System(s) so permit, the Notes will be tradeable in nominal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

Definitive Notes will only be issued if, amongst others, the relevant Clearing System(s) is/are closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so. The Pricing Supplement may provide that, if Definitive Notes are issued, such Notes will be issued in respect of all holdings of Notes equal to or greater than the minimum denomination. However, Noteholders should be aware that Definitive Notes that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against the Issuer and the Guarantor, as the case may be, (including rights to receive principal or interest or to vote) in respect of such Notes.

RISKS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES

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

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

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

A particular Series of Notes may be subject to other redemption rights exercisable by the Issuer as specified in the relevant Pricing Supplement.

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

The Issuer may be expected to exercise its rights to redeem Notes when its costs 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 risks in light of other investments available at that time.

Risks relating to Notes which are linked to “benchmarks”.

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

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

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

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

The potential elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark; or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms 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.

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

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

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

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

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile.

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

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

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

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

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

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

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional

interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

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

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

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; there are significant restrictions on remittance of Renminbi into and out of Mainland China which may adversely affect the liquidity of RMB Notes.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the U.S. dollar, despite significant reduction in control by it in recent years over the import and export of goods and services as well as other routine foreign exchange transactions under current accounts. On the other hand, remittance of Renminbi into and out of Mainland China for settlement of capital account items, such as capital contributions, debt financing and securities investments, 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 Mainland China on the remittance of Renminbi into and out of Mainland China for settlement of capital account items being adjusted from time to time to match the policies of the PRC government.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and PBOC and the Ministry of Commerce of the PRC have implemented policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in Mainland China will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of Mainland China. In the event that any regulatory restrictions inhibit the ability of the Issuer or the Guarantor to repatriate funds outside the PRC to meet its obligations under the RMB Notes, the Issuer or the Guarantor will need to source Renminbi offshore to finance such obligations under the relevant RMB Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Holders of beneficial interests in the RMB Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Singapore, Hong Kong and Taiwan.

There is only limited availability of Renminbi outside Mainland China, which may affect the liquidity of RMB Notes and the Issuer’s or the Guarantor’s ability to source Renminbi outside Mainland China to service such RMB Notes.

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside Mainland China is limited. While PBOC has entered into agreements on the clearing of Renminbi business (the “*Settlement Arrangements*”) with financial institution in a number of financial centres and cities (each, a “*Renminbi Clearing Bank*”) including but not limited to

Hong Kong, London, Frankfurt and Singapore, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi-denominated financial assets outside Mainland China remains 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 enterprises in Mainland China. 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 to square 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 such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks will need to source Renminbi from the offshore 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 Mainland China. The limited availability of Renminbi outside Mainland China may affect the liquidity of the RMB Notes. To the extent the Issuer or the Guarantor is required to source Renminbi outside Mainland China to service the RMB Notes, there is no assurance that the Issuer or the Guarantor will be able to source such Renminbi on satisfactory terms, if at all.

Remittance of proceeds into or outside of the PRC in Renminbi may be difficult.

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

In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer or the Guarantor subsequently is unable to repatriate funds outside the PRC in Renminbi, the Issuer or the Guarantor will need to source Renminbi outside the PRC to finance its respective obligations under the RMB Notes, and their ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Investment in RMB Notes is subject to exchange rate risks.

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in Mainland China and international political and economic as well as other factors. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. In May 2017, the PBOC further decided to introduce countercyclical factors to offset the market pro-cyclicality, so that the midpoint quotes could adequately reflect China's actual economic performance. However, the volatility in the value of the Renminbi against other currencies still exists. The Issuer and the Guarantor will make all payments of interest and principal with respect to RMB Notes in Renminbi 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 an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the RMB Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of Renminbi against such currency could cause a decrease in the effective yield of the RMB Notes below their stated coupon rate(s) and could result in a loss when the return on the RMB Notes is translated into such currency. Accordingly, the value of the investment made by a holder of the RMB Notes in that foreign currency will decline.

Investment in RMB Notes is subject to interest rate risks.

The value of Renminbi payments under the RMB Notes, may be susceptible to interest rate fluctuations occurring within and outside Mainland China, including Mainland China Renminbi repo rates and/or the Shanghai inter-bank offered rate. The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside Mainland China may significantly deviate from the interest rate for Renminbi in Mainland China as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

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

Payments in respect of RMB Notes may be made only in the manner designated in such RMB Notes.

All payments to investors in respect of RMB Notes will be made solely: (i) for as long as RMB Notes are represented by global notes or certificates held in the CMU, by transfer to a Renminbi bank account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing CMU rules and procedures; or (ii) for as long as RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing rules and regulations. The Issuer and the Guarantor (as the case may be) cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in Mainland China).

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

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

RISKS RELATING TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risks, exchange rate risks, interest rate risks and credit risks:

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and forms a single series with a Tranche of Notes which is already issued). In particular, one or more initial investors in the Notes may purchase a significant portion of the

aggregate principal amount of the Notes pursuant to an offering. The existence of any such significant Noteholder(s) may reduce the liquidity of Notes in the secondary trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending on prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Group. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although an application may be made for the Notes issued under the Programme to be admitted to listing on the Hong Kong Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

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

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

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

Changes in market interest rates may adversely affect the value of Fixed Rate Notes.

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

The credit ratings assigned to the Notes may not reflect all risks.

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

The liquidity and price of the Notes may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Issuer or the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There is no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes will, to varying degrees, be influenced by economic, political, social and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Hong Kong and Mainland China. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. In particular, the COVID-19 pandemic caused stock markets worldwide to lose significant value since February 2020. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

USE OF PROCEEDS

The net proceeds of any Notes issued under the Programme shall be used by the Group for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

WHEELLOCK MTN (BVI) LIMITED

The Issuer was incorporated on 7 September 2018 in the British Virgin Islands and is subject to the provisions of the BVI Business Companies Act, 2004 (Revised) which provides for, *inter alia*, the constitution of companies, directors' liabilities and powers, creditors' rights and liquidations. The Issuer is constituted by its memorandum and articles of association which sets out the objects and powers of the Issuer, *inter alia*, to enter into financial transactions.

The Issuer is a special purpose financing vehicle and a wholly-owned subsidiary of Wheelock. The Issuer's principal activity is the arrangement of funds through the issuance of guaranteed notes to external parties and the lending of funds raised to its fellow subsidiaries. Apart from the arrangements with respect to the Programme, the issuance of Notes and the on-lending of proceeds thereof to the Group, The Issuer has not undertaken any substantial business activities since the date of its incorporation. The Issuer does not sell any products or provide any services.

The registered office address of the Issuer is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Issuer is authorised to issue 50,000 shares of a single class each with a par value of U.S.\$1.00. It has 500 shares of U.S.\$1.00 each in issue, all of which are fully paid up.

As at 30 June 2023, the Issuer had debt securities outstanding in an aggregate principal amount of HK\$7,915 million. As at 30 June 2023, the Issuer did not have any bank overdrafts, short-term and long-term loans, hire purchase commitments, guarantees or contingent liabilities.

Under the laws of the British Virgin Islands, the Issuer is not required to publish any of its financial statements. The Issuer is, however, required to file an annual financial return (applicable to the financial year ending 31 December 2023 and afterwards) and to keep records and underlying documentation which are sufficient to show and explain its transactions and reflect the financial position of the Issuer with reasonable accuracy.

BOARD AND MANAGEMENT

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

Stephen Tin Hoi Ng, Director
Paul Yiu Cheung Tsui, Director
Peter Zen Kwok Pao, Director

Stephen Tin Hoi Ng is the Deputy Chairman and Paul Yiu Cheung Tsui is the Executive Director and Group Chief Financial Officer of Wheelock. None of the members of the Issuer's board of directors holds any share in the Issuer, nor any option to purchase or subscribe for, or other beneficial interests in, shares in the Issuer.

The business address of each member of the Issuer's board of directors is 16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong.

WHEELOCK AND COMPANY LIMITED

(會德豐有限公司)

OVERVIEW

Wheelock and Company Limited (會德豐有限公司) (“*Wheelock*” and, together with its subsidiaries and associates, the “*Group*”) was founded in Shanghai in 1857 and is a property company incorporated and headquartered in Hong Kong. In July 2020, Wheelock was privatised by way of a scheme of arrangement under section 673 of the Companies Ordinance and delisted from the Main Board of the Hong Kong Stock Exchange.

Wheelock is the substantial shareholder of WHL (listed on the Hong Kong Stock Exchange with stock code 0004) and Wharf REIC (listed on the Hong Kong Stock Exchange with stock code 1997). As at 30 June 2023, Wheelock owned a total of approximately 68.50% of WHL’s ordinary shares in issue and a total of approximately 48.98% of Wharf REIC’s ordinary shares in issue. WHL and Wharf REIC, together with Wheelock’s wholly-owned subsidiary, Wheelock Properties Limited (“*WPL*”), the Group’s Hong Kong development properties arm, generate a recurring dividend income stream for Wheelock.

THE WHARF (HOLDINGS) LIMITED

Overview

The principal activities of WHL, together with its subsidiaries, associates and joint ventures (the “*WHL Group*”), are investment properties and development properties in Hong Kong and Mainland China, hotels ownership and management, logistics and investment.

The WHL Group’s revenue decreased by 1% to HK\$8,130 million for the six months ended 30 June 2023 (compared to HK\$8,209 million for the six months ended 30 June 2022) and profit attributable to equity shareholders (i.e. after non-cash charges and provisions) amounted to HK\$696 million for the six months ended 30 June 2023 (compared to HK\$57 million for the six months ended 30 June 2022). The WHL Group’s underlying net profit amounted to HK\$1,811 million for the six months ended 30 June 2023 (compared to HK\$428 million for the six months ended 30 June 2022).

Hong Kong Properties

On an attributable basis, for the year ended 31 December 2022 and the six months ended 30 June 2023, total sales from the Hong Kong properties segment were HK\$1,025 million and HK\$343 million, respectively. On an attributable basis, as at 31 December 2022 and 30 June 2023, net order book of the Hong Kong properties segment were HK\$733 million and HK\$787 million, respectively.

The Peak Portfolio

The WHL Group’s Peak portfolio, with a total attributable GFA of approximately 600,000 square feet, comprises a collection of luxurious and prestigious residences on the Peak. Mount Nicholson is a 50:50 joint venture development. It features a selection of exclusive luxury residences on the Peak with a panoramic view of Victoria Harbour.

77/79 Peak Road comprises eight houses. Six houses have been sold and recognised as at the date of this Offering Circular.

| Property | Attributable GFA as at 30 June 2023 |
|--|--|
| | (square feet) |
| The Peak Portfolio | |
| Mount Nicholson (50% – Joint Venture) | 19,000 ⁽¹⁾ |
| 1 Plantation Road | 91,000 |
| 11 Plantation Road | 46,000 |
| 77/79 Peak Road | 11,000 ⁽¹⁾ |
| Chelsea Court | 43,000 |
| Strawberry Hill. | 13,000 |
| No. 2-8 Mansfield Road | 259,000 |
| No. 9, 11 Mansfield Road (50% – Joint Venture) | 73,000 |

Note:

(1) Attributable GFA (net of recognised sales)

Kowloon Tong Residential Project

A residential development site in Kowloon Tong was acquired by the WHL Group in a public tender in January 2018 for HK\$12.5 billion. With a total developable GFA of 436,000 square feet, the site is strategically located at the junction of Lion Rock Tunnel Road and Lung Cheung Road and adjacent to the traditional luxury residential area of Beacon Hill with a Kowloon Peninsula view. Approval has been granted to build two blocks of 15-storey and two blocks of 17-storey residential buildings.

Kowloon East Portfolio

With a total attributable GFA of 1,802,000 square feet, the WHL Group's Kowloon East portfolio is located at the heart of the second core business district in Hong Kong and comprises sites with spectacular harbour view, including the WHL Group's Kowloon Godown in Kowloon Bay, the WHL Group's 15%-owned Yau Tong Bay project and the WHL Group's 30%-owned Kai Tak site at the former airport's runway.

| Property | Attributable GFA as at 30 June 2023 |
|---|--|
| | (square feet) |
| Kowloon Godown | 829,000 ⁽¹⁾ |
| Yau Tong Bay (15% – Joint Venture) | 611,000 |
| Kai Tak Residential Project (30% – Joint Venture) | 362,000 |

Note:

(1) Redevelopable GFA

Mainland China Development Properties

Inclusive of joint ventures and associates on an attributable basis, for the year ended 31 December 2022 and the six months ended 30 June 2023, revenue from the Mainland China development properties segment were HK\$14,308 million and HK\$3,328 million, respectively. For the year ended 31 December 2022 and the six months ended 30 June 2023, operating profit from the Mainland China development properties segment were HK\$1,688 million and HK\$76 million, respectively. 114,300 square metres of GFA were recognised for the six months ended 30 June 2023 (compared to 159,200 square metres for the six months ended 30 June 2022), while 61,500 square metres of GFA were completed for the six months ended 30 June 2023 (compared to 244,600 square metres for the six months ended 30 June 2022).

For the year ended 31 December 2022 and the six months ended 30 June 2023, the WHL Group's attributable contracted sales were RMB4.2 billion and RMB1.4 billion, respectively. The net order book decreased to RMB6.6 billion for 0.22 million square metres as at 30 June 2023 from RMB8.5 billion for 0.28 million square metres as at 31 December 2022.

The Mainland China development properties land bank as at 30 June 2023 was 1.6 million square metres. No land replenishment was made during 2022 and the first half of 2023.

Mainland China Investment Properties

For the year ended 31 December 2022 and the six months ended 30 June 2023, revenue from the Mainland China investment properties segment were HK\$4,798 million and HK\$2,434 million, respectively, while operating profit from the Mainland China investment properties segment were HK\$3,226 million and HK\$1,653 million, respectively.

International Finance Square (“IFS”)

The first IFS project opened in Chengdu in 2014 marks the next phase of the WHL Group's commercial investment properties. The award-winning Chengdu IFS has proven to be a success and an exemplary model for the WHL Group's other IFS projects.

Chongqing IFS, which celebrated its grand opening in September 2017, has become the city's landmark for luxury shopping, dining, entertainment and lifestyle, offering a unique lifestyle experience to customers. The WHL Group's leadership in retail management has been further solidified with the successful opening of Changsha IFS in May 2018.

Changsha IFS

Changsha IFS, the most sizable mixed-used IFS complex with a 243,000-square-metre mega mall, is located at the intersection of Huangxing Road (one of the busiest pedestrian streets) and Jiefang Road (financial street). It commands an underground linkage to the Wuyi Plaza metro station. The development comprises two iconic towers above a mega mall, offering upscale retail, grade A offices and a Niccolo hotel. Tower 2, which comprises high-end apartments and two hotels, is expected to be completed in phases from 2023. Since its opening in May 2018, the gigantic mall has become an unrivalled shopping, dining, lifestyle and leisure destination in Hunan Province. Retail occupancy was 97% as at 30 June 2023.

Chengdu IFS

Strategically located at the intersection of Hongxing Road, Dacisi Road and Beishamao Street, the city's busiest pedestrian shopping area, Chengdu IFS offers one-stop “retailtainment” and upscale experiences and has become a unique lifestyle icon in the western China metropolis. Chengdu IFS comprises a 204,000-square-metre mega shopping mall, three premium grade A office towers, IFS Residences and

Niccolo Chengdu. Its dominant position in western China regularly places the Chengdu IFS mall among the top malls in Mainland China for retail sales. Retail occupancy was 97% as at 30 June 2023.

Chongqing IFS

Opened in September 2017, Chongqing IFS is located at the centre of Jiangbeizui central business district. The development features a “City-within-a-City” concept that comprises Grade A offices and Niccolo Chongqing in an iconic 300-metre landmark tower and four other towers above the 106,000-square-metre retail podium, making it one of the largest mixed-used integrated complexes in the emerging Jiangbeizui financial district.

Niccolo Chongqing, Chongqing’s highest sky hotel with panoramic views of the city, was opened alongside the mall in September 2017.

Times Outlets

Outlet malls are among the fastest growing sectors of commercial properties in Mainland China. The WHL Group has developed two outlet malls in Chengdu and Changsha to capture the potential of burgeoning domestic consumption by the rapidly-rising middle class in Mainland China.

Times Outlets Chengdu

Times Outlets Chengdu is located in close proximity to the Chengdu Shuangliu International Airport. With over 260 international brands spreading across 63,000 square metres of the mall, it is a popular outlet destination in Mainland China.

Times Outlets Changsha

Strategically located at the northwestern area of Changsha, Times Outlets Changsha has convenient access to multiple motorways (including metro and high-speed expressway) connecting Changsha to a number of popular tourist attractions nationwide. The mall hosts a diverse mix of international and top local apparels and lifestyle brands as well as eateries. It has positioned itself as a one-stop integrated shopping and leisure landmark in the region.

Shanghai Wheelock Square

Shanghai Wheelock Square, a premium office space at the iconic skyscraper in Puxi, remains one of the most preferred locations for multinational firms and major corporations in the district. It is conveniently located opposite to Jing’an Temple Metro Station from where frequent trains commute to Pudong International Airport and is adjacent to the Yan’an elevated expressway which provides a high level of accessibility.

Shanghai Times Square

Shanghai Times Square, strategically located in the vibrant shopping, entertainment and business hub of Huaihai Zhong Road, is a prominent retail destination and an office choice for multinational enterprises. The development also consists of a 30-storey Grade A office tower and a 26-storey deluxe serviced apartment tower.

Hotel Management

The WHL Group manages/owns 16 hotels in Mainland China, Hong Kong and the Philippines. Among them, 11 are operating under the foundation Marco Polo Hotels brand and five are operating under the luxury Niccolo Hotels brand. These hotels comprise over 5,000 rooms and suites in total. Niccolo Hotels operates a series of contemporary chic hotels with a mix of luxury, design and hospitality.

Marco Polo Wuhan, as well as Niccolo Chengdu and Niccolo Changsha at the respective IFS complexes, are wholly-owned by the WHL Group, while Niccolo Chongqing is 50%-owned by the WHL Group.

Niccolo Suzhou, which is owned by WHL's sister company, Wharf REIC, was opened in April 2021 and became the fifth addition to the Group's luxury Niccolo Hotels brand.

A third hotel brand, Maqo, will be launched with the opening of a new 286-room hotel in Changsha in the fourth quarter of 2023.

Logistics Infrastructure

The logistics infrastructure segment, comprising Modern Terminals and Hong Kong Air Cargo Terminals Limited ("*HACTL*"), constitutes a steady source of cash flows for the WHL Group. For the year ended 31 December 2022 and the six months ended 30 June 2023, revenue from the logistics infrastructure segment decreased by 1% to HK\$2,964 million and decreased by 21% to HK\$1,221 million, respectively, while operating profit from the logistics infrastructure segment decreased by 1% to HK\$763 million and decreased by 49% to HK\$203 million, respectively.

Modern Terminals

As at 30 June 2023, the WHL Group had a 67.6% interest in Modern Terminals, a leading developer/manager and operator of world-class container terminal facilities in Hong Kong and Shenzhen serving the Pearl River Delta. Established in 1969, Modern Terminals has operated Hong Kong's first purpose-built container terminal since September 1972. Modern Terminals now owns and operates container terminals 1, 2 and 5 at Kwai Chung and 9 (south) at Tsing Yi Island.

Throughput handled in Hong Kong decreased by 11% to 4.4 million TEUs in 2022. In the first half of 2023, throughput decreased by 18% to 1.9 million TEUs.

In Shenzhen, throughput handled at DaChan Bay Terminals, in which Modern Terminals held a 65% stake as at 30 June 2023, increased by 19% to 2.0 million TEUs in 2022 and decreased by 7% to 0.9 million TEUs in the first half of 2023. Throughput at Shekou Container Terminals, in which Modern Terminals held a 20% stake as at 30 June 2023, increased by 5% to 6.0 million TEUs in 2022 and decreased by 7% to 2.7 million TEUs in the first half of 2023.

To improve the regional competitiveness of Hong Kong container port, Modern Terminals formed the Hong Kong Seaport Alliance ("*HKSPA*") with Hongkong International Terminals Limited, COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited in early 2019. HKSPA's objectives are to optimise operational efficiency and resources utilisation of 23 berths at Kwai Tsing port, to maximise efficiencies to the benefit of customers and the industry at large and to ensure the continuation of transportation and logistics as one of the four pillars of Hong Kong's economy.

HACTL

HACTL, a 20.8%-owned associate of the WHL Group, is a leading air cargo terminal operator in Hong Kong with four decades of operational experience. With its world-class facilities, highly efficient operation and innovative technology, HACTL has the capacity to handle cargo for up to 3.5 million tonnes per year and is committed to playing an integral role in the logistics business in Hong Kong and the Pearl River Delta. Total cargo handled by HACTL amounted to 1.6 million tonnes in 2022 and 0.7 million tonnes in 2022 and 0.7 million tonnes in the first half of 2023.

WHARF REAL ESTATE INVESTMENT COMPANY LIMITED

Overview

The Wharf REIC Group is principally engaged in development, ownership and operation of properties and hotels in Hong Kong for investment purposes. Wharf REIC's shares have been listed on the Main Board of the Hong Kong Stock Exchange since 23 November 2017 (stock code: 1997). Harbour City and Times Square, the Wharf REIC Group's flagship properties, are strategically located in Tsim Sha Tsui and Causeway Bay, respectively. These iconic properties with substantial scale in two of the most popular shopping destinations and busiest business districts in Hong Kong attract constant flows of local shoppers and tourists. They occupy leading market positions among commercial properties in Hong Kong.

Harbour City, strategically located at the harbour front and in close proximity to the Tsim Sha Tsui MTR station and Star Ferry pier, is a mixed-use integrated complex comprising various towers and premises for retail, office, serviced apartments, hotels and a club and includes one of the largest shopping malls in Hong Kong. Times Square is a mixed-use integrated complex directly connected to the Causeway Bay MTR station, comprising two office blocks of 33 and 26 storeys each over a 20-storey commercial/car parking podium. Given their strategic locations, Harbour City and Times Square provide a showcase for internationally renowned brands, attracting a diversified mix of tenants. The Wharf REIC Group's tenants in the properties comprise leading international corporations, well-known brands and retailers across a wide variety of industries and trades.

The Wharf REIC Group also owns and operates other premium quality properties in Hong Kong and Singapore which it holds for investment purposes. In Hong Kong, those properties comprise Crawford House and Wheelock House in Central, the prime central business district in Hong Kong, as well as Plaza Hollywood, a leading shopping mall in Kowloon East. In Singapore, those properties comprise Wheelock Place and Scotts Square mall in the heart of the popular Orchard Road belt for retail, hotels and offices.

Harbour Centre Development Limited ("**HCDL**"), whose shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 51), is indirectly owned as to approximately 72% by Wharf REIC. HCDL and its subsidiaries (the "**HCDL Group**") owns Marco Polo Hongkong Hotel in Harbour City, The Murray, Hong Kong, a Niccolo Hotel ("**The Murray**") in Central, Niccolo Suzhou and certain property interests in Mainland China.

The Wharf REIC Group also operates Star Ferry, which provides a ferry service between Central/Wanchai and Tsim Sha Tsui.

The Wharf REIC Group's revenue increased by 4% to HK\$6,473 million for the six months ended 30 June 2023 (compared to HK\$6,210 million for the six months ended 30 June 2022) while operating profit increased by 11% to HK\$4,940 million for the six months ended 30 June 2023 (compared to HK\$4,446 million for the six months ended 30 June 2022). Including the revaluation deficits of investment properties, the Wharf REIC Group recorded a profit of HK\$1,805 million attributable to equity shareholders for the six months ended 30 June 2023 (compared to a loss of HK\$1,468 million for the six months ended 30 June 2022). The Wharf REIC Group's underlying net profit decreased by 9% to HK\$3,059 million for the six months ended 30 June 2023 (compared to HK\$3,373 million for the six months ended 30 June 2022).

For the six months ended 30 June 2023, the overall revenue of Harbour City (including hotels) increased by 8% while that of Times Square decreased by 2%, compared to the corresponding previous period. Revenue of Plaza Hollywood for the six months ended 30 June 2023 increased by 5% compared to the corresponding previous period. On the other hand, revenue and operating profit of Wheelock House and Crawford House, both prime commercial properties in Central, decreased by 12% and 14%, respectively, for the six months ended 30 June 2023.

Property Portfolio

The Wharf REIC Group owns a diversified portfolio of properties in Hong Kong for investment purposes comprising retail, office, serviced apartments, hotels and a club. The Wharf REIC Group also owns a number of properties in Mainland China through its listed subsidiary, HCDL. Such properties in Mainland China are intended for sale in the next few years. The Wharf REIC Group also owns two prime commercial properties in Singapore, namely, Wheelock Place and Scotts Square mall.

The following table shows the GFA, gross revenue and occupancy rate of Harbour City and Times Square for the period indicated:

Harbour City: Portfolio Information

| | Approximate GFA | Gross revenue for the year ended 31 December 2022 | Occupancy rate as at 31 December 2022 |
|------------------|-----------------|---|--|
| | (square feet) | (HK\$ Million) | (%) |
| Retail | 2,117,000 | 4,999 | 94 |
| Office | 4,563,000 | 2,462 | 88 |
| Others | 1,729,000 | 714 | N/A |

Times Square: Portfolio Information

| | Approximate GFA | Gross revenue for the year ended 31 December 2022 | Occupancy rate as at 31 December 2022 |
|------------------|-----------------|---|--|
| | (square feet) | (HK\$ Million) | (%) |
| Retail | 943,000 | 1,134 | 94 |
| Office | 1,033,000 | 689 | 90 |

Harbour City

Harbour City is one of the Wharf REIC Group's flagship properties. It is a showcase for internationally renowned brands and an iconic complex for shoppers. Strategically located at the harbour front and in close proximity to the Tsim Sha Tsui MTR station and Star Ferry pier, Harbour City is a mixed-use integrated complex comprising various towers and premises for retail, office, serviced apartments, hotels and a club and includes one of the largest shopping malls in Hong Kong.

Retail

The two-million square feet of mall space at Harbour City continued to provide a comprehensive range of product offerings, retained the best-in-class brands and attracted the most sought-after newcomers. Harbour City strategically refined the overall tenant mix during the COVID-19 pandemic by injecting new-to-market and exclusive concepts while balancing offerings to cater to the needs of both local and overseas visitors. With enhanced competitiveness, Harbour City was able to capture market rebound opportunities and occupancy rate reached 96% at the end of June 2023.

With the aim to capture market opportunities arising from post-pandemic recovery, Harbour City has redirected its marketing efforts to focus on events which could draw interests from local and overseas visitors and generate footfall. Tenants' sales have recovered at an uneven and chequered pace.

In addition, the Group continued to adopt a rigorous tenant selection criteria to attract quality tenants. In 2022 and the first half of 2023, a host of Hong Kong and Kowloon debuts further enhanced the extensive retail selection at Harbour City and a selection of new restaurants has further increased the dining options available at the mall.

Office

The Wharf REIC Group's office premises at Harbour City are located in Ocean Centre, Wharf T&T Centre, World Commerce Centre, World Finance Centre, Gateway I and Gateway II and a portion of the commercial section of Marco Polo Hongkong Hotel. An additional 15 storeys of office space, with a total GFA of 360,000 square feet, has been converted from one block of the Gateway Apartments in 2019. Competitive packages were offered to tenants. Occupancy rate of the office premises at Harbour City was 88% as at 30 June 2023.

Hotels and Club

Harbour City also includes three hotels, namely, Marco Polo Hongkong Hotel, Gateway Hotel and Prince Hotel (collectively, the "**Canton Road hotels**"), and a club, namely, The Pacific Club. They are located within close proximity to various means of transportation, including a main bus terminal, the Star Ferry pier, the Tsim Sha Tsui MTR station and the cruise terminal, with easy access to the area's major tourist attractions such as Kowloon Park, Hong Kong Museum of Art, Hong Kong Space Museum and Hong Kong Cultural Centre. The Canton Road hotels are managed by Wharf Hotels.

The Canton Road hotels reported improvements in room rates and partial recovery in occupancy in the first half of 2023. Prince Hotel has reopened in August 2023 after renovation.

Attesting the commitment in upholding exceptional hospitality, Marco Polo Hongkong Hotel was named as "Recommended Hotel" by Forbes Travel Guide for the fourth consecutive year in 2023.

The Pacific Club was recognised as "Top 100 Platinum Clubs of the World" for 2022/23 in the City Clubs Category for its excellence in amenities and services, voted by The Club Leaders Forum Advisory Board.

Star Ferry

The Wharf REIC Group operates Star Ferry, which provides two inner harbour ferry services, Tsim Sha Tsui — Central and Tsim Sha Tsui — Wanchai, and a harbour tour service. The previous franchise of the two routes expired on 31 March 2018, and a new franchise for 15 years started on 1 April 2018.

Times Square

Another of the Wharf REIC Group's key flagship properties is Times Square, which is an iconic mixed-use integrated complex directly connected to the Causeway Bay MTR station, comprising two office blocks of 33 and 26 storeys each over a 20-storey commercial/car parking podium.

Retail

The Wharf REIC Group's retail premises at Times Square consist of a 20-storey (including 6 levels of basement) commercial/car parking podium with shops, restaurants and a cinema.

Occupancy rate of the retail premises at Times Square was 94% as at 30 June 2023.

Times Square has been refining its tenant mix to broaden customer base and enhancing dining offerings to provide fresh experiences. In addition to ongoing sales-driven programmes and promotions, Times Square has staged more large-scale mall installations and art exhibitions, as well as launched various marketing campaigns to cater to the diverse interests of shoppers and drive foot traffic.

Office

Occupancy rate of office premises at Times Square was 87% as at 30 June 2023.

Other Properties Held for Investment Purposes in Hong Kong

The following table shows the GFA and other information of the Wharf REIC Group's other principal properties held for investment purposes in Hong Kong as at 31 December 2022.

| Property | Location | Approximate GFA (square feet) |
|--|-----------------|--|
| Crawford House | Central | 189,000 |
| The Group's premises at Wheelock House | Central | 215,000 |
| The Murray ^(note) | Central | 336,000 |
| Plaza Hollywood | Diamond Hill | 562,000 |

Note: The Murray is owned by HCDL, which is owned as to approximately 72% by Wharf REIC.

Central Portfolio

The Wharf REIC Group owns and operates a premium quality commercial property portfolio in Central, the central business district in Hong Kong, comprising Crawford House and Wheelock House, which are office buildings located in prime locations in Central with retail premises, as well as the former Murray Building, which has undergone conversion into a hotel, The Murray.

Crawford House

Crawford House is a 24-storey (including a basement) commercial/office building with retail premises in the basement and from the ground to the 5th floor and Grade A office premises from the 6th to the 23rd floor. Occupancy rates of the retail premises and office premises at Crawford House were 100% and 96%, respectively, as at 30 June 2023.

Wheelock House

Wheelock House comprises 25 storeys of commercial/office space. The Wharf REIC Group's premises at Wheelock House comprise 21 consecutive floors of Grade A office premises from the 3rd to the 24th floor (with the 13th floor being omitted from the floor numbering) and retail premises on the ground floor. Occupancy rates of the Wharf REIC Group's retail premises and office premises at Wheelock House were 100% and 81%, respectively, as at 30 June 2023.

The Murray

Located in Central, Hong Kong, the former Murray Building has been converted into The Murray, a hotel managed as a Niccolo Hotel by Wharf Hotels. The Murray became fully operational in August 2018 and is a luxury landmark hotel with a contemporary urban chic design by Sir Norman Foster. The building comprises 25 floors and the hotel features 336 suites and guest rooms, coupled with wellness facilities, five destination restaurants and bars including a rooftop bar with scenic views of Hong Kong's central business district and the Hong Kong Park. The hotel's terraces on its podium level features a garden surrounding the signature arches of the heritage building. It also has a ballroom and seven multi-function rooms. The building was constructed in 1969 and won multiple awards for its ground-breaking and energy-efficient design.

The Murray received increased demand for events and corporate hospitality as cross-border travel resumed after the COVID-19 pandemic. Its service excellence continues to be recognised by global travellers, as showcased by the "Five-Star" award granted to the hotel for the second consecutive year in the 2023 Forbes Travel Guide Star Awards, one of the most prestigious global awards for luxury hospitality.

Plaza Hollywood

Plaza Hollywood is one of the largest shopping malls in Kowloon East. It is strategically located atop the Diamond Hill MTR station, the interchange station for Kwun Tong Line and Tuen Ma Line and an integrated public transport hub, which provides a convenient access covering both the eastern and western parts of Kowloon and the New Territories. In addition, Plaza Hollywood is located at a densely populated residential neighbourhood and an increasingly commercial area. The mall comprises eight storeys which accommodate retail shops, restaurants, cinema, a car park, a public transport terminus and ancillary recreational and public facilities. Occupancy rate of Plaza Hollywood was 96% as at 30 June 2023.

Plaza Hollywood has further optimised its comprehensive trade mix by recruiting a variety of retail and lifestyle brands, as well as introducing new food and beverage and confectionery concepts. Various innovative marketing campaigns were rolled out to increase foot traffic. Ongoing sales-driven programmes including VIC bonus points reward, shopping promotions and cross trade promotions attracted repeat visits and purchases.

Singapore Assets

The Wharf REIC Group owns two prime assets in the heart of the renowned Orchard Road commercial and hotel belt of Singapore, namely, Wheelock Place and Scotts Square mall.

Wheelock Place

Wheelock Place comprises seven floors of retail stores, services and dining options. Atop the retail podium is an office tower with tenants comprising top multinational companies. Occupancy rates of the retail premises and office premises at Wheelock Place were 99% and 100%, respectively, as at 30 June 2023.

Scotts Square

Scotts Square mall is a residential-cum-retail development which is located in close proximity to Wheelock Place. It comprises four floors of refined shopping of designer labels, specialty services and dining selections. Occupancy rate of the retail premises at Scotts Square was 98% as at 30 June 2023.

Properties Held for Investment Purposes in Mainland China

The Wharf REIC Group's properties held for investment purposes in Mainland China are all held by HCDL and comprise (i) Niccolo Suzhou, a hotel in Suzhou International Financial Square ("***Suzhou IFS***") and (ii) Marco Polo Changzhou, a hotel in Changzhou (an agreement to dispose of the hotel premises was signed on 18 February 2022 and terminated in July 2022. The hotel has been closed since the end of February 2022). In light of the rapidly changing business environment, the HCDL Group has been evaluating different business options and currently intends to divest its interests in these assets if appropriate offers with acceptable commercial terms from third parties are received.

Niccolo Suzhou

Niccolo Suzhou was opened in April 2021. Located in the prestigious Jinji lakeside precinct, the sky-high hotel features 233 spacious, chic and elegant guestrooms including 20 suites atop Suzhou IFS.

Marco Polo Changzhou

In February 2022, a binding agreement was reached to dispose Marco Polo Changzhou premises. However, the purchaser defaulted on subsequent payments and the transaction was terminated in July 2022. The hotel has ceased its operation since 28 February 2022.

Development Properties in Mainland China

The Wharf REIC Group's development properties in Mainland China comprise two property development projects in Suzhou and Shanghai, one of which is held by a subsidiary of HCDL, and the remaining one is held through an associate. It is intended that all completed properties in these projects will be sold. Most of the pre-sold properties had been delivered to the purchasers by the end of 2017. The Wharf REIC Group expects that (i) the Wharf REIC Group will not generate significant revenue from property development in Mainland China following such delivery and (ii) the unsold stock of the Shanghai South Station project (in which HCDL has a 27% interest and through which the Wharf REIC Group has a 19% attributable interest), which will contribute to the Wharf REIC Group's share of results after tax of its associate, will remain slow-moving. The HCDL Group has no other landbank for development and the Wharf REIC Group understands from HCDL that it does not intend to replenish its landbank. The Wharf REIC Group does not intend to further engage in property development in Mainland China.

Suzhou IFS

Suzhou IFS is a mixed-use integrated complex which HCDL owns an 80% interest. Located in the new central business district in Suzhou, Suzhou IFS is a 450-metre tower comprising Grade A offices, sky residences, serviced apartments and a luxury hotel, Niccolo Suzhou. Suzhou IFS, with completion by

phases in 2021, has become one of the tallest buildings in Jiangsu Province. Pre-sale of the apartment units and office has commenced since late 2018 and handed over to buyers upon completion.

WHEELOCK PROPERTIES LIMITED

Hong Kong Properties

WPL's core business and operational focus in Hong Kong is property development. For the year ended 31 December 2022, total property transactions amounted to HK\$6.9 billion (including HK\$0.3 billion for WHL), as compared to HK\$29.1 billion for the year ended 31 December 2021. WPL was affected by the economic recession in Hong Kong caused by the resurgence of the COVID-19 pandemic in early 2022 and the overall slow market sentiment for primary property transactions. For the six months ended 30 June 2023, total contracted residential property sales amounted to HK\$6.9 billion (with 635 units contracted). Sales recognition of Hong Kong development properties amounted to HK\$18.9 billion for the year ended 31 December 2022 (compared to HK\$5.7 billion for the year ended 31 December 2021). For the year ended 31 December 2022, WPL reported revenue of HK\$19.3 billion (compared to HK\$5.9 billion for the year ended 31 December 2021) and underlying net profit of HK\$2,614 million (compared to HK\$2,552 million for the year ended 31 December 2021), mainly resulting from sales recognition for Hong Kong development properties projects, namely, MONTARA, MARINI, KOKO HILLS and MONACO, partly offset by impairment provisions for certain development properties projects in Hong Kong. The net order book (being contracted sales to be recognised) decreased to HK\$18.4 billion as at 30 June 2023 from HK\$22.7 billion as at 31 December 2022.

WPL is one of the top three developers (by gross floor area) in each of the new urban communities in LOHAS Park, Kai Tak and Wong Chuk Hang. For the six months ended 30 June 2023, WPL's total contracted sales amounted to HK\$6.9 billion and achieved revenue of HK\$9.5 billion in recognised sales. As at 30 June 2023, 637 completed units were handed over and the cumulative sell-through rate on launched units was 91.6%.

MONACO ONE and MONACO MARINE, WPL's third and fourth phases of the MONACO development in Kai Tak, feature high quality design and dual club houses, offering an exceptional lifestyle experience to its customers. The development was completed in June 2023 and handover of units is underway. As at 30 June 2023, 832 residential units were sold for HK\$9.5 billion.

KOKO HILLS is a three-phase development at Lam Tin South Mid-Levels. Phase three A of the development, branded as KOKO ROSSO, was launched in March 2023. Leveraging the positive market response to KOKO ROSSO, Phase three B of the development, branded as KOKO MARE, was launched in April 2023. As at 30 June 2023, 529 units from these two phases have been sold for HK\$4.3 billion, at an 89% sell-through rate of launched units. KOKO HILLS development achieved an 80% sell-through rate with 770 units sold for HK\$7.4 billion.

MIAMI QUAY, WPL's first joint venture project on the waterfront at Kai Tak's Park Peninsula, was launched in September 2022. As at 30 June 2023, 50 units were sold for HK\$499.1 million.

GRAND VICTORIA I, II and III, the joint venture projects of WPL located in West Kowloon harbourfront, were launched in March 2021. As at 30 June 2023, 1,001 units were sold for HK\$16.1 billion (83% sell-through rate on launched units). Phase One of the development was completed in June 2023 and handover of units is underway.

KENNEDY 38 is a 341-unit development in Hong Kong Island West. As at 30 June 2023, 225 units were sold for HK\$2.1 billion at an 85% sell-through rate of launched units. The development was completed in March 2023.

Land Bank

As at 31 December 2022, the Hong Kong development properties land bank under WPL's management totalled 6.8 million square feet (compared to 6.9 million square feet as at 31 December 2021). As at 30 June 2023, WPL's managed land bank amounted to 6.4 million square feet. In July 2023, a new land bank was acquired through government tender in Kennedy Town on Hong Kong Island, with a total residential GFA of 235,247 square feet. WPL strives to maintain an adequate level of land bank through selective replenishment. WPL's diverse land bank provides a wide variety of product offerings ranging from MTR residences and waterfront living, to suburban houses and the Peak collection (held by WHL).

Kowloon East

Covering seven residential sites under development (including one site held by WHL), the land bank in Kai Tak encompassed 2.2 million square feet on an attributable basis, of which the five harbour-front sites along the former airport runway are jointly developed through various joint ventures. The two sites which are wholly-owned by WPL, namely, MONACO (i.e. NKIL 6564) and NKIL 6563, represent the last batch of residential developments in the future Kai Tak City Centre. The acquisition of the Kai Tak residential plot offers an opportunity to further expand Wheelock's property portfolio in the Kai Tak area and achieve synergy with existing projects in the vicinity.

The Kowloon East Waterfront Portfolio comprises the Kowloon Godown and Yau Tong Bay joint venture project held by WHL. For detailed information in relation to the Kowloon Godown and Yau Tong Bay joint venture project, please refer to "*The Wharf (Holdings) Limited — Hong Kong Properties — Kowloon East Portfolio*" in this Offering Circular.

The Peak Portfolio

The Peak Portfolio is held by WHL. For detailed information in relation to the Peak Portfolio, please refer to "*The Wharf (Holdings) Limited — Hong Kong Properties — The Peak Portfolio*" in this Offering Circular.

GROUP CORPORATE SOCIAL RESPONSIBILITY ("CSR") AND BUSINESS-IN-COMMUNITY ("BIC")

Community well-being is prioritised as a key consideration in the Group's business decision making. The Group supports a wide range of CSR programmes and initiatives spanning education, community, sustainable development and lifestyle.

Education

Project *WeCan*, the Group's key BIC initiative, aims to provide secondary school students who are disadvantaged in learning with support to broaden their horizons, equip them and unleash their potential for future careers. With the support of 72 partners, the programme has been benefitting over 87,000 students in 82 secondary schools in Hong Kong through various enrichment activities. Programmes including Job Tasting and Career Exploration Day are held to inspire students to pursue higher studies and fulfilling careers.

In first half of 2023, Wheelock organised nine events with one of Project *WeCan*'s partner schools and supported the school's 45th anniversary celebration and graduation dinner.

Community

The Group has long been promoting BIC concept to bring positive value to the community along with its business operations. In addition to donation, the Group is dedicated to initiating community programmes

and supporting other community partners through volunteering. Since 2011, the Group has been focusing its community investment in three major areas, namely, youth development, arts and culture, and community care.

Furthermore, Wheelock has actively participated in two significant public housing initiatives, namely, the transitional housing project and the land sharing pilot scheme. These initiatives could potentially provide approximately 12,596 public housing units to address the pressing need for affordable housing in Hong Kong. Wheelock's transitional housing project in Shuen Wan, Tai Po, is expected to provide approximately 1,200 transitional homes for approximately 10,000 people upon completion. The site was handed over to the main contractor in August 2022 and superstructure works are underway. The first intake of residents is scheduled for 2024. WPL had also applied to the Hong Kong SAR government for two projects under the Land Sharing Pilot Scheme. One of the applications involving a jointly-owned site in Lam Tsuen North, Tai Po, has obtained approval to proceed. The site, spanning 1.7 million square feet in GFA, could potentially provide approximately 2,200 public housing units. Target completion is scheduled for 2032.

Sustainable Development

WPL remains committed to improving its environmental performance and minimising environmental impact of its buildings throughout their lifecycles. It continues to integrate green building standards and practices into all development projects.

In February 2020, WPL signed the Low Carbon Charter launched by the Business Environment Council, committing to work towards carbon reduction in response to the goals of the United Nations Framework Convention on Climate Change's Paris Agreement. Furthermore, WPL headquarters attained Gold Label in the Low-carbon Office Operation Programme ("**LOOP**") Plus Labelling Scheme 2022 organised by WWF-Hong Kong. WPL is one of only two offices in Hong Kong to have been a LOOP participant for over 10 years with a Gold (or above) Label. LOOP has been established by WWF-Hong Kong to enable Hong Kong companies and organisations to become part of the solution to climate change.

The Group's sustainable operations are well recognised by the industry, as evidenced by the eight awards granted to the Group in the first half of 2023, including Five Stars Residency and Setting Out Team of the Year from Hong Kong Professional Building Inspection Academy (for KOKO HILLS), Best Property Management Award in Occupational Safety & Health and Best Property Management Award in Residents' RMAA Works Safety Enhancement from Best Property Safety Management Award (for Harriman Property Management Limited) and Best Programme for Work Safety and Health in Hot Weather (All Industries) from Occupational Safety & Health Council (for Harriman Property Management Limited's management of Bellagio).

With the Group's continuous operational efforts to enhance environmental sustainability, the Kowloon Godown development obtained BEAM Plus provisional certification. As at the date of this Offering Circular, all of the Group's development projects are certified with BEAM PLUS GOLD ratings. The Group's sustainable building achievement have been recognised through various awards, such as the Top 10 Developers 2023 from BCI Asia and the Quality Building Award for KOKO HILLS from Hong Kong Professional Building Inspection.

The Group has adopted a proactive approach in aligning its financial practices with its environmental goals. For example, the Group is committed to sustainability initiatives and has been obtaining sustainability-linked loans from time to time since its first environmental, social and governance ("**ESG**") loan initiative in April 2019.

Lifestyle

WPL was named one of the Top 100 Developers by BCI Asia for four consecutive years from 2020 to 2023 in recognition of its excellence in developing quality buildings. WPL also prides itself on being

shortlisted in the Royal Institution of Chartered Surveyors (“*RICS*”) Awards Hong Kong 2023 in the “Corporate Social Responsibility Project of the Year” category. The RICS awards, which are known as the property sector’s “Oscars,” showcase the outstanding developments and talents who create better spaces to live and work.

In line with its commitment to foster knowledge sharing and innovation, WPL has leveraged the platform of WLAB to organise 12 events in the first half of 2023. These events revolved around diverse themes, ranging from ESG to innovation. WLAB has also increased its online presence on platforms such as Facebook and Instagram.

Club Wheelock, WPL’s customer-facing social platform, celebrated its 10th anniversary milestone in 2022 and has continued to grow by garnering over 100,000 members since its inception. Club Wheelock organised a total of 19 events in the first half of 2023, offering exclusive experiences and benefits to its dedicated community.

Beyond its contributions to the built environment and its engagement with the community, WPL’s dedication to CSR has also been acknowledged. WPL was awarded the 10 Years Plus Caring Company logo from Hong Kong Council of Social Service.

DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

The board of directors of Wheelock comprises:

Mr Douglas C K Woo, BBS, JP, *Chairman & Managing Director*
Mr Stephen T H Ng, *Deputy Chairman*
Mr Stewart C K Leung, *Vice Chairman*
Mr Paul Y C Tsui, *Executive Director & Group Chief Financial Officer*
Mr Ricky K Y Wong, *Executive Director*
Mr Stephen K C Chan
Mr Kevin C Y Hui

Biographical details of the directors are set out below:

Douglas C K Woo, BBS, JP, Chairman & Managing Director

Mr Woo has been Chairman of Wheelock since 2014 and a Director and Managing Director since 2013. He is also vice chairman and managing director of WPL and a director of certain other subsidiaries of Wheelock.

Mr Woo is a non-official member of the Development Bureau's Land and Development Advisory Committee and a member of the Land Sub-Committee; a director and Executive Committee member of The Real Estate Developers Association of Hong Kong ("**REDA**"); a member of the Notaries Public Disciplinary Tribunal Panel, the Judiciary of Hong Kong; a vice chairman of the Hong Kong General Chamber of Commerce; and Patron of Project *WeCan*. Mr Woo is also a member of the 14th National Committee of the Chinese People's Political Consultative Conference and a member of the All-China Youth Federation. He was appointed a Justice of the Peace in 2016 and awarded the Bronze Bauhinia Star in 2021. Mr Woo was also a former chairman of the Environment and Conservation Fund Committee (2016 to 2022).

Mr Woo advises World Wide Fund for Nature Hong Kong and the Nature Conservancy, and is a Director of French May Arts Festival.

Mr Woo holds a Bachelor degree in Architecture from Princeton University in USA and a Master of Business Administration degree (EMBA Program) from The Hong Kong University of Science and Technology Business School and The Kellogg School of Management of Northwestern University. He was awarded an Honorary Doctor of Humane Letters degree by Savannah College of Art and Design (Hong Kong) in 2016 and was named a Young Global Leader by the World Economic Forum in 2017.

Stephen T H Ng, Deputy Chairman

Mr Ng has been a Director of Wheelock since 1988 and became Deputy Chairman in 1995. He is chairman and managing director of WHL and Wharf REIC, chairman of HCDL and a non-executive director of Greentown China Holdings Limited.

Mr Ng was born in Hong Kong in 1952 and grew up in Hong Kong. He attended Ripon College in Ripon, Wisconsin, USA and the University of Bonn, Germany, and graduated in 1975 with a major in mathematics. He is chairman of Project *WeCan* Committee.

Stewart C K Leung, Vice Chairman

Mr Leung has been Vice Chairman of Wheelock since 2012. He is currently the chairman of WPL and Wheelock Properties (Hong Kong) Limited (“*WPHKL*”), both being wholly-owned subsidiaries of Wheelock. He is also a director of certain other subsidiaries of Wheelock. Mr Leung has extensive experience in property development, construction, management and related businesses in Hong Kong. He was formerly a director of New World Development Company Limited, a publicly listed company, and a director of New World China Land Limited, a former publicly listed company. He is currently the chairman of the Executive Committee of REDA.

Paul Y C Tsui, Executive Director & Group Chief Financial Officer

Mr Tsui, FCCA, FCPA, FCMA, CGMA, CPA, CGA, has been a Director of Wheelock since 1998. He became Executive Director of Wheelock in 2003 and is currently also Group Chief Financial Officer. He is vice chairman, an executive director and group chief financial officer of WHL, vice chairman and an executive director of Wharf REIC. Furthermore, Mr Tsui is a director of Joyce Boutique Group Limited, vice chairman of WPL, and a director of Wharf Estates Singapore Pte. Ltd. He formerly served as a director of HCDL until his resignation in August 2015.

Mr Tsui is currently a general committee member of Employers’ Federation of Hong Kong (“*EFHK*”) and chairman of EFHK’s “Property & Construction” functional group.

Ricky K Y Wong, Executive Director

Mr Wong has been a Director of Wheelock since 2010 and became an Executive Director in January 2018. He joined the Group in 1989 and is currently the vice chairman & managing director of WPL and WPHKL as well as a director of certain other subsidiaries of Wheelock. He is presently responsible for overseeing the property development and related business of the Group in Hong Kong. Mr Wong is currently a member of the General Committee of the EFHK, a member of the Legal Sub-committee of REDA, chairman of the Advisory Committee on Enhancing Self-Reliance Through District Partnership (ESR) Programme of the Home Affairs Department, a fellow member of Royal Institution of Chartered Surveyors and a committee member on Applied Learning of Curriculum Development Council. Mr Wong is also a co-opted member of the Council of Hong Kong Management Association, a member of Modular Integrated Construction of Development Bureau — Construction Industry Council, an ex-officio member of Social Enterprise Advisory Committee of the Home Affairs Department, a Sponsoring Body Manager of the Board of Ng Yuk Secondary School, and a Multi-disciplinary Advisor of the Quality Education Fund Thematic Network (QTN) on Promoting Wellness in School in The University of Hong Kong.

Mr Wong was a director of The Hong Kong Green Building Council, an associate member of Hong Kong Special Administrative Region — Central Policy Unit (2013 to June 2017), a co-opted member of the Hong Kong Diploma of Secondary Education Examination (HKDSE) — Applied Learning Subject Committee of the Hong Kong Examinations and Assessment Authority (September 2015 to August 2018) and a committee member of Estate Agents Authority. Mr Wong graduated from University of Wisconsin in the USA with a Master Degree in Business Administration.

Stephen K C Chan, Director

Mr Chan, FCCA, CPA, has been a Director of Wheelock since January 2023 and is currently director of certain subsidiaries of Wheelock. Mr Chan has over 20 years investment experience.

Mr Chan carries full executive responsibilities over the business directions and operational efficiency of the business and corporate units under his respective management.

Kevin C Y Hui, Director

Mr Hui, FCCA, CPA, FCG, HKFCG, was appointed as a Director of Wheelock in January 2023. He joined Wheelock in 1986 and has worked for the Group and subsequently for the WHL Group, serving as the WHL Group's financial controller for years and gaining extensive experience in financial management and reporting control, auditing, taxation and corporate governance. Mr Hui is also a director and the company secretary of WHL, and a director of its subsidiaries Wharf Limited and Modern Terminals. He was formerly a director of Wharf REIC from 2020 to 2021 and a director of HCDL from 2015 to 2020.

An accountant by profession since 1986, Mr Hui is presently a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and the vice president and a council member of The Taxation Institute of Hong Kong. He is also a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. In addition, he is a member of the Project *WeCan* Committee.

All of Mr Douglas C K Woo, Mr Stephen T H Ng, Mr Stewart C K Leung, Mr Paul Y C Tsui, Mr Ricky K Y Wong, Mr Stephen K C Chan and Mr Kevin C Y Hui are currently directors of certain subsidiaries of Wheelock.

SUMMARY FINANCIAL INFORMATION

The summary financial information set forth below has been (i) derived from Wheelock's annual audited consolidated financial statements for the years ended 31 December 2022 and 2021 and (ii) extracted from Wheelock's interim unaudited consolidated financial statements as at and for the six months ended 30 June 2023 and 2022, which have not been audited by the Guarantor's independent auditor, KPMG, or any other independent auditors, and should be read in conjunction with the information incorporated by reference into this Offering Circular.

The Interim Specified Line Items included in this Offering Circular has been extracted from Wheelock's interim unaudited consolidated financial statements as at and for the six months ended 30 June 2023 and 2022, which have not been audited by the Guarantor's independent auditor, KPMG, or any other independent auditors. Wheelock's interim unaudited consolidated financial statements were prepared in accordance with HKFRS. However, the Interim Specified Line Items should not be relied upon by potential investors to provide the same type or quality of information associated with information that has been subject to an audit by an independent auditor. In addition, the Interim Specified Line Items comprise of selected line items only and do not present the audited financial information of the Group as at and for the periods specified. In particular, potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. The Interim Specified Line Items should not be taken as an indication of the expected financial condition and results of operations of the Group for the full financial year ending 31 December 2023 or be treated as representative of or presenting a complete or true and fair view of the financial position of the Group and the results of operations and changes in financial position of the Group for the periods specified. None of the Arranger or any of the Dealers or the Agents (nor any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls any of them) makes any representation or warranty, express or implied, regarding the accuracy or sufficiency of the Interim Specified Line Items for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition, results of operations and results.

| Results | Year ended 31 December | | Six months ended 30 June | |
|--|---|------------------|---------------------------------|--------------------|
| | 2022 | 2021 | 2023 | 2022 |
| | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| | (HK\$ Million) | | | |
| Revenue | 37,432 | 28,459 | 17,625 | 23,583 |
| Operating profit before depreciation, amortisation, interest and tax. | 12,532 | 10,713 | 4,045 | 8,248 |
| Profit before investment property revaluation loss . . . | 4,083 | 9,108 | 2,454 | 5,157 |
| (Loss)/profit attributable to equity shareholders | (3,659) | 8,041 | 1,671 | 2,511 |
| | | | | |
| Financial Position | As at 31 December | | As at 30 June | |
| | 2022 | 2021 | 2023 | 2022 |
| | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| | (HK\$ Million, except per share data and financial ratios) | | | |
| Total assets | 395,668 | 454,005 | 385,166 | 427,602 |
| Net debt | 43,017 | 62,704 | 50,276 | 50,778 |
| Shareholders' equity | 204,420 | 211,980 | 202,740 | 212,288 |
| Total equity | 260,259 | 285,854 | 256,802 | 278,342 |
| Net asset value per share | HK\$99.5 | HK\$103.2 | HK\$98.7 | HK\$103.4 |
| Net debt to total equity | 16.5% | 21.9% | 19.6% | 18.2% |

SHAREHOLDERS' AND TOTAL EQUITY

Shareholders' equity amounted to HK\$202.7 billion (31 December 2022: HK\$204.4 billion), or HK\$98.7 per share based on 2,053 million issued shares (31 December 2022: HK\$99.5 per share based on 2,053 million issued shares) as at 30 June 2023.

Total equity of Wheelock and its consolidated subsidiaries taken as a whole (the "*Consolidated Group*") decreased by 1% to HK\$256.8 billion (31 December 2022: HK\$260.3 billion) as at 30 June 2023.

TOTAL ASSETS

The Consolidated Group's total assets were HK\$385.2 billion (31 December 2022: HK\$395.7 billion) as at 30 June 2023.

DEBT AND GEARING

The Consolidated Group's net debt increased by 17% to HK\$50.2 billion (31 December 2022: HK\$43.0 billion) as at 30 June 2023.

As at 30 June 2023, the ratio of net debt to total equity (on a consolidated basis) increased to 19.6% (31 December 2022: 16.5%). Excluding the net debt of the WHL Group and the WPL Group, Wheelock's net debt to shareholders' equity (on an attributable net asset value basis) decreased to 10.4% (31 December 2022: 10.8%) as at 30 June 2023.

PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The summary financial information as at 31 December 2022 and 2021 and for the years then ended has been extracted from Wheelock's annual audited consolidated financial statements for each of its financial years ended 31 December 2022 and 2021.

The summary unaudited interim financial information as at and for the six months ended 30 June 2023 and 2022 has been extracted from Wheelock's interim unaudited consolidated financial statements as at and for the six months ended 30 June 2023 and 2022, which have not been audited by the Guarantor's independent auditor, KPMG, or any other independent auditors ("*Wheelock's Interim Financial Statements*"). Wheelock's Interim Financial Statements have been prepared by Wheelock in accordance with Hong Kong Accounting Standard ("*HKAS*") 34 "Interim Financial Reporting" ("*HKAS 34*") issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of Wheelock's Interim Financial Statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

Wheelock's Interim Financial Statements have been subject to internal control policies of the Group which have been reviewed by the Risk Management and Internal Control Committee of the Group.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Consolidated Group as at 30 June 2023 (unaudited) and should be read in conjunction with Wheelock's interim unaudited consolidated financial statements as at and for the six months ended 30 June 2023, which have not been audited by the Guarantor's independent auditor, KPMG, or any other independent auditors.

| | As at 30 June 2023 |
|---|---------------------------|
| | (Unaudited) |
| | (HK\$ Million) |
| <i>Short-term debt</i> | |
| Bank loans and other borrowings | 7,259 |
| <i>Long-term debt</i> | |
| Bank loans and other borrowings | 54,831 |
| <i>Shareholders' equity</i> | |
| Share capital | 3,936 |
| Reserves | 198,804 |
| Total shareholders' equity | 202,740 |
| Total capitalisation⁽¹⁾ | 264,830 |

Note:

(1) Total capitalisation is defined to be the sum of total short-term debt, total long-term debt and total shareholders' equity.

Save as disclosed above, there has been no material adverse change in the capitalisation and indebtedness of the Consolidated Group since 30 June 2023.

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 as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequence of such actions under the tax laws of those countries. It is emphasised that none of the Issuer, the Guarantor nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

HONG KONG

Withholding Tax

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

Profits Tax

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

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

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

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

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

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the “**Amendment Ordinance**”) came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Notes accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong 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.

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

Stamp Duty

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

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

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

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

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

With effect from 1 August 2021, 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.

PRC

If considering whether to invest in the Notes, potential purchasers should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the New Enterprise Income Tax Law (the “*New EIT Law*”) and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management body” are within the territory of the PRC shall be PRC tax resident enterprises for the purpose of the New EIT Law and they shall pay enterprise income tax at the rate of 25% in respect of their income sourced from both within and outside the PRC. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the New EIT Law and be subject to enterprise income tax at the rate of 25% for its income sourced from both within and outside the PRC.

As of the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as PRC tax resident enterprise for the purpose of the New EIT Law. However, there is no assurance that the Issuer will not be treated as PRC tax resident enterprises under the New EIT Law and related implementation regulations in the future. If the Issuer is treated as a PRC tax resident enterprise, the interest payable by the Issuer may be considered as income sourced inside the PRC.

Pursuant to the New EIT Law and its implementation regulations, any non-resident enterprises without an establishment in the PRC or whose income has no actual connection to its establishment inside the PRC may be subject to enterprise income tax at the rate of 10% on the passive incomes including interest payable sourced inside the PRC. Such income tax shall be withheld at source by the PRC payer acting as the obligatory withholder, who shall withhold the tax amount from each payment or payment due. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer shall withhold income tax from the payments of interest in respect of the Notes for any non-PRC enterprise Noteholder. However, notwithstanding the potential withholding of PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Notes so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes.

In addition, if the Issuer is treated as a PRC tax resident enterprise under the New EIT Law and related implementation regulations in the future, any gain realised by the non-resident enterprise Noteholders from the transfer of the Notes may be regarded as being derived from sources within the PRC and accordingly would be subject to up to 10% of PRC withholding tax.

FATCA WITHHOLDING

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 (as amended, the “*Internal Revenue Code*”), 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 and the British Virgin Islands) have entered into, or have agreed in substance to, inter-governmental 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 date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, 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 (including by reason of a substitution of the issuer). However, if additional notes (as described under “*Terms and Conditions — Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. 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.

BRITISH VIRGIN ISLANDS

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Notes to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Notes.

All instruments relating to transfers of property to or by the Issuer, all instruments relating to transactions in respect of the Notes and all instruments relating to other transactions relating to the business of the Issuer are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

There are currently no withholding taxes or exchange control in the British Virgin Islands applicable to the Issuer or its members.

The British Virgin Islands enacted the Economic Substance (Companies and Limited Partnerships) Act, 2018 (as revised) (the “*ES Act*”) together with the Rules on Economic Substance in the Virgin Islands (as revised), containing rules and guidance relating to the interpretation of the ES Act and how the International Tax Authority (the “*ITA*”) will carry out its obligations. The Issuer is required to report to the ITA on a periodic basis to enable the ITA to monitor compliance with the economic substance requirements, if it is carrying on one or more relevant activities. If this is the case, it may be required to adopt adequate economic substance in the British Virgin Islands.

PRC CURRENCY CONTROLS

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

REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

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

CURRENT ACCOUNT ITEMS

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Since July 2009, the PRC has commenced a scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, 24 August 2011 and 3 February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (together, the “**Circulars**”). Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts was lifted, and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods without obtaining the approval as previously required, provided that the relevant provincial government has submitted to PBOC and five other PRC authorities (the “**Six Authorities**”) a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the “**Supervision List**”). On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as a settlement currency for exports.

On 5 July 2013, PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) which simplified the procedures for cross-border Renminbi trade settlement under current account items. On 1 November 2014, PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, 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. On 5 September 2015, PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the “**2015 PBOC Circular**”), which, amongst others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises in the China (Shanghai) Free Trade Pilot Zone (“**Shanghai FTZ**”) may establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pool.

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. Furthermore, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules.

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.

Prior to October 2011, capital account items of foreign invested entities were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) were generally required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or any other relevant PRC parties were also generally required to make capital item payments, including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to a foreign investor in a foreign currency.

On 10 May 2013, the State Administration of Foreign Exchange of the PRC (“SAFE”) promulgated the “Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors” (the “SAFE Provisions”), which became effective on 13 May 2013. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, the Ministry of Commerce and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

On 13 February 2015, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (the “13 Notice”), which became effective on 1 June 2015. According to the 13 Notice, two administrative examination and approval items, such as the verification and approval of foreign exchange registration under domestic direct investment, and verification and approval of foreign exchange registration under overseas direct investment, shall be abolished. The 13 Notice also simplifies the procedures for handling certain foreign exchange services under direct investment.

On 30 March 2015, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises (the “19 Notice”), which became effective on 1 July 2015. According to the 19 Notice, foreign-invested enterprises shall be allowed to settle their foreign exchange capitals on a discretionary basis, which means that foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution).

On 26 January 2017, the SAFE issued the *Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance* (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) (匯發[2017]3號) to further advance the reform of foreign exchange administration, such as:

- settlement of domestic foreign exchange loans are allowed for export trade in goods. A domestic institution shall repay loans with the foreign exchange funds received from export trade in goods, rather than, in principle, purchased foreign exchange;
- a debtor may directly or indirectly repatriate the funds under guarantee and use them domestically by, amongst others, granting loans and making equity investments domestically. Where a bank performs its guarantee obligation under overseas loans with domestic guarantee, relevant foreign exchange settlement and sale shall be managed as the bank's own foreign exchange settlement and sale;
- the deposits absorbed by a domestic bank through its principal international foreign exchange account and allowed to be used domestically are no more than 100% of the average daily deposit balance in the previous six months as opposed to the former 50%; and the funds used domestically are not included in the bank's outstanding short-term external debt quota;
- allowing foreign exchange settlement in the domestic foreign exchange accounts of overseas institutions within pilot free trade zones: where funds are repatriated and used domestically after settlement, a domestic bank shall, under the relevant provisions on cross-border transactions, handle such funds by examining the valid commercial documents and vouchers of domestic institutions and domestic individuals; and
- where a domestic institution grants overseas loans, the total of the balance of overseas loans granted in domestic currency and the balance of overseas loans granted in foreign currency shall not exceed 30% of owner's equity in the audited financial statements of the previous year.

The above circulars, notices and measures will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Furthermore, 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 the relevant rules or provisions administered by the SAFE.

CLEARANCE AND SETTLEMENT

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

The 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, amongst others, 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 reference manual relating to the operation of the CMU issued by the HKMA to CMU Members, as amended from time to time (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 by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual.

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

BOOK-ENTRY OWNERSHIP

Bearer Notes

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

Registered Notes

The Issuer has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of the Registered Notes to be represented by a Global Certificate. The Issuer may also apply to have the Registered Notes represented by a Global Certificate accepted for clearance through the CMU. Each Global Certificate deposited with a common depository for Euroclear and/or Clearstream will, where applicable, have an ISIN and/or a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number. Investors in Registered Notes of such Series may hold their interests in a Global Certificate only through Euroclear, Clearstream or the CMU, as the case may be.

Individual Definitive Certificates

Registration or title to Registered Notes in a name other than a depository for Euroclear and Clearstream or a sub-custodian for the CMU will not be permitted unless (i) in the case of Registered Notes deposited with a common depository for Euroclear and Clearstream, or lodged with a sub-custodian for the CMU, Euroclear or Clearstream or the CMU is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Certificates.

SUBSCRIPTION AND SALE

SUMMARY OF DEALER AGREEMENT

Subject to the terms and on the conditions contained in the amended and restated dealer agreement dated 19 October 2023 (and as may be further amended, supplemented, replaced and/or restated from time to time, the “*Dealer Agreement*”) between Wheelock, the Issuer, the Permanent Dealers and the Arranger, the Notes may be offered by the Issuer to the Permanent Dealers. However, the Issuer 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 Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission (if any) as agreed between them in respect of Notes subscribed by it. The Issuer, failing whom the Guarantor, has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions (if any) in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

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

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“*Banking Services*” or “*Transactions*”). The Dealers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with Wheelock, the Issuer and/or their respective affiliates for which they have received, or will receive, fees and expenses.

In connection with the offering of the Notes issued under the Programme, the Dealers and/or their respective affiliates, or affiliates of Wheelock or the Issuer, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trade of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of Wheelock, the Issuer and/or their respective affiliates, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Dealers and/or their respective affiliates, or affiliates of Wheelock or the Issuer, as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory obligation to do so. If such transactions occur, the trading price and liquidity of the Notes may be impacted. Furthermore, it is possible that a significant proportion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained (see “*Risk Factors — Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity*”). Wheelock, the Issuer and/or their respective affiliates and the Dealers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with Wheelock, the Issuer

and/or their respective affiliates. The Dealers have received, or may in the future receive, customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the Dealers and their respective affiliates make or hold 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. Such investment and securities activities may involve securities and instruments of Wheelock and/or the Issuer, including the Notes. Certain of the Dealers or their affiliates that have a lending relationship with Wheelock and/or the Issuer routinely hedge their credit exposure to Wheelock and/or the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in Wheelock's and/or the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect the trading prices and liquidity of the Notes offered hereby. The Dealers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of Wheelock or the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments.

In connection with any Tranche of Notes, the Stabilisation Manager(s) or any person acting on behalf of any Stabilisation Manager(s) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that any Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by any Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

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

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

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should

enquire with their investor clients regarding any orders which appear unusual or irregular. 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 Issuer and the Guarantor. 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 Relevant 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 Dealer(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMI's (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 Relevant Dealers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMI's and investors is personal and/or confidential in nature, CMI's (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 each of them and the underlying investors have understood and consented to the collection, disclosure, use and transfer of

such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, 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 Dealers with such evidence within the timeline requested.

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 meaning given to them by Regulation S under the Securities Act.

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

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it will not offer or sell or, in the case of Notes in bearer form, deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer and the Fiscal Agent by each Dealer, or in the case of Notes issued on a syndicated basis, 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 distribution compliance period a confirmation or other notice setting forth 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 under the Securities Act.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

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.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer 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. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

PRC

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

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, 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 except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) other than (a) to “*professional investors*” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “*prospectus*” as defined in the C(WUMP)O or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the 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 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, 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, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

If the Pricing Supplement in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material

in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA, as modified or amended from time to time) pursuant to Section 274 of the SFA, (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Pricing Supplement in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA, as modified or amended from time to time) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(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).

European Economic Area

Prohibition of Sales to EEA Retail Investors

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

- (i) the expression “retail investor” means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (c) not a qualified investor as defined in the Prospectus Regulation; and
- (ii) 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 Restrictions under the Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA, 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 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:

- (i) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a “*Non-exempt Offer*”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) 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 (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

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

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, 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, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (i) the expression “retail investor” means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (c) 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; and
- (ii) 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 Restrictions 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 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 made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:

- (i) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Section 86 of the FSMA (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the Financial Conduct Authority, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (iii) 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 UK, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in (ii) to (iv) shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

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

Other Regulatory Restrictions in the United Kingdom

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

- (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 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 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.

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 invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

This Offering Circular does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

GENERAL

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

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

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

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 will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement, in all cases at its own expense, and none of Wheelock, the Issuer nor any other Dealer shall have responsibility therefor.

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:

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

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

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

Notes:

⁽¹⁾ Paragraph (iii) is not required where the Notes have a denomination of at least €100,000 or equivalent.

[UK 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 (the “**EUWA**”); [or] (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97 / the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 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.]⁽²⁾ Consequently no key information document required by [Regulation (EU) No 1286/2014 / the 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 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 Recommendation on Investment Products).]⁽³⁾

Pricing Supplement dated [●]

WHELOCK MTN (BVI) LIMITED

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

Issue of

[Aggregate Nominal Amount of Tranche] [Title of Notes]
(the “**Notes**”)

Guaranteed by

WHELOCK AND COMPANY LIMITED (會德豐有限公司)
(the “**Guarantor**”)

under the

U.S.\$5,000,000,000 MEDIUM TERM NOTE PROGRAMME
(the “**Programme**”)

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

Note:

⁽²⁾ Paragraph (iii) is not required where the Notes have a denomination of at least €100,000 or equivalent.

⁽³⁾ 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.

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

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

This pricing supplement (the “*Pricing Supplement*”), together with the Offering Circular (as defined below), includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Pricing Supplement and confirm, having made all reasonable enquiries, that to the best of each of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.](⁴)

WARNING

The contents of this Pricing Supplement have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of the Notes. If you are in any doubt about any of the contents of this Pricing Supplement, you should obtain independent professional advice.

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

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

Note:

⁽⁴⁾ Applicable for Notes to be listed on the Hong Kong Stock Exchange only.

| | | |
|---|---|---|
| 1 | (i) Issuer: | Wheelock MTN (BVI) Limited |
| | (ii) Guarantor: | Wheelock and Company Limited (會德豐有限公司) |
| 2 | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | [(iii) Date on which the Notes become fungible: | [●] <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 <i>[insert date]</i> <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: | [●] ^{(5), (6)} <i>[If a Global Note is exchangeable for Definitive Notes, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denominations)]</i> |
| | (ii) Calculation Amount: | <i>[If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor]</i> <i>[Note: There must be a common factor in the case of two or more Specified Denominations]</i> |
| 7 | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date: | [●] |

Notes:

⁽⁵⁾ Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 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). Add appropriate provisions to terms and conditions if included.

⁽⁶⁾ If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording set out in the Guidance Note published by ICMA in November 2006 (or its replacement from time to time) as follows: “€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000”.

- 8 Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*⁽⁷⁾
- 9 Interest Basis: per cent. Fixed Rate] *[[specify reference rate] +/-* per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (*specify*)] (further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (*specify*)]
- 11 Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]* [Not Applicable]
- 12 Put/Call Options: [Put] [Call] [(further particulars specified below)]
- 13 [(i)] Status of the Notes: Senior
- [(ii)] Status of the Guarantee: Senior]
- 14 Listing: [Hong Kong Stock Exchange/Other (*specify*)/None] (*For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes*)
- 15 Method of distribution: [Syndicated/Non-syndicated]

Note:

⁽⁷⁾ Note that Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 Fixed Rate Note Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year *[adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]*
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount⁽⁸⁾
- (iv) Broken Amount: [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction (Condition 5(k)): [●] *(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars or Hong Kong dollars, unless the client requests otherwise)*
- (vi) Determination Date(s) (Condition 5(k)): [●] 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]*⁽⁹⁾
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 17 Floating Rate Note Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Interest Period Date(s): [●]

Notes:

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

⁽⁹⁾ Only to be completed for an issue where Day Count Fraction is Actual/Actual-ICMA.

- (iv) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (v) Business Centre(s) (Condition 5(k)): [●]
- (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 (Condition 5(b)(iii)(B)):
- Reference Rate: [●]
 - Interest Determination Date: [[●] [TARGET] Business Days in [*specify city*] for [*specify currency*] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
 - Relevant Screen Page: [●]
- (ix) ISDA Determination (Condition 5(b)(iii)(A)):
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: 2006 (if different to those set out in the Conditions, please specify)
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction (Condition 5(k)): [●]

| | | |
|----|--|--|
| | (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: | [Benchmark Discontinuation (Condition 5(k))/ <i>specify other if different from those set out in the Conditions</i>] |
| 18 | Zero Coupon Note Provisions: | [Applicable/Not Applicable] (<i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i>) |
| | (i) Amortisation Yield (Condition 6(b)): | [●] per cent. per annum |
| | (ii) Day Count Fraction (Condition 5(k)): | [●] |
| | (iii) Any other formula/basis of determining amount payable: | [●] |
| 19 | Index Linked Interest Note Provisions: | [Applicable/Not Applicable] (<i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i>) |
| | (i) Index/Formula: | [Give or annex details] |
| | (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Calculation Agent]): | [●] |
| | (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: | [●] |
| | (iv) Interest Period(s): | [●] |
| | (v) Specified Interest Payment Dates: | [●] |
| | (vi) Business Day Convention: | [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (<i>give details</i>)] |
| | (vii) Business Centre(s) (Condition 5(k)): | [●] |
| | (viii) Minimum Rate of Interest: | [●] per cent. per annum |
| | (ix) Maximum Rate of Interest: | [●] per cent. per annum |

| | | |
|----|---|---|
| | (x) Day Count Fraction (Condition 5(k)): | [●] |
| 20 | Dual Currency Note Provisions: | [Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| | (i) Rate of Exchange/Method of calculating Rate of Exchange: | <i>[Give details]</i> |
| | (ii) Party, if any, responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Calculation Agent]): | [●] |
| | (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: | [●] |
| | (iv) Person at whose option Specified Currency(ies) is/are payable: | [●] |
| | (v) Day Count Fraction (Condition 5(k)): | [●] |

PROVISIONS RELATING TO REDEMPTION

| | | |
|----|---|---|
| 21 | Call Option | [Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| | (i) Optional Redemption Date(s): | [●] |
| | (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): | [●] per Calculation Amount |
| | (iii) If redeemable in part: | |
| | (a) Minimum Redemption Amount: | [●] per Calculation Amount |
| | (b) Maximum Redemption Amount: | [●] per Calculation Amount |
| | (iv) Notice period: | [●] |
| 22 | Put Option: | [Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| | (i) Optional Redemption Date(s): | [●] |

- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Notice period: [●]
- 23 Final Redemption Amount of each Note: [●] per Calculation Amount
- 24 Early Redemption Amount:
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(c)) or an event of default (Condition 10) 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

- 25 Form of Notes: [Bearer Notes/Exchangeable Bearer Notes/Registered Notes] [*Delete as appropriate*]
- (i) Temporary Global Note or Permanent Global Note: [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]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]⁽¹⁰⁾
- [Permanent Global Note/Global Certificate exchangeable for Definitive Notes/Definitive Certificates in the limited circumstances specified in the Permanent Global Note/Global Certificate]
- (ii) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
- 26 Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates: [Not Applicable/*Give details.*] [*Note that this item relates to the date and place of payment, and not interest period end dates, to which item 16(ii), 17(iv) and 19(vii) relate*]

Note:

⁽¹⁰⁾ If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000", the Temporary Global Note shall not be exchangeable on [●] days' notice.

- 27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 28 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
- 29 Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Maximum Instalment Amount: [●]
- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]
- 31 Consolidation provisions: [Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]
- 32 Other terms or special conditions:⁽¹¹⁾ [Not Applicable/*give details*]

DISTRIBUTION

- 33 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilisation Manager(s) (if any): [Not Applicable/*give name(s)*]
- 34 If non-syndicated, name of Dealer: [Not Applicable/*give name*]

Note:

⁽¹¹⁾ If full terms and conditions are to be used, please add the following here:

“The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary.”

The first set of bracketed words is to be deleted where there is a Permanent Global Note or Global Certificate instead of Notes in definitive form. The full Conditions should be attached to and form part of the pricing supplement.

| | | |
|----|---|---|
| 35 | Prohibition of Sales to EEA Retail Investors: | [Not Applicable/Applicable] <i>(If the Notes clearly do not constitute “packaged products”, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no Key Information Document will be prepared, “Applicable” should be specified.)</i> |
| 36 | Prohibition of Sales to UK Retail Investors: | [Not Applicable/Applicable] <i>(If the Notes clearly do not constitute “packaged products”, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no Key Information Document will be prepared, “Applicable” should be specified.)</i> |
| 37 | Additional selling restrictions: | [Not Applicable/give details] |
| 38 | Singapore Sales to Institutional Investors and Accredited Investors only: | [Not Applicable/Applicable] |
| 39 | Private Bank Rebate: | [Not Applicable/give details] <i>(For any issuance where paragraph 21 of the Hong Kong SFC Code of Conduct is applicable, also refer to paragraph 53(i) below)</i> |

OPERATIONAL INFORMATION

| | | |
|----|---|---|
| 40 | ISIN Code: | [[●]/Not Applicable] |
| 41 | Common Code: | [[●]/Not Applicable] |
| 42 | CMU Instrument Number: | [[●]/Not Applicable] |
| 43 | Legal Entity Identifier (LEI): | [●] |
| 44 | Any clearing system(s) other than Euroclear, Clearstream and the CMU and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)] |
| 45 | Delivery: | Delivery [against/free of] payment |
| 46 | The Agents appointed in respect of the Notes are: | [●] |

GENERAL

| | | |
|----|------------------|---|
| 47 | Use of Proceeds: | [As described in the “Use of Proceeds” section in the Offering Circular/(specify if different from the use of proceeds set out in the Offering Circular)] |
|----|------------------|---|

- 48 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a): [Not Applicable/*give details*]
- 49 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.\$][●]]
- 50 In the case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong: [●]
- 51 In the case of Bearer Notes, specify the location of the office of the Fiscal Agent if other than Hong Kong: [●]
- 52 Rating[s]: [The Notes to be issued have not been rated]/[The Notes to be issued are expected to be rated: [*rating provided by any international credit rating agency*]]
- 53 Hong Kong SFC Code of Conduct:⁽¹²⁾
- (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]

Note:

⁽¹²⁾ If paragraph 21 of the SFC Code applies to a drawdown pursuant to the Programme, the parties should consider preparing and circulating the Preliminary Pricing Supplement to investors prior to pricing or including the same in a BBG announcement to investors.

(iii) Marketing and Investor
Targeting Strategy

[if different from the programme offering circular]

[LISTING APPLICATION]

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein on the Hong Kong Stock Exchange pursuant to the Programme.]

[STABILISATION]

In connection with this issue, *[insert name of Stabilisation Manager]* (the “**Stabilisation Manager**”) (or any person 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, there is no assurance that the Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.]

[MATERIAL ADVERSE CHANGE STATEMENT]

[Except as disclosed in this document, there/There]⁽¹³⁾ has been no material adverse change in the financial or trading position or prospects of the Issuer, the Guarantor or of the Group since *[insert date of last published annual accounts]*.]

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By _____
Duly authorised

Signed on behalf of the Guarantor:

By _____
Duly authorised

Note:

⁽¹³⁾ If any change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

GENERAL INFORMATION

- (1) Application has been made to the Hong Kong Stock Exchange for the listing of the Programme on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular. The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing of the relevant Notes.

Admission to the Hong Kong Stock Exchange and quotation of any Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Programme, the Notes, the Issuer, the Guarantor or the Group. The Hong Kong Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions or reports contained herein.

- (2) The Issuer has obtained all necessary consents, approvals and authorisations in the British Virgin Islands in connection with the establishment and update of the Programme. Wheelock has obtained all necessary (if any) consents, approvals and authorisations in Hong Kong in connection with the guarantee relating to the Programme. The giving of the guarantee relating to the Programme by the Guarantor was authorised by resolutions of the board of directors of Wheelock passed on 13 October 2023. The update of the Programme was authorised by resolutions of the board of directors of the Issuer passed on 13 October 2023.
- (3) Except as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of Wheelock, the Issuer or the Group since 31 December 2022.
- (4) None of Wheelock, the Issuer nor any of Wheelock's subsidiaries is involved in any litigation, arbitration or administrative proceedings relating to claims which are material in the context of the issue of the Notes and, so far as any of them is aware, no such litigation, arbitration or administrative proceedings are pending or threatened. Each of Wheelock and the Issuer may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of its business.
- (5) Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (6) Notes issued under the Programme may be accepted for clearance through the Euroclear and Clearstream systems. The Issuer may also apply to have Bearer Notes or Registered Notes accepted for clearance through the CMU. The relevant CMU instrument number for each such Series of Notes will be set out in the relevant Pricing Supplement. The ISIN and common code 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 Legal Entity Identifier of the Issuer is 2549008QJTQY2VB3MV48.

- (7) For so long as Notes may be issued pursuant to this Offering Circular, copies of the following documents will, when published, be available (upon written request and satisfactory proof of holding), during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of Wheelock and at the specified office of the Paying Agents:
- (i) the Agency Agreement (which includes the form of the Global Notes, the Global Certificates, the definitive Bearer Notes, the definitive Certificates, the Coupons, the Receipts and the Talons);
 - (ii) the Deed of Covenant (including the Guarantee);
 - (iii) the Memorandum and Articles of Association or Articles of Association of each of Wheelock and the Issuer;
 - (iv) a copy of this Offering Circular together with any supplement to this Offering Circular or further Offering Circular in relation to the Programme; and
 - (v) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer or the relevant Paying Agent as to its holding of Notes and identity).
- (8) Copies of the Agency Agreement and the Deed of Covenant (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.
- (9) KPMG, at 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong, Certified Public Accountants and independent auditors of Wheelock have audited, and rendered unqualified audit reports on, Wheelock's annual audited consolidated financial statements for the two years ended 31 December 2022 and 31 December 2021. As at the date of this Offering Circular, the Issuer has not published any audited or unaudited financial statements.
- (10) The Guarantor intends to continue to make available its annual audited consolidated financial statements and half-yearly unaudited consolidated financial statements on a request basis to existing and (at the discretion of the Guarantor) prospective Noteholders.

INDEX TO FINANCIAL STATEMENTS

ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF WHEELOCK FOR THE YEAR ENDED 31 DECEMBER 2022

| | |
|--|------|
| Independent Auditor's Report | F-2 |
| Consolidated Income Statement | F-5 |
| Consolidated Statement of Comprehensive Income | F-6 |
| Consolidated Statement of Financial Position | F-7 |
| Consolidated Statement of Changes in Equity | F-8 |
| Consolidated Statement of Cash Flows | F-9 |
| Notes to the Financial Statements | F-12 |

The financial statements of Wheelock as at and for the year ended 31 December 2022 set out herein have been reproduced from Wheelock's annual audited consolidated financial statements for the year ended 31 December 2022, including the page numbers and page reference set forth in such report.

ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF WHEELOCK FOR THE YEAR ENDED 31 DECEMBER 2021

| | |
|--|------|
| Independent Auditor's Report | F-57 |
| Consolidated Income Statement | F-60 |
| Consolidated Statement of Comprehensive Income | F-61 |
| Consolidated Statement of Financial Position | F-62 |
| Consolidated Statement of Changes in Equity | F-63 |
| Consolidated Statement of Cash Flows | F-64 |
| Notes to the Financial Statements | F-67 |

The financial statements of Wheelock as at and for the year ended 31 December 2021 set out herein have been reproduced from Wheelock's annual audited consolidated financial statements for the year ended 31 December 2021, including the page numbers and page reference set forth in such report.

INDEPENDENT AUDITOR’S REPORT



To the members of Wheelock and Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Wheelock and Company Limited (“the Company”) and its subsidiaries (“the Group”) set out on pages 42 to 120, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 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 (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (“the Code”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR’S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor’s report thereon.

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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 March 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

| | Note | 2022 HK\$ Million | 2021 HK\$ Million |
|--|------------|----------------------|----------------------|
| Revenue | 1 | 37,432 | 28,459 |
| Direct costs and operating expenses | | (22,262) | (15,177) |
| Selling and marketing expenses | | (1,535) | (1,172) |
| Administrative and corporate expenses | | (1,103) | (1,397) |
| Operating profit before depreciation, amortisation, interest and tax | | 12,532 | 10,713 |
| Depreciation and amortisation | 2 | (803) | (822) |
| Operating profit | 1 & 2 | 11,729 | 9,891 |
| (Decrease)/increase in fair value of investment properties | 7(a) | (453) | 1,009 |
| Other net (charge)/income | 3 | (6,824) | 130 |
| Finance costs | 4 | 4,452 | 11,030 |
| Share of results after tax of: | | (1,464) | (520) |
| Associates | 9(e) & (f) | (4,220) | 2,756 |
| Joint ventures | 10(d) | (178) | 584 |
| (Loss)/profit before taxation | | (1,410) | 13,850 |
| Income tax | 5 | (2,498) | (2,952) |
| (Loss)/profit for the year | | (3,908) | 10,898 |
| (Loss)/profit attributable to: | | | |
| Equity shareholders | | (3,659) | 8,041 |
| Non-controlling interests | | (249) | 2,857 |
| | | (3,908) | 10,898 |

The notes and principal accounting policies on pages 49 to 120 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the (loss)/profit for the year are set out in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---|----------------------|----------------------|
| (Loss)/profit for the year | (3,908) | 10,898 |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange difference on translation of operations outside Hong Kong | (5,020) | 1,968 |
| Share of other comprehensive income of associates and joint ventures | (2,770) | 1,255 |
| Item that will not be reclassified to profit or loss: | | |
| Fair value changes on equity investments | (1,985) | (5,432) |
| Other comprehensive income for the year | (9,775) | (2,209) |
| Total comprehensive income for the year | (13,683) | 8,689 |
| Total comprehensive income attributable to: | | |
| Equity shareholders | (10,361) | 6,197 |
| Non-controlling interests | (3,322) | 2,492 |
| | (13,683) | 8,689 |

The notes and principal accounting policies on pages 49 to 120 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

| | Note | 2022 HK\$ Million | 2021 HK\$ Million |
|--------------------------------------|-------|----------------------|----------------------|
| Non-current assets | | | |
| Investment properties | 7 | 71,611 | 79,055 |
| Property, plant and equipment | 8 | 12,618 | 13,358 |
| Interests in associates | 9 | 109,959 | 119,636 |
| Interests in joint ventures | 10 | 30,376 | 33,010 |
| Other long term investments | 11 | 46,611 | 57,137 |
| Goodwill and other intangible assets | 12 | 298 | 298 |
| Deferred tax assets | 20(a) | 975 | 982 |
| Derivative financial assets | 15 | 62 | 148 |
| Other non-current assets | | 790 | 472 |
| | | 273,300 | 304,096 |
| Current assets | | | |
| Properties for sale | 13 | 99,725 | 112,305 |
| Trade and other receivables | 14 | 6,562 | 12,047 |
| Amount due from a related company | | – | 25 |
| Taxation recoverable | 5(d) | 32 | 32 |
| Derivative financial assets | 15 | 69 | 266 |
| Bank deposits and cash | 16 | 15,980 | 25,234 |
| | | 122,368 | 149,909 |
| Total assets | | 395,668 | 454,005 |
| Non-current liabilities | | | |
| Derivative financial liabilities | 15 | (1,097) | (438) |
| Deferred tax liabilities | 20(a) | (14,566) | (15,269) |
| Other non-current liabilities | | (84) | (69) |
| Bank loans and other borrowings | 19 | (52,778) | (72,203) |
| | | (68,525) | (87,979) |
| Current liabilities | | | |
| Trade and other payables | 17 | (38,075) | (31,691) |
| Deposits from sale of properties | 18 | (18,951) | (28,401) |
| Derivative financial liabilities | 15 | (419) | (60) |
| Taxation payable | 5(d) | (3,220) | (4,285) |
| Bank loans and other borrowings | 19 | (6,219) | (15,735) |
| | | (66,884) | (80,172) |
| Total liabilities | | (135,409) | (168,151) |
| NET ASSETS | | 260,259 | 285,854 |
| Capital and reserves | | | |
| Share capital | 22(a) | 3,936 | 3,936 |
| Reserves | | 200,484 | 208,044 |
| Shareholders' equity | | 204,420 | 211,980 |
| Non-controlling interests | | 55,839 | 73,874 |
| TOTAL EQUITY | | 260,259 | 285,854 |

The notes and principal accounting policies on pages 49 to 120 form part of these financial statements.

Stephen T H Ng
Director

Paul Y C Tsui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

| | Shareholders' equity | | | | | | |
|--|----------------------|--|-------------------|------------------|----------------------------|---------------------------|----------------|
| | Share capital | Investments revaluation and other reserves | Exchange reserves | Revenue reserves | Total shareholders' equity | Non-controlling interests | Total equity |
| | | | | | | | |
| At 1 January 2021 | 3,936 | 6,503 | (879) | 191,455 | 201,015 | 81,287 | 282,302 |
| Changes in equity for 2021: | | | | | | | |
| Profit for the year | – | – | – | 8,041 | 8,041 | 2,857 | 10,898 |
| Other comprehensive income | – | (3,238) | 1,394 | – | (1,844) | (365) | (2,209) |
| Total comprehensive income | – | (3,238) | 1,394 | 8,041 | 6,197 | 2,492 | 8,689 |
| Shares issued by a subsidiary | – | (21) | – | – | (21) | 96 | 75 |
| Acquisition of additional interest in a subsidiary | – | – | – | 4,789 | 4,789 | (8,710) | (3,921) |
| Transfer to revenue reserves upon de-recognition of equity investments | – | (3,345) | – | 3,345 | – | – | – |
| Transfer from property revaluation reserve to revenue reserves upon disposal | – | (852) | – | 852 | – | – | – |
| Transfer | – | (15) | – | 15 | – | – | – |
| Dividends paid to non-controlling interests | – | – | – | – | – | (1,291) | (1,291) |
| At 31 December 2021 and 1 January 2022 | 3,936 | (968) | 515 | 208,497 | 211,980 | 73,874 | 285,854 |
| Changes in equity for 2022: | | | | | | | |
| Loss for the year | – | – | – | (3,659) | (3,659) | (249) | (3,908) |
| Other comprehensive income | – | (2,571) | (4,131) | – | (6,702) | (3,073) | (9,775) |
| Total comprehensive income | – | (2,571) | (4,131) | (3,659) | (10,361) | (3,322) | (13,683) |
| Acquisition of additional interest in a subsidiary | – | – | – | 6,768 | 6,768 | (14,014) | (7,246) |
| Transfer to revenue reserves upon de-recognition of equity investments | – | 165 | – | (165) | – | – | – |
| 2021 final dividend paid | – | – | – | (2,345) | (2,345) | – | (2,345) |
| 2022 interim dividend paid | – | – | – | (1,622) | (1,622) | – | (1,622) |
| Dividends paid to non-controlling interests | – | – | – | – | – | (699) | (699) |
| At 31 December 2022 | 3,936 | (3,374) | (3,616) | 207,474 | 204,420 | 55,839 | 260,259 |

The notes and principal accounting policies on pages 49 to 120 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

| | Note | 2022 HK\$ Million | 2021 HK\$ Million |
|---|------|----------------------|----------------------|
| Operating cash inflow | (a) | 10,375 | 8,719 |
| Changes in working capital | (a) | 1,537 | (12,078) |
| Cash generated from/(used in) operations | (a) | 11,912 | (3,359) |
| Net interest paid | | (125) | (1,187) |
| Interest paid | | (850) | (1,637) |
| Interest received | | 725 | 450 |
| Dividends received from associates | | 2,356 | 2,987 |
| Dividends received from joint ventures | | 7 | 1 |
| Dividends received from other long term investments | | 1,233 | 1,447 |
| Hong Kong Profits Tax (paid)/refunded | | (1,310) | 219 |
| Tax paid outside Hong Kong | | (1,541) | (2,690) |
| Net cash generated from/(used in) operating activities | | 12,532 | (2,582) |
| Investing activities | | | |
| Additions to investment properties | | (680) | (1,655) |
| Additions to property, plant and equipment | | (411) | (482) |
| Net decrease in interest in associates | | 841 | 1,079 |
| Net decrease/(increase) in interest in joint ventures | | 1,783 | (4,508) |
| Acquisition of additional interest in a subsidiary | | (7,246) | (3,973) |
| Net cash proceeds arising from disposal of subsidiaries | | – | 304 |
| Purchase of other long term investments | | (12,093) | (14,184) |
| Proceeds from disposals of other long term investments | | 21,847 | 26,617 |
| Proceeds from disposals of investment properties | | – | 3,541 |
| Proceeds from disposals of property, plant and equipment | | 9 | 7 |
| Decrease in long term receivables | | 79 | 24 |
| Net cash generated from investing activities | | 4,129 | 6,770 |
| Financing activities | | | |
| Proceeds from the issue of shares under the share option scheme of a subsidiary | | – | 75 |
| Drawdown of bank loans and other borrowings | (c) | 29,649 | 72,659 |
| Repayment of bank loans and other borrowings | (c) | (57,792) | (68,288) |
| Advances from affiliated companies | (c) | 8,853 | – |
| Capital element of lease rental paid | (c) | (100) | (102) |
| Interest element of lease rental paid | (c) | (4) | (4) |
| Dividends paid to equity shareholders | | (3,967) | – |
| Dividends paid to non-controlling interests | | (699) | (1,291) |
| Net cash (used in)/generated from financing activities | | (24,060) | 3,049 |
| Net (decrease)/increase in cash and cash equivalents | | (7,399) | 7,237 |
| Cash and cash equivalents at 1 January | | 25,234 | 17,561 |
| Effect of exchange rate changes | | (1,855) | 436 |
| Cash and cash equivalents at 31 December | (b) | 15,980 | 25,234 |

The notes and principal accounting policies on pages 49 to 120 form part of these financial statements.

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

a) Reconciliation of operating profit to cash generated from/(used in) operations

| | 2022 HK\$ Million | 2021 HK\$ Million |
|--|----------------------|----------------------|
| Operating profit | 11,729 | 9,891 |
| Adjustments for: | | |
| Interest income | (924) | (547) |
| Dividend income from other long term investments | (1,233) | (1,447) |
| Depreciation and amortisation | 803 | 822 |
| Operating cash inflow | 10,375 | 8,719 |
| Increase in properties under development for sale | (11,745) | (31,800) |
| Decrease in completed properties for sale | 18,618 | 12,316 |
| Decrease in trade and other receivables | 5,785 | 907 |
| Decrease/(increase) in amount due from a related company | 25 | (25) |
| (Decrease)/increase in trade and other payables | (2,798) | 1,327 |
| (Decrease)/increase in deposits from sale of properties | (8,927) | 5,245 |
| Decrease in amount due to a related company | – | (15) |
| Changes in derivative financial instruments | 579 | (33) |
| Changes in working capital | 1,537 | (12,078) |
| Cash generated from/(used in) operations | 11,912 | (3,359) |

b) Cash and cash equivalents

| | 2022 HK\$ Million | 2021 HK\$ Million |
|--|----------------------|----------------------|
| Bank deposits and cash in the consolidated statement of financial position (note 16) | 15,980 | 25,234 |
| Cash and cash equivalents in the consolidated statement of cash flows | 15,980 | 25,234 |

c) Reconciliation of liabilities arising from financing activities

| | Amounts due to affiliated companies HK\$ Million | Bank loans and other borrowings HK\$ Million | Lease liabilities* HK\$ Million | Total HK\$ Million |
|---|---|---|---------------------------------------|-----------------------|
| At 1 January 2021 | – | 83,403 | 183 | 83,586 |
| Changes from financing cash flows: | | | | |
| Proceeds from new bank loans | – | 72,659 | – | 72,659 |
| Repayment of bank loans | – | (68,288) | – | (68,288) |
| Capital element of lease rental paid | – | – | (102) | (102) |
| Interest element of lease rental paid | – | – | (4) | (4) |
| Total changes from financing activities | – | 4,371 | (106) | 4,265 |
| Exchange adjustments | – | 120 | – | 120 |
| Other change: | | | | |
| Fair value loss | – | 44 | – | 44 |
| Increase in lease liabilities from entering into new leases during the year | – | – | 80 | 80 |
| Interest expenses | – | – | 4 | 4 |
| At 31 December 2021 and 1 January 2022 | – | 87,938 | 161 | 88,099 |
| Changes from financing cash flows: | | | | |
| Proceeds from new bank loans | – | 29,649 | – | 29,649 |
| Repayment of bank loans | – | (57,792) | – | (57,792) |
| Advances from affiliated companies | 8,853 | – | – | 8,853 |
| Capital element of lease rental paid | – | – | (100) | (100) |
| Interest element of lease rental paid | – | – | (4) | (4) |
| Total changes from financing activities | 8,853 | (28,143) | (104) | (19,394) |
| Exchange adjustments | – | (259) | – | (259) |
| Other changes: | | | | |
| Fair value gain | – | (539) | – | (539) |
| Increase in lease liabilities from entering into new leases during the year | – | – | 104 | 104 |
| Interest expenses | – | – | 3 | 3 |
| Acquisition of subsidiaries | – | – | 6 | 6 |
| At 31 December 2022 | 8,853 | 58,997 | 170 | 68,020 |

* The current portion and non-current portion of lease liabilities are included in trade and other payables and other non-current liabilities respectively.

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined five reportable operating segments for measuring performance and allocating resources. The segments are investment properties, development properties, hotels, logistics and investments. No operating segments have been aggregated to form the reportable segments.

Investment properties segment primarily includes property leasing and management operations. The Group's properties portfolio, which mainly consists of retail, office and serviced apartment is primarily located in Hong Kong and Mainland China.

Development properties segment encompasses activities relating to the acquisition, development, design, construction, sales and marketing of the Group's trading properties primarily in Hong Kong and Mainland China.

Hotels segment includes hotel management in Asia which are operated by The Wharf (Holdings) Limited ("WHL"), four of which owned by the Group.

Logistics segment mainly includes the container terminal operations in Hong Kong and Mainland China undertaken by Modern Terminals Limited, and Hong Kong Air Cargo Terminals Limited.

Investments segment includes a diversified portfolio of listed equity investments in Hong Kong and overseas and unlisted investments, mainly property and new economy companies. The performance of the portfolio is assessed and monitored by top management regularly.

Management evaluates performance primarily based on operating profit as well as the equity share of results of associates and joint ventures of each segment. Inter-segment pricing is generally determined on an arm's length basis.

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, taxation recoverable, deferred tax assets and derivative financial assets.

Revenue and expenses are allocated with reference to revenue generated by those segments and expenses incurred by those segments or which arise from the depreciation of assets attributable to those segments.

a) Analysis of segment revenue and results

| | Revenue HK\$ Million | Operating profit/ (loss) HK\$ Million | (Decrease)/ increase in fair value of investment properties HK\$ Million | Other net (charge)/ income HK\$ Million | Finance costs HK\$ Million | Share of results after tax of associates HK\$ Million | Share of results after tax of joint ventures HK\$ Million | (Loss)/ profit before taxation HK\$ Million |
|--|-------------------------|--|---|--|----------------------------------|---|---|---|
| For the year ended 31 December 2022 | | | | | | | | |
| Investment properties | 4,956 | 3,289 | (453) | 2 | (234) | (3,986) | 109 | (1,273) |
| Hong Kong | 158 | 63 | (151) | - | (62) | (4,039) | - | (4,189) |
| Mainland China | 4,798 | 3,226 | (302) | 2 | (172) | 4 | 109 | 2,867 |
| Others | - | - | - | - | - | 49 | - | 49 |
| Development properties | 26,508 | 5,836 | - | (5,771) | (37) | (352) | (286) | (610) |
| Hong Kong | 18,881 | 4,846 | - | (2,688) | (37) | 6 | 453 | 2,580 |
| Mainland China | 7,627 | 990 | - | (3,083) | - | (354) | (739) | (3,186) |
| Others | - | - | - | - | - | (4) | - | (4) |
| Hotels | 369 | (27) | - | (433) | - | (120) | (9) | (589) |
| Logistics | 2,964 | 763 | - | (56) | (107) | 278 | 8 | 886 |
| Terminals | 2,955 | 754 | - | (15) | (107) | 167 | 8 | 807 |
| Others | 9 | 9 | - | (41) | - | 111 | - | 79 |
| Investments | 1,413 | 1,413 | - | (432) | (28) | 162 | - | 1,115 |
| Inter-segment revenue | (10) | - | - | - | - | - | - | - |
| Segment total | 36,200 | 11,274 | (453) | (6,690) | (406) | (4,018) | (178) | (471) |
| Others | 1,232 | 872 | - | (134) | (1,058) | (173) | - | (493) |
| Corporate expenses | - | (417) | - | - | - | (29) | - | (446) |
| Group total | 37,432 | 11,729 | (453) | (6,824) | (1,464) | (4,220) | (178) | (1,410) |
| For the year ended 31 December 2021 | | | | | | | | |
| Investment properties | 5,527 | 3,605 | 1,009 | 1 | (201) | 2,041 | 190 | 6,645 |
| Hong Kong | 161 | 76 | 88 | - | (43) | 1,986 | - | 2,107 |
| Mainland China | 5,366 | 3,529 | 921 | 1 | (158) | - | 190 | 4,483 |
| Others | - | - | - | - | - | 55 | - | 55 |
| Development properties | 16,863 | 4,010 | - | (2,185) | (19) | 465 | 388 | 2,659 |
| Hong Kong | 9,530 | 2,222 | - | 810 | (16) | - | 618 | 3,634 |
| Mainland China | 7,333 | 1,788 | - | (2,995) | (3) | 477 | (230) | (963) |
| Others | - | - | - | - | - | (12) | - | (12) |
| Hotels | 497 | 39 | - | - | - | (208) | (2) | (171) |
| Logistics | 3,002 | 771 | - | (32) | (108) | 295 | 8 | 934 |
| Terminals | 2,997 | 766 | - | 9 | (108) | 170 | 8 | 845 |
| Others | 5 | 5 | - | (41) | - | 125 | - | 89 |
| Investments | 1,448 | 1,448 | - | 1,226 | (134) | 207 | - | 2,747 |
| Segment total | 27,337 | 9,873 | 1,009 | (990) | (462) | 2,800 | 584 | 12,814 |
| Others | 1,122 | 448 | - | 1,120 | (58) | (13) | - | 1,497 |
| Corporate expenses | - | (430) | - | - | - | (31) | - | (461) |
| Group total | 28,459 | 9,891 | 1,009 | 130 | (520) | 2,756 | 584 | 13,850 |

b) Analysis of inter-segment revenue

| | 2022 | | | 2021 | | |
|------------------------|-------------------------------|---------------------------------------|-------------------------------|-------------------------------|---------------------------------------|-------------------------------|
| | Total revenue HK\$ Million | Inter-segment revenue HK\$ Million | Group revenue HK\$ Million | Total revenue HK\$ Million | Inter-segment revenue HK\$ Million | Group revenue HK\$ Million |
| Investment properties | 4,956 | (10) | 4,946 | 5,527 | – | 5,527 |
| Development properties | 26,508 | – | 26,508 | 16,863 | – | 16,863 |
| Hotels | 369 | – | 369 | 497 | – | 497 |
| Logistics | 2,964 | – | 2,964 | 3,002 | – | 3,002 |
| Investments | 1,413 | – | 1,413 | 1,448 | – | 1,448 |
| Segment total | 36,210 | (10) | 36,200 | 27,337 | – | 27,337 |
| Others | 1,263 | (31) | 1,232 | 1,127 | (5) | 1,122 |
| | 37,473 | (41) | 37,432 | 28,464 | (5) | 28,459 |

c) Disaggregation of revenue

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---|----------------------|----------------------|
| Revenue recognised under Hong Kong Financial Reporting Standard (“HKFRS”) 15 | | |
| Sales of development properties | 26,508 | 16,863 |
| Management and service income | 655 | 717 |
| Other rental related income | 1 | 2 |
| Hotels and club operations | 369 | 497 |
| Logistic service income | 2,964 | 3,002 |
| | 30,497 | 21,081 |
| Revenue recognised under other accounting standards | | |
| Rental income under investment properties segment | | |
| – Fixed | 3,060 | 3,092 |
| – Variable | 1,317 | 1,801 |
| | 4,377 | 4,893 |
| Investments | 1,413 | 1,448 |
| Others | 1,145 | 1,037 |
| | 6,935 | 7,378 |
| Group total | 37,432 | 28,459 |

The Group has applied the practical expedient in paragraph 121 of HKFRS 15, Revenue from Contracts with Customers, to exempt the disclosure of revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date i.e. revenue from hotels, logistics and management fee under investment properties segment, as the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group’s performance completed to date.

d) Analysis of segment business assets

| | 2022 HK\$ Million | 2021 HK\$ Million |
|-------------------------------|----------------------|----------------------|
| Investment properties | 168,604 | 183,910 |
| Hong Kong | 113,275 | 123,423 |
| Mainland China | 55,329 | 60,487 |
| Development properties | 145,104 | 167,526 |
| Hong Kong | 111,954 | 120,004 |
| Mainland China | 33,150 | 47,522 |
| Hotels | 2,419 | 2,423 |
| Logistics | 14,373 | 15,357 |
| Terminals | 13,687 | 14,641 |
| Others | 686 | 716 |
| Investments | 46,611 | 57,137 |
| Total segment business assets | 377,111 | 426,353 |
| Unallocated corporate assets | 18,557 | 27,652 |
| Group total assets | 395,668 | 454,005 |

Unallocated corporate assets mainly comprise deferred tax assets, taxation recoverable, bank deposits and cash and derivative financial assets.

Segment assets held through associates and joint ventures included in the above are:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|------------------------|----------------------|----------------------|
| Investment properties | 96,041 | 103,791 |
| Development properties | 39,869 | 44,304 |
| Logistics | 4,426 | 4,551 |
| Group total | 140,336 | 152,646 |

e) Other segment information

| | Capital expenditure | | Increase in interests in associates and joint ventures | | Depreciation and amortisation | |
|------------------------|---------------------|--------------|--|--------------|----------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | HK\$ Million | HK\$ Million | HK\$ Million | HK\$ Million | HK\$ Million | HK\$ Million |
| Investment properties | 1,176 | 1,955 | – | – | 83 | 91 |
| Hong Kong | 1,081 | 1,576 | – | – | 6 | 7 |
| Mainland China | 95 | 379 | – | – | 77 | 84 |
| Development properties | – | – | 685 | 5,230 | – | – |
| Hong Kong | – | – | 578 | 5,003 | – | – |
| Mainland China | – | – | 107 | 227 | – | – |
| Hotels | 1 | – | – | – | 91 | 95 |
| Logistics – Terminals | 195 | 124 | – | – | 500 | 528 |
| Segment total | 1,372 | 2,079 | 685 | 5,230 | 674 | 714 |
| Others | – | – | – | – | 129 | 108 |
| Group total | 1,372 | 2,079 | 685 | 5,230 | 803 | 822 |

The Group had no significant non-cash expenses other than (i) net provision of HK\$6,170 million (2021: HK\$4,225 million) made for hotel properties under development and certain development projects undertaken by subsidiaries, joint ventures and associates, and (ii) depreciation and amortisation.

f) Geographical information

| | Revenue | | Operating profit | |
|----------------|----------------------|----------------------|----------------------|----------------------|
| | 2022 HK\$ Million | 2021 HK\$ Million | 2022 HK\$ Million | 2021 HK\$ Million |
| Hong Kong | 23,148 | 13,673 | 7,227 | 4,456 |
| Mainland China | 14,142 | 14,493 | 4,371 | 5,156 |
| Others | 142 | 293 | 131 | 279 |
| Group total | 37,432 | 28,459 | 11,729 | 9,891 |

| | Specified non-current assets | | Total business assets | |
|----------------|------------------------------|----------------------|-----------------------|----------------------|
| | 2022 HK\$ Million | 2021 HK\$ Million | 2022 HK\$ Million | 2021 HK\$ Million |
| Hong Kong | 140,815 | 151,408 | 263,557 | 289,974 |
| Mainland China | 84,047 | 93,949 | 99,776 | 120,001 |
| Others | – | – | 13,778 | 16,378 |
| Group total | 224,862 | 245,357 | 377,111 | 426,353 |

Specified non-current assets exclude other long term investments, deferred tax assets, derivative financial assets and other non-current assets.

The geographical location of revenue and operating profit is analysed based on the location at which services are provided or the sales are completed and in case of equity investments/unlisted investments, where they are listed/incorporated. The geographical location of specified non-current assets and total business assets is based on the physical location of operations.

2. OPERATING PROFIT

a) Operating profit is arrived at:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---|----------------------|----------------------|
| After charging: | | |
| Depreciation and amortisation on | | |
| – hotel and other property, plant and equipment | 624 | 634 |
| – leasehold land | 82 | 85 |
| – right-of-use assets | 97 | 103 |
| Total depreciation and amortisation | 803 | 822 |
| Provision of loss allowances for trade receivables | 11 | – |
| Staff costs (note (i)) | 2,163 | 2,337 |
| Auditors' remuneration | | |
| – audit services | 22 | 22 |
| – non-audit services (advisory services and compliance) | 1 | 1 |
| Cost of trading properties for recognised sales | 19,173 | 11,818 |
| Direct operating expenses of investment properties | 1,637 | 1,916 |
| Loss on disposals of property, plant and equipment | 11 | – |
| After crediting: | | |
| Gross revenue from investment properties | (4,956) | (5,527) |
| Rental income under operating leases in respect of owned plant and equipment | (9) | (9) |
| Interest income (note (ii)) | (924) | (547) |
| Dividend income from other long term investments | (1,413) | (1,448) |
| Government grants (note (iii)) | (29) | – |
| Reversal of loss allowances for trade receivables | – | (9) |

Notes:

- (i) Staff costs included contributions to defined contribution pension schemes of HK\$212 million (2021: HK\$223 million), which included MPF scheme after a forfeiture of HK\$3 million (2021: HK\$4 million).
- (ii) Interest income of HK\$924 million (2021: HK\$547 million) was in respect of financial assets, including bank deposits, stated at amortised cost.
- (iii) In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region of the People's Republic of China. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees of the concerned business units.

b) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) (the "Companies Ordinance") and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

| | 2022 HK\$'000 | 2021 HK\$'000 |
|---|------------------|------------------|
| Fees | 1,400 | 1,524 |
| Salaries, allowances and benefits in kind | 27,340 | 28,557 |
| Discretionary bonuses | 44,200 | 63,054 |
| Contributions to pension schemes | 1,547 | 1,525 |
| Total emoluments | 74,487 | 94,660 |

Note:

All the salaries, allowances, benefits-in-kind, discretionary bonuses and retirement scheme contributions payable to the executive Directors of the Company were in respect of their respective services in connection with the management of the affairs of the Company and/or its subsidiary undertakings.

3. OTHER NET (CHARGE)/INCOME

Other net charge for the year amounted to HK\$6,824 million (2021: income of HK\$130 million) and mainly comprised:

- a) Net impairment provision totalled HK\$5,751 million (2021: HK\$2,199 million) was made for certain development properties held by subsidiaries in Mainland China and Hong Kong.
- b) Impairment provision of HK\$433 million was recognised for hotel properties under development in Mainland China, based on the Group's assessment and with reference to an independent valuation performed by Knight Frank Petty Limited ("Knight Frank") on the market value basis and has taken into account the net income of the respective properties, allowing for reversionary potential where appropriate.

Key assumptions used in the discounted cash flows included long-term growth rate of room rate at 4%, long-term occupancy rate ranging from 26% to 80%, discount rate at 6.5% and the projected net cash flows for the remaining lease term.

- c) Net fair value loss of HK\$432 million (2021: gain of HK\$1,226 million) on other long term investments which are classified as financial assets at fair value through profit or loss.
- d) Net foreign exchange loss of HK\$202 million (2021: HK\$89 million), including a fair value loss on forward foreign exchange contracts of HK\$32 million (2021: HK\$150 million).
- e) The amount for 2021 included a net gain of HK\$697 million from disposals of certain investment properties and a gain of HK\$408 million from disposals of subsidiaries relating to residential property management business in Mainland China.

4. FINANCE COSTS

| | 2022 HK\$ Million | 2021 HK\$ Million |
|------------------------------------|----------------------|----------------------|
| Interest charged on: | | |
| Bank loans and overdrafts | 1,325 | 1,087 |
| Other borrowings | 323 | 352 |
| Lease liabilities | 3 | 4 |
| Total interest charge | 1,651 | 1,443 |
| Other finance costs | 201 | 129 |
| Less: Amount capitalised | (1,087) | (990) |
| | 765 | 582 |
| Fair value loss/(gain): | | |
| Cross currency interest rate swaps | 141 | (128) |
| Interest rate swaps | 558 | 66 |
| | 699 | (62) |
| Group total | 1,464 | 520 |

- a) Interest was capitalised at an average annual rate of approximately 2.6% (2021: 1.7%).
- b) Included in the total interest charge are amounts totalling HK\$1,420 million (2021: HK\$1,081 million) in respect of interest-bearing borrowings that are measured at amortised cost.
- c) The above interest charge has taken into account the interest paid/received in respect of interest rate swaps and cross currency interest rate swaps.

5. INCOME TAX

Taxation charged/(credited) to the consolidated income statement includes:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---|----------------------|----------------------|
| Current tax | | |
| Hong Kong | | |
| – provision for profits tax for the year | 1,107 | 593 |
| – over-provision in respect of prior years | (6) | (21) |
| Outside Hong Kong | | |
| – provision for the year | 892 | 1,184 |
| – under/(over)-provision in respect of prior years | 18 | (114) |
| | 2,011 | 1,642 |
| Land appreciation tax (“LAT”) in Mainland China (note (c)) | 102 | 479 |
| Deferred tax (note 20) | | |
| Change in fair value of investment properties | 194 | 852 |
| Origination and reversal of temporary differences | 191 | (21) |
| | 385 | 831 |
| Group total | 2,498 | 2,952 |

- a) The provision for Hong Kong Profits Tax is based on the profit for the year as adjusted for tax purposes at the rate of 16.5% (2021: 16.5%).
- b) Income tax on assessable profits outside Hong Kong is mainly China corporate income tax calculated at a rate of 25% (2021: 25%), China withholding income tax at a rate of up to 10% (2021: 10%) and Singapore income tax at a rate of 17% (2021: 17%).
- c) Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds on sales of properties less deductible expenditure including the cost of land use rights, borrowing costs and all property development expenditure.
- d) Taxation recoverable/payable in the consolidated statement of financial position is expected to be utilised/settled within one year.
- e) Tax attributable to associates and joint ventures for the year ended 31 December 2022 of HK\$1,194 million (2021: HK\$1,743 million) is included in the share of results of associates and joint ventures.
- f) The China tax law imposes a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China for earnings generated since 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. For the year ended 31 December 2022, the Group has provided HK\$4 million (2021: HK\$179 million) for withholding taxes on accumulated earnings generated by its Mainland China subsidiaries which have been/will be distributed to their immediate holding companies outside Mainland China in the foreseeable future.

g) Reconciliation between the actual total tax charge and (loss)/profit before taxation at applicable tax rates:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|--|----------------------|----------------------|
| (Loss)/profit before taxation | (1,410) | 13,850 |
| Notional tax on (loss)/profit before taxation calculated at applicable tax rates | 972 | 2,517 |
| Tax effect of non-deductible expenses | 1,367 | 899 |
| Tax effect of non-taxable income | (1,035) | (1,762) |
| Tax effect of non-deductible fair value loss/(gain) on investment properties | 25 | (15) |
| Net under/(over)-provision in respect of prior years | 12 | (135) |
| Tax effect of tax losses not recognised | 827 | 841 |
| Tax effect of previously unrecognised tax losses utilised during the year | (201) | (318) |
| Tax effect of previously unrecognised tax losses recognised as deferred tax assets | (2) | (98) |
| Tax effect of temporary difference not recognised | (1) | – |
| LAT on trading properties | 102 | 479 |
| Deferred LAT on change in fair value of investment properties | 241 | 517 |
| Withholding tax on distributed/undistributed earnings | 4 | 179 |
| Others | 187 | (152) |
| Actual total tax charge | 2,498 | 2,952 |

6. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

| | 2022 HK\$ per share | 2022 HK\$ Million | 2021 HK\$ per share | 2021 HK\$ Million |
|---|------------------------|----------------------|------------------------|----------------------|
| Dividend declared and paid: Interim dividend (note a) | 0.7902 | 1,622 | – | – |
| Dividend declared after the end of the reporting period: Final dividend (notes a and b) | 0.0307 | 63 | 1.1423 | 2,345 |
| Group total | 0.8209 | 1,685 | 1.1423 | 2,345 |

- a) The final dividend for the year ended 31 December 2021 and interim dividend for the year ended 31 December 2022 were paid in cash on 4 May 2022 and 23 September 2022, respectively.
- b) The final dividend for 2022 bases on 2,053 million issued ordinary shares declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

7. INVESTMENT PROPERTIES

| | Completed HK\$ Million | Under development HK\$ Million | Total HK\$ Million |
|--|---------------------------|--------------------------------------|-----------------------|
| a) Cost or valuation | | | |
| At 1 January 2021 | 73,905 | 6,205 | 80,110 |
| Exchange differences | 1,648 | – | 1,648 |
| Additions | 667 | 1,245 | 1,912 |
| Disposals | (2,781) | (50) | (2,831) |
| Transfer | (2,793) | – | (2,793) |
| Revaluation surpluses | 944 | 65 | 1,009 |
| At 31 December 2021 and 1 January 2022 | 71,590 | 7,465 | 79,055 |
| Exchange differences | (4,935) | (2) | (4,937) |
| Additions | 38 | 1,045 | 1,083 |
| Transfer | 4,309 | (7,446) | (3,137) |
| Revaluation deficits | (345) | (108) | (453) |
| At 31 December 2022 | 70,657 | 954 | 71,611 |

b) The analysis of cost or valuation of the above assets is as follows:

| | | | |
|----------------|---------------|------------|---------------|
| 2022 valuation | 70,657 | 952 | 71,609 |
| At cost | – | 2 | 2 |
| | 70,657 | 954 | 71,611 |
| 2021 valuation | 71,590 | 6,641 | 78,231 |
| At cost | – | 824 | 824 |
| | 71,590 | 7,465 | 79,055 |

| | Completed HK\$ Million | Under development HK\$ Million | Total HK\$ Million |
|--|---------------------------|--------------------------------------|-----------------------|
| c) Tenure of title to properties: | | | |
| At 31 December 2022 | | | |
| Held in Hong Kong | | | |
| Long term leases | 1,548 | 841 | 2,389 |
| Medium term leases | 14,520 | 111 | 14,631 |
| | 16,068 | 952 | 17,020 |
| Held outside Hong Kong | | | |
| Medium term leases | 54,589 | 2 | 54,591 |
| | 70,657 | 954 | 71,611 |
| At 31 December 2021 | | | |
| Held in Hong Kong | | | |
| Long term leases | 1,725 | 805 | 2,530 |
| Medium term leases | 10,180 | 6,641 | 16,821 |
| | 11,905 | 7,446 | 19,351 |
| Held outside Hong Kong | | | |
| Medium term leases | 59,685 | 19 | 59,704 |
| | 71,590 | 7,465 | 79,055 |

The Group holds investment properties to lease out under operating leases (see note 7(e)). The Group is the registered owner of the property interests of these investment properties. There are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

d) Investment properties revaluation

The Group's investment properties under development are stated at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the properties.

The investment properties stated at fair value as at 31 December 2022 and 2021 were revalued by Knight Frank, an independent firm of professional surveyors who has among its staff Fellows of the Hong Kong Institute of Surveyors with extensive experience in valuing properties in Hong Kong and Mainland China. Knight Frank has valued the investment properties on a market value basis and has taken into account the net income of the respective properties, allowing for reversionary potential and the redevelopment potential of the where appropriate.

The revaluation surplus or deficit arising on revaluation on investment properties is recognised in the line items "increase/(decrease) in fair value of investment properties" on the consolidated income statement.

The following table presents the investment properties which are measured at fair value at the end of the reporting period across the three levels of the inputs to the revaluation methodologies in accordance with HKFRS 13, Fair Value Measurement. The levels are defined as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data is not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

Except for certain investment properties in Hong Kong totalled HK\$8,245 million (2021: HK\$533 million) which are at Level 2 valuations as at 31 December 2022, the Group's investment properties are at Level 3 and Level 3 valuations are analysed as below:

| | Level 3 | | | | Total HK\$ Million |
|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------|
| | Retail HK\$ Million | Office HK\$ Million | Residential HK\$ Million | Others HK\$ Million | |
| Recurring fair value measurements | | | | | |
| At 31 December 2022 | | | | | |
| Hong Kong | 1,569 | – | 6,861 | 345 | 8,775 |
| Mainland China | 31,750 | 18,965 | 3,874 | – | 54,589 |
| | 33,319 | 18,965 | 10,735 | 345 | 63,364 |
| At 31 December 2021 | | | | | |
| Hong Kong | 853 | – | 13,960 | 3,200 | 18,013 |
| Mainland China | 34,508 | 21,053 | 4,124 | – | 59,685 |
| | 35,361 | 21,053 | 18,084 | 3,200 | 77,698 |

The movements during the years in the balance of Level 3 fair value measurements are as follows:

| | Completed HK\$ Million | Under development HK\$ Million | Total HK\$ Million |
|--|---|---|-------------------------------------|
| At 1 January 2021 | 73,483 | 6,204 | 79,687 |
| Exchange differences | 1,648 | – | 1,648 |
| Additions | 207 | 422 | 629 |
| Disposals | (2,379) | (50) | (2,429) |
| Transfer | (2,865) | – | (2,865) |
| Revaluation surpluses | 963 | 65 | 1,028 |
| At 31 December 2021 and 1 January 2022 | 71,057 | 6,641 | 77,698 |
| Exchange differences | (4,935) | – | (4,935) |
| Additions | 48 | 1,035 | 1,083 |
| Transfer | (2,258) | (7,676) | (9,934) |
| Revaluation deficits | (548) | – | (548) |
| At 31 December 2022 | 63,364 | – | 63,364 |

During the year ended 31 December 2022, there were no transfers between Level 1 and Level 2, yet investment properties in Hong Kong under development with an aggregate carrying value of HK\$7,676 million were transferred from Level 3 to level 2 valuations upon the completion of such properties and/or more observable inputs were used in the valuations (2021: transfers of \$72 million from Level 3 to Level 2).

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation processes

The Group reviews the valuations performed by the independent valuers for financial reporting purposes by verifying all major inputs and assessing the reasonableness of the property valuations. Valuation reports with an analysis of changes in fair value measurement are prepared at each annual reporting date and are reviewed and approved by the top management.

Valuation methodologies

For properties in Hong Kong which were still under development/redevelopment, the valuations were based on the redevelopment basis by taking into account the fair value of properties under development/redevelopment assuming they had been completed as at the date of valuation and then deducting from that amount the estimated costs to complete construction, financing costs and profit and margin for risk.

Except for those mentioned above, the valuations of completed properties in Hong Kong and Mainland China were based on the income capitalisation approach which capitalised the net income of the properties and took into account the significant adjustments on reversionary yield to account for the risk upon reversion.

As at 31 December 2022, the valuations of the property completed during the year and a property under development were based on market comparison approach with reference to recent market transactions of comparable properties, which were regarded as Level 2 valuations.

Level 3 valuation methodologies

Completed investment properties

Set out below is a table which presents the significant unobservable inputs:

| | Weighted average | | | |
|----------------|---------------------|------|--------------------|--------------------|
| | Capitalisation rate | | Market rent | |
| | 2022 | 2021 | 2022 | 2021 |
| Hong Kong | | | (per square foot) | (per square foot) |
| – Retail | 3.9% | 3.7% | HK\$35 | HK\$37 |
| – Residential | 1.5% | 1.5% | HK\$63 | HK\$80 |
| – Others | 3.5% | 3.5% | HK\$17 | HK\$16 |
| Mainland China | | | (per square metre) | (per square metre) |
| – Retail | 6.4% | 6.4% | RMB353 | RMB340 |
| – Office | 6.5% | 6.5% | RMB157 | RMB163 |
| – Residential | 4.3% | 4.3% | RMB152 | RMB150 |

The fair value measurement of completed investment properties is negatively correlated to the capitalisation rate and positively correlated to the market rent.

For investment properties under development that are stated at fair value, estimated costs to complete construction and profit and margin for risk required were estimated by valuers based on market conditions at the end of the reporting period. The estimates are largely consistent with the development budgets prepared by the Group based on management's experience and knowledge of market conditions. The fair value of investment properties under development is negatively correlated to the estimated cost and the margins.

- e) The Group leases out properties under operating leases, which generally run for a period of one to five years. Lease income may be varied periodically to reflect market rentals and may contain variable lease payment which is based on various percentages of tenants' sales receipts.
- f) The Group's total future undiscounted lease income under non-cancellable operating leases is receivable as follows:

| | 2022 | 2021 |
|----------------------------------|--------------|--------------|
| | HK\$ Million | HK\$ Million |
| Within 1 year | 3,079 | 3,345 |
| After 1 year but within 2 years | 2,160 | 2,425 |
| After 2 years but within 3 years | 1,533 | 1,525 |
| After 3 years but within 4 years | 1,103 | 1,170 |
| After 4 years but within 5 years | 918 | 1,045 |
| After 5 years | 210 | 357 |
| | 9,003 | 9,867 |

8. PROPERTY, PLANT AND EQUIPMENT

a) Analysis as below:

| | Leasehold land HK\$ Million | Hotel properties HK\$ Million | Properties under development HK\$ Million | Other property, plant and equipment HK\$ Million | Right-of- use assets HK\$ Million | Total HK\$ Million |
|---|-----------------------------------|-------------------------------------|--|--|---|-----------------------|
| Cost | | | | | | |
| At 1 January 2021 | 3,922 | 2,945 | 130 | 15,049 | 257 | 22,303 |
| Exchange differences | 74 | 86 | 1 | 177 | - | 338 |
| Additions | - | - | 1 | 209 | 80 | 290 |
| Disposals | - | - | - | (47) | (70) | (117) |
| Disposal of subsidiaries | - | - | - | (14) | - | (14) |
| Reclassification | 272 | - | (112) | 112 | - | 272 |
| At 31 December 2021 and 1 January 2022 | 4,268 | 3,031 | 20 | 15,486 | 267 | 23,072 |
| Exchange differences | (220) | (257) | (2) | (527) | - | (1,006) |
| Additions | - | - | 117 | 226 | 111 | 454 |
| Disposals | - | - | - | (81) | (178) | (259) |
| Acquisition of subsidiaries | - | - | - | 24 | 7 | 31 |
| Transfer | 89 | 661 | - | - | - | 750 |
| Reclassification | - | - | (13) | 13 | - | - |
| At 31 December 2022 | 4,137 | 3,435 | 122 | 15,141 | 207 | 23,042 |
| Accumulated depreciation, amortisation and impairment losses | | | | | | |
| At 1 January 2021 | 1,164 | 562 | - | 7,121 | 78 | 8,925 |
| Exchange differences | 15 | 18 | - | 57 | - | 90 |
| Charge for the year | 85 | 93 | - | 541 | 103 | 822 |
| Written back on disposals | - | - | - | (40) | (70) | (110) |
| Disposal of subsidiaries | - | - | - | (11) | - | (11) |
| Reclassification | (2) | - | - | - | - | (2) |
| At 31 December 2021 and 1 January 2022 | 1,262 | 673 | - | 7,668 | 111 | 9,714 |
| Exchange differences | (50) | (76) | - | (184) | - | (310) |
| Charge for the year | 97 | 89 | - | 520 | 97 | 803 |
| Impairment (Note 8(c)) | - | 433 | - | - | - | 433 |
| Written back on disposals | - | - | - | (61) | (170) | (231) |
| Acquisition of subsidiaries | - | - | - | 13 | 2 | 15 |
| At 31 December 2022 | 1,309 | 1,119 | - | 7,956 | 40 | 10,424 |
| Net book value | | | | | | |
| At 31 December 2022 | 2,828 | 2,316 | 122 | 7,185 | 167 | 12,618 |
| At 31 December 2021 | 3,006 | 2,358 | 20 | 7,818 | 156 | 13,358 |

b) Tenure of title to properties:

| | Leasehold land HK\$ Million | Hotel properties HK\$ Million | Properties under redevelopment HK\$ Million | Other property, plant and equipment HK\$ Million | Total HK\$ Million |
|------------------------|-----------------------------------|-------------------------------------|--|--|-----------------------|
| At 31 December 2022 | | | | | |
| Held in Hong Kong | | | | | |
| Long term leases | 360 | – | – | – | 360 |
| Medium term leases | 658 | – | – | 2,229 | 2,887 |
| | 1,018 | – | – | 2,229 | 3,247 |
| Held outside Hong Kong | | | | | |
| Medium term leases | 1,810 | 2,316 | 122 | 3,040 | 7,288 |
| | 2,828 | 2,316 | 122 | 5,269 | 10,535 |
| At 31 December 2021 | | | | | |
| Held in Hong Kong | | | | | |
| Long term leases | 286 | – | – | – | 286 |
| Medium term leases | 685 | – | – | 2,318 | 3,003 |
| | 971 | – | – | 2,318 | 3,289 |
| Held outside Hong Kong | | | | | |
| Medium term leases | 2,035 | 2,358 | 20 | 3,402 | 7,815 |
| | 3,006 | 2,358 | 20 | 5,720 | 11,104 |

c) Impairment of properties, plant and equipment:

The carrying amounts of hotel properties, plant and equipment are assessed at the end of the reporting period where there is any indication of impairment by estimating the recoverable amount, which is the greater of its fair value less costs of disposal and value in use. In assessing the impairments, an independent valuation is obtained from Knight Frank using the market value basis and has taken into account the net income of the respective properties, allowing for reversionary potential where appropriate, details of which are disclosed in note 3(b).

d) Hotel properties under development

As at 31 December 2022, hotel properties under development amounting to HK\$243 million were not subject to depreciation.

e) **Right-of-use assets:**

The Group holds a number of properties and leasehold land to lease out under operating leases, or held for own use as the Group's offices (as right-of-use assets) and for the operations of hotel and logistics businesses (see notes 7 and 8(b)). The Group is the registered owner of the property interests of these properties. There are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

9. INTERESTS IN ASSOCIATES

| | 2022 HK\$ Million | 2021 HK\$ Million |
|-------------------------------------|----------------------|----------------------|
| Share of net assets | 106,478 | 116,052 |
| Goodwill | 1,853 | 1,853 |
| | 108,331 | 117,905 |
| Amounts due from associates | 1,628 | 1,731 |
| | 109,959 | 119,636 |
| Amounts due to associates (note 17) | (7,675) | (8,794) |
| | 102,284 | 110,842 |

- a) Details of principal associates at 31 December 2022 are shown on page 119.
- b) All of the above associates are accounted for using the equity method in the consolidated financial statements.
- c) Except for the amounts due from associates totalling HK\$670 million (2021: HK\$587 million) which are interest bearing at market rate, all the amounts due from associates are unsecured, interest-free and have no fixed terms of repayment and not expected to be recoverable within the next twelve months from the end of the reporting period.

Amounts due to associates are unsecured, interest-free and have no fixed terms of repayment.

- d) Included in interest in associates is goodwill of HK\$1,853 million (2021: HK\$1,853 million) relating to the acquisition of Mega Shekou Container Terminals Limited by Modern Terminals, a 67.6%-owned subsidiary of WHL, under an agreement for rationalisation of the interests in Shekou Container Terminals Phases I, II and III in 2007.

- e) Summarised financial information of the material associate, WREIC, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|--|----------------------|----------------------|
| Gross amount of WREIC: | | |
| Current assets | 4,816 | 5,389 |
| Non-current assets | 257,196 | 273,716 |
| Current liabilities | (11,328) | (12,979) |
| Non-current liabilities | (49,057) | (48,430) |
| Non-controlling interest | (5,540) | (5,793) |
| Shareholders' equity | 196,087 | 211,903 |
| Included in the above assets and liabilities: | | |
| Cash and cash equivalents | 1,340 | 1,800 |
| Revenue | 12,459 | 16,043 |
| (Loss)/profit from continuing operations | (8,943) | 4,439 |
| Other comprehensive income | (2,925) | 1,367 |
| Total comprehensive income | (11,868) | 5,806 |
| Included in the above (loss)/profit: | | |
| Depreciation | (280) | (330) |
| Reconciled to the group's interest in WREIC | | |
| WREIC's shareholders' equity | 196,087 | 211,903 |
| Group's interest (note) | 48.98% | 48.98% |
| Group's share of WREIC's shareholders' equity and carrying amount in the consolidated financial statements | 96,038 | 103,790 |
| Dividend received from the associate | 1,993 | 2,022 |
| Market value of the listed shares | 67,661 | 58,887 |

Note: The Group's effective interest in WREIC excluding the portion attributable to non-controlling interest as at 31 December 2022 is 47.66% (2021: 47.29%).

- f) At 31 December 2022, aggregate information of associates that are not individually material is summarised below:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|--|----------------------|----------------------|
| Aggregate carrying amount of individually immaterial associates in the consolidated financial statements | 12,293 | 14,115 |
| Aggregate amounts of the Group's share of those associates | | |
| Share of results after tax for the year | 21 | 717 |
| Other comprehensive income for the year | (635) | 316 |
| Total comprehensive income for the year | (614) | 1,033 |

10. INTERESTS IN JOINT VENTURES

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---|---------------------------------|----------------------|
| Share of net assets | 6,767 | 7,147 |
| Amounts due from joint ventures | 23,609 | 25,863 |
| Amounts due to joint ventures (note 17) | 30,376 (2,318) | 33,010 (2,130) |
| | 28,058 | 30,880 |

- a) Details of principal joint ventures at 31 December 2022 are shown on page 120.
- b) All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.
- c) Except for the amounts due from joint ventures totalling HK\$13,878 million (2021: HK\$18,901 million) which are interest bearing at market rates, all the amounts due from joint ventures are unsecured, interest-free and have no fixed terms of repayment and not expected to be recoverable within twelve months from the end of the reporting period.

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

- d) At 31 December 2022, no joint venture is considered to be individually material to the Group. Aggregate information of joint ventures that are not individually material is summarised below:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|--|----------------------|----------------------|
| Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements | 6,767 | 7,147 |
| Aggregate amounts of the Group's share of those joint ventures | | |
| Share of results after tax for the year | (178) | 584 |
| Other comprehensive income for the year | (619) | 230 |
| Total comprehensive income for the year | (797) | 814 |

11. OTHER LONG TERM INVESTMENTS

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---|----------------------|----------------------|
| Equity investments at fair value through other comprehensive income ("FVOCI") | | |
| – listed in Hong Kong | 32,832 | 40,704 |
| – listed outside Hong Kong | 5,121 | 7,628 |
| | 37,953 | 48,332 |
| Other financial assets at fair value through profit or loss ("FVTPL") | | |
| – unlisted investments | 8,658 | 8,805 |
| Group total | 46,611 | 57,137 |

- a) Equity investments are designated as financial assets at fair value through other comprehensive income as they are not held for trading but for long term purposes, the Group has irrevocably elected them at initial recognition to recognise these investments in this category. It mainly represents a portfolio of blue chips including property counters and investments in new economy companies holding for long term growth potential with reasonable dividend return that in line with market and each investment within the portfolio is individually immaterial to the Group's total assets. Unlisted investments are classified as financial assets at fair value through profit or loss.
- b) Analysed by industry sectors as follows:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---------------|----------------------|----------------------|
| – Properties | 23,678 | 24,813 |
| – New economy | 12,888 | 23,366 |
| – Others | 10,045 | 8,958 |
| Group total | 46,611 | 57,137 |

c) Analysed by geographical location as follows:

| | Equity investments at FVOCI HK\$ Million | Other financial assets at FVTPL HK\$ Million | Total HK\$ Million |
|-------------------------------|---|--|-----------------------|
| As at 31 December 2022 | | | |
| – Hong Kong | 32,832 | 7 | 32,839 |
| – Overseas | 5,121 | 8,651 | 13,772 |
| Group total | 37,953 | 8,658 | 46,611 |
| As at 31 December 2021 | | | |
| – Hong Kong | 40,704 | 3 | 40,707 |
| – Overseas | 7,628 | 8,802 | 16,430 |
| Group total | 48,332 | 8,805 | 57,137 |

12. GOODWILL AND OTHER INTANGIBLE ASSETS

| | Goodwill HK\$ Million | Other intangible assets HK\$ Million | Total HK\$ Million |
|---|--------------------------|---|-----------------------|
| Cost | | | |
| At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022 | 298 | 12 | 310 |
| Accumulated amortisation | | | |
| At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022 | – | 12 | 12 |
| Net carrying value | | | |
| At 31 December 2022 | 298 | – | 298 |
| At 31 December 2021 | 298 | – | 298 |

Goodwill mainly relates to the Group's terminals business. As at 31 December 2022, an impairment test was performed by comparing the attributable carrying amount of the business with the recoverable amount. The recoverable amount of the terminals business is based on its value in use. No impairment was recorded.

13. PROPERTIES FOR SALE

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---------------------------------------|----------------------|----------------------|
| Properties under development for sale | 79,655 | 101,198 |
| Completed properties for sale | 20,070 | 11,107 |
| Group total | 99,725 | 112,305 |

- a) At 31 December 2022, properties under development for sale of HK\$60,576 million (2021: HK\$72,114 million) are expected to be completed after more than one year.
- b) Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value. The total carrying value of properties stated at net realisable value at 31 December 2022 was HK\$39,573 million (2021: HK\$30,147 million).
- c) At 31 December 2022, the carrying value of leasehold land and land deposits included in properties under development for sale and completed properties for sale is summarised as follows:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|------------------------|----------------------|----------------------|
| Held in Hong Kong | | |
| Long term leases | 14,268 | 10,793 |
| Medium term leases | 56,826 | 60,567 |
| | 71,094 | 71,360 |
| Held outside Hong Kong | | |
| Long term leases | 7,642 | 13,668 |
| Medium term leases | 1,588 | 2,818 |
| | 9,230 | 16,486 |
| | 80,324 | 87,846 |

14. TRADE AND OTHER RECEIVABLES

| | 2022 HK\$ Million | 2021 HK\$ Million |
|--|----------------------|----------------------|
| Trade receivables | 259 | 319 |
| Accrued sales receivables | 367 | 2,721 |
| Stakeholders' deposits | 3,269 | 4,630 |
| Other receivables and prepayments (note) | 2,667 | 4,377 |
| Group total | 6,562 | 12,047 |

Note: Contract costs capitalised as at 31 December 2022 and relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the end of the reporting period.

Such sales commissions capitalised included in other receivables and prepayments were HK\$621 million (2021: HK\$1,238 million).

Contract costs are recognised as part of "selling and marketing expenses" in the consolidated income statement in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year ended 31 December 2022 was HK\$816 million (2021: HK\$252 million). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2021: HK\$Nil).

As at 31 December 2022, the amount of capitalised contract costs that is expected to be recovered after more than one year is HK\$Nil (2021: HK\$159 million).

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days, except for sale of properties, the proceeds from which are receivable pursuant to the terms of the agreements. Except for accrued sales receivables of HK\$113 million (2021: HK\$240 million) which are related to sale of properties with extended settlement plans, all the receivables are expected to be recoverable within one year.

Except for other contract costs, all of the above receivables and prepayments are financial assets measured at amortised cost.

a) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account based on expected credit losses. Given the Group has not experienced any significant credit losses in the past and holds sufficient rental deposits from tenants to cover the potential exposure to credit risk, the allowance for expected credit losses is therefore insignificant.

The movement in the allowance account for credit losses during the year, including both specific and collective loss components, is as follows:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|--|----------------------|----------------------|
| At 1 January | 4 | 13 |
| Provision/(reversal) of loss allowances recognised | 11 | (9) |
| At 31 December | 15 | 4 |

15. DERIVATIVE FINANCIAL INSTRUMENTS

| | 2022 | | 2021 | |
|---|------------------------|-----------------------------|------------------------|-----------------------------|
| | Assets HK\$ Million | Liabilities HK\$ Million | Assets HK\$ Million | Liabilities HK\$ Million |
| At fair value through profit or loss | | | | |
| Fixed-to-floating interest rate swaps | 16 | 889 | 167 | 99 |
| Floating-to-fixed interest rate swaps | 78 | – | – | 103 |
| Cross currency interest rate swaps | 18 | 485 | 184 | 179 |
| Forward foreign exchange contracts | 19 | 142 | 63 | 117 |
| Total | 131 | 1,516 | 414 | 498 |
| Analysis | | | | |
| Non-current | 62 | 1,097 | 148 | 438 |
| Current | 69 | 419 | 266 | 60 |
| Group total | 131 | 1,516 | 414 | 498 |

An analysis of the remaining maturities at the end of the reporting period of the above derivative financial instruments is as follows:

| | 2022 | | 2021 | |
|---|------------------------|-----------------------------|------------------------|-----------------------------|
| | Assets HK\$ Million | Liabilities HK\$ Million | Assets HK\$ Million | Liabilities HK\$ Million |
| Fixed-to-floating interest rate swaps | | | | |
| Expiring within 1 year | – | 30 | 29 | – |
| Expiring after more than 1 year but not exceeding 5 years | 16 | 796 | 135 | 99 |
| Expiring after 5 years | – | 63 | 3 | – |
| | 16 | 889 | 167 | 99 |
| Floating-to-fixed interest rate swaps | | | | |
| Expiring after more than 1 year but not exceeding 5 years | 78 | – | – | 103 |
| Cross currency interest rate swaps | | | | |
| Expiring within 1 year | 15 | 168 | 6 | 5 |
| Expiring after more than 1 year but not exceeding 5 years | 3 | 317 | 164 | 173 |
| Expiring after 5 years | – | – | 14 | 1 |
| | 18 | 485 | 184 | 179 |
| Forward foreign exchange contracts | | | | |
| Expiring within 1 year | 13 | 1 | 41 | – |
| Expiring after more than 1 year but not exceeding 5 years | – | 141 | 14 | 117 |
| Expiring after 5 years | 6 | – | 8 | – |
| | 19 | 142 | 63 | 117 |
| Group total | 131 | 1,516 | 414 | 498 |

- a) The notional principal amounts of derivative financial instruments outstanding at the end of the reporting period were as follows:

| | 2022 | 2021 |
|---------------------------------------|---------------------|--------------|
| | HK\$ Million | HK\$ Million |
| Fixed-to-floating interest rate swaps | 16,086 | 12,709 |
| Floating-to-fixed interest rate swaps | 1,800 | 1,800 |
| Cross currency interest rate swaps | 8,098 | 11,893 |
| Forward foreign exchange contracts | 6,115 | 5,151 |

- b) Derivative financial assets represent the amounts the Group would receive whilst derivative financial liabilities represent the amounts the Group would pay if the positions are closed at the end of the reporting period. Derivative financial instruments do not qualify for hedge accounting and their corresponding changes in fair values have been recognised in the consolidated income statement.
- c) During the year ended 31 December 2022, a loss of HK\$32 million (2021: HK\$150 million) in respect of forward foreign exchange contracts was recognised in the consolidated income statement.
- d) During the year ended 31 December 2022, fair value loss on cross currency interest rate swaps in the amounts of HK\$126 million (2021: gain of HK\$128 million) and fair value loss on interest rate swaps in the amounts of HK\$568 million (2021: loss of HK\$66 million) have been included within finance costs in the consolidated income statement.
- e) The Group enters into derivative transactions under International Swaps and Derivatives Association (“ISDA”) master agreements providing offsetting mechanisms under certain circumstances. At 31 December 2022, the Group did not offset any of the financial instruments as no parties have exercised their rights to offset the recognised amounts in the consolidated financial statements.

16. BANK DEPOSITS AND CASH

| | 2022 | 2021 |
|------------------------|---------------------|--------------|
| | HK\$ Million | HK\$ Million |
| Bank deposits and cash | 15,980 | 25,234 |

At 31 December 2022, bank deposits and cash included:

- a) HK\$9,921 million equivalent (2021: HK\$13,376 million equivalent) placed with banks in Mainland China, the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.
- b) RMB2,677 million equivalent to HK\$2,996 million (2021: RMB2,758 million equivalent to HK\$3,374 million) which is solely for certain designated property development projects in Mainland China.

The effective interest rate on bank deposits was 1.8% (2021: 1.8%).

Bank deposits and cash are denominated in the following currencies:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|------------------|----------------------|----------------------|
| RMB | 9,779 | 21,888 |
| HKD | 1,793 | 2,377 |
| USD | 4,372 | 895 |
| Other currencies | 36 | 74 |
| | 15,980 | 25,234 |

17. TRADE AND OTHER PAYABLES

| | 2022 HK\$ Million | 2021 HK\$ Million |
|--|----------------------|----------------------|
| Trade payables | 802 | 958 |
| Rental and customer deposits | 1,376 | 1,374 |
| Construction and development costs payable | 7,961 | 7,925 |
| Accrued development costs | 3,754 | 4,949 |
| Amounts due to associates (note 9) | 7,675 | 8,794 |
| Amounts due to joint ventures (note 10) | 2,318 | 2,130 |
| Amounts due to affiliated companies | 8,853 | – |
| Other payables | 5,336 | 5,561 |
| Group total | 38,075 | 31,691 |

The amount of trade and other payables that is expected to be settled after more than one year is HK\$5,543 million (2021: HK\$6,301 million), which is mainly for accrued development costs and rental and customer deposits. The Group considers the effect of discounting these items would be immaterial. All of the amounts due to affiliated companies are unsecured, bearing at a predetermined rate and have no fixed terms of repayment. All of the other trade and other payables are expected to be settled or recognised as income within one year or are payable on demand.

18. DEPOSITS FROM SALE OF PROPERTIES

Deposits from sale of properties in the amount of HK\$1,583 million (2021: HK\$3,475 million) are expected to be recognised as income in the consolidated income statement after more than one year.

Movement in deposits from sale of properties

| | 2022 HK\$ Million | 2021 HK\$ Million |
|--|----------------------|----------------------|
| At 1 January | 28,401 | 23,031 |
| Exchange differences | (523) | 125 |
| Decrease in deposits from sale of properties as a result of recognising revenue during the year | (25,684) | (13,575) |
| Increase in deposits from sale of properties as a result of receiving sales deposits during the year | 16,757 | 18,820 |
| At 31 December | 18,951 | 28,401 |

The Group receives whole or a portion of contract value as deposits from customers when they sign the sale and purchase agreements. These deposits are recognised as contract liabilities and presented as “Deposits from sales of properties” until the properties are completed and legally assigned to/accepted by the customers.

In some sale arrangements, the customers agree to pay the balance of the consideration early while construction is still ongoing, rather than when legal assignment is completed or the property is accepted by the customer. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property construction period.

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2022, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group’s existing contracts is HK\$28,283 million (2021: HK\$50,307 million). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development entered into by the customers with the Group. The Group will recognise the expected revenue in future at the completion date of legal assignments, or in the case of the properties under development for sale, when the properties are accepted by the customers, which is expected to occur over the next 36 months.

19. BANK LOANS AND OTHER BORROWINGS

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---|----------------------|----------------------|
| Bonds and notes (Unsecured) | | |
| Due within 1 year | 2,041 | 2,849 |
| Due after 1 year but within 2 years | 4,676 | 2,185 |
| Due after 2 years but within 5 years | 7,970 | 11,453 |
| Due after 5 years | 650 | 880 |
| | 15,337 | 17,367 |
| Bank loans (Secured) | | |
| Due within 1 year | 93 | 4,304 |
| Due after 1 year but within 2 years | 110 | 5,113 |
| Due after 2 years but within 5 years | 9,695 | 9,585 |
| Due after 5 years | 2,556 | 1,746 |
| | 12,454 | 20,748 |
| Bank loans (Unsecured) | | |
| Due within 1 year | 4,085 | 8,582 |
| Due after 1 year but within 2 years | 10,132 | 12,251 |
| Due after 2 years but within 5 years | 16,989 | 28,990 |
| | 31,206 | 49,823 |
| Total bank loans and other borrowings | 58,997 | 87,938 |
| Analysis of maturities of the above borrowings | | |
| Non-current borrowings | | |
| Due after 1 year but within 2 years | 14,918 | 19,549 |
| Due after 2 years but within 5 years | 34,654 | 50,028 |
| Due after 5 years | 3,206 | 2,626 |
| | 52,778 | 72,203 |
| Current borrowings | | |
| Due within 1 year | 6,219 | 15,735 |
| Total bank loans and other borrowings | 58,997 | 87,938 |

- a) The Group's borrowings are considered by the management to be denominated in the following currencies (after the effects of cross currency interest rate swaps and forward foreign exchange contracts as detailed in notes 21(a) and 21(b)):

| | 2022 HK\$ Million | 2021 HK\$ Million |
|-----|----------------------|----------------------|
| HKD | 53,256 | 83,755 |
| RMB | 5,741 | 4,183 |
| | 58,997 | 87,938 |

- b) The interest rate profile of the Group's borrowings (after the effects of interest rate swaps and cross currency interest rate swaps as detailed in notes 21(a) and 21(b) respectively) are as follows:

| | 2022 | | 2021 | |
|---------------------------------|---------------------------------|---------------|---------------------------------|--------------|
| | Effective interest rate % | HK\$ Million | Effective interest rate % | HK\$ Million |
| Fixed rate borrowings | | | | |
| Bank loans | – | – | 2.7 | 1,800 |
| Floating rate borrowings | | | | |
| Bonds and notes | 5.9 | 15,337 | 2.7 | 17,367 |
| Bank loans | 4.5 | 43,660 | 0.9 | 68,771 |
| | | 58,997 | | 86,138 |
| Total borrowings | | 58,997 | | 87,938 |

- c) All the interest bearing borrowings are carried at amortised cost except for borrowings in an amount of HK\$6,333 million (2021: HK\$8,877 million) which are carried at their fair values. None of the non-current interest bearing borrowings are expected to be settled within one year.
- d) Included in the Group's total borrowings are bank loans and other borrowings of HK\$19,964 million (2021: HK\$36,745 million) borrowed by WHL. The loans are without recourse to the Company and its other subsidiaries.
- e) At 31 December 2022, certain banking facilities of the Group were secured by mortgages over certain properties under development, investment properties and property, plant and equipment with an aggregate carrying value of HK\$40,222 million (2021: HK\$53,043 million).
- f) Certain of the above borrowings are attached with financial covenants which require that at any time, the consolidated tangible net worth is not less than and the ratio of borrowings to consolidated tangible net worth is not more than certain required levels of the relevant sub-groups/Group. During the years under review, all these covenants have been complied with by the Group.

20. DEFERRED TAXATION

- a) Net deferred tax liabilities/(assets) recognised in the consolidated statement of financial position:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|------------------------------|----------------------|----------------------|
| Deferred tax liabilities | 14,566 | 15,269 |
| Deferred tax assets | (975) | (982) |
| Net deferred tax liabilities | 13,591 | 14,287 |

The components of deferred tax liabilities/(assets) and the movements during the year are as follows:

| | Depreciation allowances in excess of the related depreciation HK\$ Million | Surplus arising from valuation of investment properties HK\$ Million | Future benefit of tax losses HK\$ Million | Others HK\$ Million | Total HK\$ Million |
|--|---|---|--|------------------------|-----------------------|
| At 1 January 2021 | 2,801 | 9,611 | (50) | 832 | 13,194 |
| Charged/(credited) to the consolidated income statement | 304 | 852 | (98) | (227) | 831 |
| Disposals of subsidiaries | (57) | – | – | – | (57) |
| Exchange differences | 61 | 293 | 4 | (39) | 319 |
| At 31 December 2021 and 1 January 2022 | 3,109 | 10,756 | (144) | 566 | 14,287 |
| Charged to the consolidated income statement | 2 | 194 | 13 | 176 | 385 |
| Exchange differences | (130) | (925) | – | (26) | (1,081) |
| At 31 December 2022 | 2,981 | 10,025 | (131) | 716 | 13,591 |

b) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

| | 2022 | | 2021 | |
|----------------------------------|---|-------------------------------------|---|-------------------------------------|
| | Deductible temporary differences/ tax losses HK\$ Million | Deferred tax assets HK\$ Million | Deductible temporary differences/ tax losses HK\$ Million | Deferred tax assets HK\$ Million |
| Deductible temporary differences | 30 | 5 | 36 | 6 |
| Future benefits of tax losses | | | | |
| – Hong Kong | 8,439 | 1,393 | 4,826 | 796 |
| – Outside Hong Kong | 1,648 | 412 | 4,932 | 1,233 |
| | 10,087 | 1,805 | 9,758 | 2,029 |
| | 10,117 | 1,810 | 9,794 | 2,035 |

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2022 and 2021. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses outside Hong Kong are mainly arose in Mainland China, which can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

21. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group is exposed to financial risks related to interest rate, foreign currency, equity price, liquidity and credit in the normal course of business. To manage some of these risks, the Group Finance Committee develops, maintains and monitors the Group's financial management policies designed to facilitate cost efficient funding to the Group and to mitigate the impact of fluctuations in interest rates and exchange rates. The financial management policies are implemented by the Group's Treasury department, which operates as a centralised service unit in close co-operation with the Group's operating units for managing the day-to-day treasury functions and financial risks and for providing cost efficient funding to the Group.

The Group uses derivatives, principally forward foreign exchange contracts and interest rate and cross currency interest rate swaps, as deemed appropriate, for financing and hedging transactions and for managing risks associated with the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions and invest in financial products with significant underlying leverage which are commercially speculative.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's main exposure to interest rate risk relates principally to the Group's borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk whilst borrowings at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure in accordance with defined policies and reviews this exposure with a focus on reducing the Group's overall cost of funding as well as maintaining the floating/fixed rate mix appropriate to its current business portfolio.

In line with the Group's prevailing strategy, the Group has entered into a number of interest rate swaps ("IRS") and cross currency interest rate swaps ("CCS") which have the economic effect of converting certain fixed rate interest bearing notes with notional amounts totalling HK\$13,509 million (2021: HK\$14,131 million) into floating rate borrowings. For each of the IRS and CCS entered into by the Group, the tenor and timing of the IRS and CCS cash flows matches those of the notes.

To ensure the certainty of a proportion of funding costs in the forthcoming years, the Group has entered into various floating-to-fixed IRS with notional amounts totalling HK\$1,800 million (2021: HK\$1,800 million) with maturities of 10 to 15 years together with another HK\$1,800 million (2021: HK\$1,800 million) fixed-to-floating IRS with a maturity of 2 years. Effectively, this arrangement has locked in fixed interest rates ranging from 2.4% to 3.6% per annum for a certain portion of the Group's floating rate loan portfolio for a period of 8 to 13 years from 2011 to 2012 onwards.

As at 31 December 2022, after taking into account of IRS and CCS, substantially all (2021: 98%) of the Group's borrowings was at floating rates (2021: approximately 98% at floating rates and the remaining 2% were at fixed rates) (see note 19(b)).

Based on the sensitivity analysis performed as at 31 December 2022, it was estimated that a general increase/decrease of 1% (2021: 1%) in interest rates, with all other variables held constant, would have increased/decreased the post-tax loss and decreased/increased total equity of the Group by approximately HK\$118 million (2021: decreased/increased the post-tax profit and total equity by approximately HK\$212 million). This takes into account the effect of interest bearing bank deposits.

The sensitivity analysis above indicates the instantaneous change in the Group's post-tax profit and total equity that would have arisen assuming that the change in interest rates had occurred at the end of reporting period and had been applied to remeasure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of reporting period, the impact on the Group's post-tax profit and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed at the same basis as for 2021.

b) Foreign currency risk

The Group owns assets and conducts its businesses primarily in Hong Kong and secondarily in Mainland China, with its cash flows denominated substantially in HKD and RMB which exposes the Group to foreign currency risk with respect to RMB arising from its development property and port-related operations and investments in Mainland China.

The Group is also exposed to foreign currency risk in respect of its borrowings denominated in USD, JPY and SGD. Anticipated foreign exchange payments relate primarily to interest expense payments, repayment of principal and capital expenditure. Where appropriate or available in a cost-efficient manner, the Group may enter into forward foreign exchange and cross currency swap contracts to manage its foreign currency risk arising from above anticipated transactions denominated in currencies other than its entities' functional currencies.

The Group's borrowings are predominantly denominated in the functional currency of the entity taking out the borrowings. In the case of group companies whose functional currencies are HKD, their borrowings are mostly denominated in HKD or USD. For managing the overall financing costs of existing and future capital requirements for the projects in Mainland China, the Group has adopted a diversified funding approach and has entered into certain CCS and forward foreign exchange contracts. Based on the prevailing accounting standards, the swaps and forward foreign exchange contracts are marked to market with the valuation movement recognised in the consolidated income statement.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets/(liabilities) denominated in a currency other than the functional currency of the Group's entities to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency and exposure arising from inter-company balances which are considered to be in the nature of investment in a subsidiary are excluded.

| | 2022 | | | | | 2021 | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | USD Million | RMB Million | JPY Million | SGD Million | GBP Million | USD Million | RMB Million | JPY Million | SGD Million | GBP Million |
| Bank deposits and cash | 544 | 3 | - | 1 | - | 96 | 7,088 | - | 7 | - |
| Other long term investments | 1,403 | - | - | 12 | 17 | 1,777 | - | - | 29 | - |
| Trade and other receivables | 9 | - | - | - | - | 6 | - | - | - | - |
| Trade and other payables | - | (46) | - | - | - | (1) | (46) | - | - | - |
| Bank loans and other borrowings | - | (2,350) | (17,483) | - | - | (60) | (2,350) | (17,478) | - | - |
| Inter-company balances | 3 | 110 | - | - | - | 3 | 110 | - | - | - |
| Gross exposure arising from recognised assets and liabilities | 1,959 | (2,283) | (17,483) | 13 | 17 | 1,821 | 4,802 | (17,478) | 36 | - |
| Notional amount of forward foreign exchange contracts at fair value through profit or loss | (380) | (545) | 7,000 | (11) | - | 473 | 734 | 7,000 | - | - |
| Notional amount of CCS | (120) | 1,263 | 10,500 | - | - | (297) | 2,350 | 10,500 | - | - |
| Overall net exposure | 1,459 | (1,565) | 17 | 2 | 17 | 1,997 | 7,886 | 22 | 36 | - |

In addition, at 31 December 2022, the PRC subsidiaries of the Group with RMB as their functional currency are exposed to foreign currency risk with respect to HKD/USD by holding HKD/USD denominated bank deposits and cash, trade and other payables and inter-company borrowings in the amount of HK\$145 million, HK\$Nil and HK\$96 million respectively (2021: HK\$155 million, HK\$4 million and HK\$96 million respectively).

Based on the sensitivity analysis performed as at 31 December 2022, it was estimated that the impact on the Group's post-tax profit/loss and total equity would not be material in response to possible changes in the foreign exchange rates of foreign currencies to which the Group is exposed.

It is further analysed that the sensitivity on the translation of the Mainland China operations from 1% (2021: 1%) increase/decrease of exchange rate of RMB against HKD, the Group's total equity would have increased/decreased by HK\$647 million (2021: HK\$834 million).

c) Equity price risk

The Group is exposed to equity price changes arising from other long term investments held for long term investment purpose.

Other long term investments held in the investment portfolio have been chosen for their long term growth potential and returns and are monitored regularly for performance. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

Based on the sensitivity analysis performed as at 31 December 2022, it is estimated that an increase/decrease of 10% (2021: 10%) in the market value of the Group's listed equity investments, with all other variables held constant, would not have affected the Group's post-tax profit but would have increased/decreased the Group's total equity by HK\$3,795 million (2021: HK\$4,833 million). The analysis has been performed on the same basis as for 2021.

The Group also holds certain unlisted investments which are measured at FVTPL, mainly in new economy sector. The fair value of these unlisted investments may not have a direct correlation with the trend of stock market indices, given the marketability of such unlisted investments are not comparable with the listed investments. Based on a sensitivity analysis performed as at 31 December 2022, it was estimated that an increase/decrease of 10% in the market value of the Group's unlisted investments, with all other variables held constant, would have decreased/increased the loss after tax and increased/decreased the total equity of the Group by HK\$866 million (2021: increased/decreased the profit after tax and the total equity of the Group by HK\$880 million). The analysis has been performed on the same basis as for 2021.

d) Liquidity risk

The Group adopts a prudent liquidity risk management policy, maintaining sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding with staggered maturities to reduce refinancing risk in any year from major financial institutions and to maintain flexibility for meeting its liquidity requirements in the short and longer term. The Group's cash management is substantially centralised within the Group Treasury department, which regularly monitors the current and expected liquidity requirements and its compliance with lending covenants.

Certain non-wholly-owned subsidiaries are responsible for their own cash management, including the short term investment of cash surpluses with creditworthy financial institutions and the raising of loans to cover expected cash demands, in accordance with the established policies and strategies with the concurrence of the Company.

The following tables detail the remaining contractual maturities at the end of reporting period of the Group's derivative and non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period and carried at the exchange rates prevailing at the end of the reporting period) and the earliest date the Group can be required to pay:

| | Contractual undiscounted cash flow | | | | | |
|------------------------------------|------------------------------------|-----------------------|--|---|--|--------------------------------------|
| | Carrying amount HK\$ Million | Total HK\$ Million | Within 1 year or on demand HK\$ Million | More than 1 year but less than 2 years HK\$ Million | More than 2 years but less than 5 years HK\$ Million | More than 5 years HK\$ Million |
| At 31 December 2022 | | | | | | |
| Bank loans and other borrowings | (58,997) | (65,813) | (8,328) | (16,641) | (35,698) | (5,146) |
| Trade and other payables | (38,075) | (38,196) | (32,551) | (1,292) | (4,335) | (18) |
| Interest rate swaps | (795) | (797) | (285) | (222) | (249) | (41) |
| Cross currency interest rate swaps | (467) | (604) | (205) | (151) | (248) | – |
| Forward foreign exchange contracts | (123) | (239) | 12 | (136) | (121) | 6 |
| Other non-current liabilities | (84) | (86) | (1) | (60) | (25) | – |
| | (98,541) | (105,735) | (41,358) | (18,502) | (40,676) | (5,199) |
| At 31 December 2021 | | | | | | |
| Bank loans and other borrowings | (87,938) | (91,605) | (17,164) | (20,205) | (50,630) | (3,606) |
| Trade and other payables | (31,691) | (31,956) | (25,407) | (623) | (5,899) | (27) |
| Interest rate swaps | (35) | 190 | 90 | 53 | 33 | 14 |
| Cross currency interest rate swaps | 5 | 136 | 81 | 86 | (39) | 8 |
| Forward foreign exchange contracts | (54) | (55) | 41 | 14 | (118) | 8 |
| Other non-current liabilities | (69) | (69) | (27) | (21) | (21) | – |
| | (119,782) | (123,359) | (42,386) | (20,696) | (56,674) | (3,603) |

The Company is exposed to liquidity risk that arises from financial guarantees given by the Company on behalf of subsidiaries. The guarantees are callable if the respective subsidiary is unable to meet its obligations. The maximum amount callable as at 31 December 2022 was HK\$39,094 million (2021: HK\$51,160 million).

e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to trade and other receivables (including rental receivables), cash and cash equivalents and over-the-counter derivative financial instruments. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies and procedures in each of the Group's core businesses. In respect of rental receivables, sufficient rental deposits from tenants are held to cover potential exposure to credit risk. In respect of receivables from customer of sale of properties with extended settlement plans, the underlying properties are deemed as securities pledged to the Group. Further, evaluations are made for the customers with reference to their repayment history and financial strength, as well as the economic environment in which the customer operates.

The Group measures loss allowance for trade receivables from customers in accordance with accounting policy (J) (i). The allowance for expected credit losses is insignificant.

Cash at banks, deposits placed with financial institutions and investments and transactions involving derivative financial instruments are with counter-parties with sound credit ratings to minimise credit exposure.

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Except for the financial guarantees given by the Group as set out in note 24, the Group does not provide any other guarantee which would expose the Group to material credit risk.

f) Fair value of assets and liabilities

i) Assets and liabilities carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as defined in note 7(d).

Financial instruments carried at fair value

The fair value measurement information for financial instruments in accordance with HKFRS 13 is given below.

| | Recurring fair value measurements as at 31 December categorised into | | | | | | | |
|--------------------------------------|--|----------------------------|----------------------------|--------------------------|----------------------------|----------------------------|----------------------------|--------------------------|
| | 2022 | | | | 2021 | | | |
| | Level 1 HK\$ Million | Level 2 HK\$ Million | Level 3 HK\$ Million | Total HK\$ Million | Level 1 HK\$ Million | Level 2 HK\$ Million | Level 3 HK\$ Million | Total HK\$ Million |
| Assets | | | | | | | | |
| Other long term investments: | | | | | | | | |
| – Listed investments | 37,953 | – | – | 37,953 | 48,332 | – | – | 48,332 |
| – Unlisted investments | – | 7 | 8,651 | 8,658 | – | 3 | 8,802 | 8,805 |
| Derivative financial instruments: | | | | | | | | |
| – Interest rate swaps | – | 94 | – | 94 | – | 167 | – | 167 |
| – Cross currency interest rate swaps | – | 18 | – | 18 | – | 184 | – | 184 |
| – Forward foreign exchange contracts | – | 19 | – | 19 | – | 63 | – | 63 |
| | 37,953 | 138 | 8,651 | 46,742 | 48,332 | 417 | 8,802 | 57,551 |
| Liabilities | | | | | | | | |
| Derivative financial instruments: | | | | | | | | |
| – Interest rate swaps | – | (889) | – | (889) | – | (202) | – | (202) |
| – Cross currency interest rate swaps | – | (485) | – | (485) | – | (179) | – | (179) |
| – Forward foreign exchange contracts | – | (142) | – | (142) | – | (117) | – | (117) |
| Bank loans and other borrowings: | | | | | | | | |
| – Bonds and notes | – | (5,891) | – | (5,891) | – | (8,370) | – | (8,370) |
| – Bank loans | – | (442) | – | (442) | – | (507) | – | (507) |
| | – | (7,849) | – | (7,849) | – | (9,375) | – | (9,375) |

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the event of change in circumstances that caused the transfer.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of IRS and CCS in Level 2 is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period taking into account current interest rates and current creditworthiness of the swap counter-parties.

The fair value of forward foreign exchange contracts in Level 2 is determined by using the forward exchange rates at the end of the reporting period and comparing them to the contractual rates.

The fair values of bank loans and other borrowings in Level 2 are determined based on cash flows discounted using the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

Valuation techniques and inputs used in Level 3 fair value measurements

The Group's unlisted investments was categorised in Level 3 comprise private equity funds. These private equity funds were managed by unrelated asset managers who applied various investment strategies to accomplish their respective investment objectives. The fair value of these funds is recorded based on valuations provided by the fund managers. These valuations are measured by the percentage of ownership of the private equity's net asset value, which is an unobservable inputs. The fund managers estimated the fair value of underlying investments based on direct market quote for Level 1 financial instruments. For other investments, the fund managers apply appropriate valuation techniques such as latest transaction price, discounted cash flows, or a forward price/earnings multiple arrived at by comparison with publicly-traded comparable companies and after applying a liquidity discount. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instruments or based on any available observable market data.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---|----------------------|----------------------|
| Unlisted investments | | |
| At 1 January | 8,802 | 6,000 |
| Payment for purchases | 309 | 1,636 |
| Transfer to Level 1 | (4) | (60) |
| Disposals | (24) | – |
| Net unrealised (losses)/gains recognised in consolidated income statement during the year | (432) | 1,226 |
| At 31 December | 8,651 | 8,802 |

Transfer out of level 3

The Group held certain unlisted investments in equity shares with a fair value totalled HK\$4 million (2021: HK\$60 million) as at the date of transfer. The fair value of these investments was categorised at Level 3 at the end of previous reporting period (for information on the valuation technique, see above). This was because the shares were not listed on any stock exchange markets and there were no recent observable arm's length transactions in the shares.

During 2022, those unlisted investments in equity shares have been listed on exchange markets and they are currently actively traded. Because the equity shares now have published price quotations in active markets, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy at 31 December 2022.

Any gain or loss arising from the remeasurement of the Group's unlisted investments are recognised in the other net (charge)/income (see note 3) in the consolidated income statement.

ii) Assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2022 and 2021.

g) Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in the light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-total equity ratios and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total loans less bank deposits and cash. Shareholders' equity comprises issued share capital and reserves attributable to equity shareholders of the Company. Total equity comprises shareholders' equity and non-controlling interests.

The net debt-to-total equity ratios as at 31 December 2022 and 2021 were as follows:

| | 2022 HK\$ Million | 2021 HK\$ Million |
|---|----------------------|----------------------|
| Total bank loans and other borrowings (note 19) | 58,997 | 87,938 |
| Less: Bank deposits and cash (note 16) | (15,980) | (25,234) |
| Net debt | 43,017 | 62,704 |
| Shareholders' equity | 204,420 | 211,980 |
| Total equity | 260,259 | 285,854 |
| Net debt-to-total equity ratio | 16.5% | 21.9% |

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

22. SHARE CAPITAL AND RESERVES

a) Share capital

| | 2022 No. of shares | 2022 HK\$ Million | 2021 No. of shares | 2021 HK\$ Million |
|---|-----------------------|----------------------|-----------------------|----------------------|
| Issued and fully paid ordinary shares At 1 January and 31 December | 2,052,849,287 | 3,936 | 2,052,849,287 | 3,936 |

In accordance with section 135 of the Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

- b) The Group's equity, apart from share capital and other statutory capital reserves, includes investments revaluation reserves for dealing with the movements on revaluation of equity investments designated at FVOCI, other capital reserves for dealing with the grant date fair value of the granted unexercised share options in accordance with accounting policy note (X)(i) and exchange reserves mainly for dealing with the exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy note (Q).

The revenue reserves of the Group at 31 December 2022 included HK\$1,888 million (2021: HK\$2,064 million) in respect of statutory reserves of the subsidiaries in Mainland China.

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

The Company's equity and the details of the changes in the individual components of which between the beginning and the end of the year are set out below:

| | Share capital HK\$ Million | Revenue reserves HK\$ Million | Total HK\$ Million |
|--|----------------------------------|-------------------------------------|-----------------------|
| The Company | | | |
| At 1 January 2021 | 3,936 | 5,638 | 9,574 |
| Profit for the year | – | 2,467 | 2,467 |
| At 31 December 2021 and 1 January 2022 | 3,936 | 8,105 | 12,041 |
| Profit for the year | – | 2,976 | 2,976 |
| 2021 final dividend paid | – | (2,345) | (2,345) |
| 2022 interim dividend paid | – | (1,622) | (1,622) |
| At 31 December 2022 | 3,936 | 7,114 | 11,050 |

- c) Reserves of the Company available for distribution to equity shareholders of the Company at 31 December 2022 amounted to HK\$7,114 million (2021: HK\$8,105 million).

23. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

| | Note | 2022 HK\$ Million | 2021 HK\$ Million |
|---------------------------------|-------|----------------------|----------------------|
| Non-current asset | | | |
| Interest in subsidiaries | | 11,075 | 29,480 |
| Current asset | | | |
| Receivables and prepayments | | – | – |
| Total assets | | 11,075 | 29,480 |
| Current liabilities | | | |
| Trade and other payables | | (25) | (13) |
| Amounts due to subsidiaries | | – | (16,706) |
| Amount due to a related company | | – | (720) |
| Total liabilities | | (25) | (17,439) |
| NET ASSETS | | 11,050 | 12,041 |
| Capital and reserves | | | |
| Share capital | | 3,936 | 3,936 |
| Reserves | | 7,114 | 8,105 |
| TOTAL EQUITY | 22(b) | 11,050 | 12,041 |

Stephen T H Ng
Director

Paul Y C Tsui
Director

24. CONTINGENT LIABILITIES

- a) As at 31 December 2022, there were contingent liabilities in respect of guarantees given by the Group on behalf of certain associates and joint ventures of HK\$15,626 million (2021: HK\$15,549 million), of which HK\$13,204 million (2021: HK\$11,828 million) had been drawn.
- b) As at 31 December 2022, there were guarantees of HK\$1,746 million (2021: HK\$1,539 million) provided by WHL group to the financial institutions in favour of their customers in respect of the mortgage loans provided by the financial institutions to those customers for the purchase of development properties of WHL group. There were also mortgage loan guarantees of HK\$2,286 million (2021: HK\$4,625 million) provided by associates and joint ventures of WHL group to the financial institutions in favour of their customers.
- c) The Group and the Company have not recognised any deferred income for the guarantees given in respect of borrowings and other banking facilities for subsidiaries, associates and joint ventures as their fair value cannot be reliably measured and their transaction price was HK\$Nil.

25. COMMITMENTS

The Group's outstanding commitments as at 31 December 2022 are detailed below:

| | Committed HK\$ Million | 2022 Uncommitted HK\$ Million | Total HK\$ Million | Committed HK\$ Million | 2021 Uncommitted HK\$ Million | Total HK\$ Million |
|---------------------------------------|---------------------------|-------------------------------------|-----------------------|---------------------------|-------------------------------------|-----------------------|
| (I) Properties | | | | | | |
| Investment properties | | | | | | |
| Hong Kong | 89 | 385 | 474 | 606 | 6,417 | 7,023 |
| Mainland China | 88 | 158 | 246 | 146 | 222 | 368 |
| Others | 1 | – | 1 | – | – | – |
| | 178 | 543 | 721 | 752 | 6,639 | 7,391 |
| Development properties | | | | | | |
| Hong Kong | 11,621 | 15,851 | 27,472 | 10,450 | 11,693 | 22,143 |
| Mainland China | 2,220 | 2,094 | 4,314 | 5,050 | 3,562 | 8,612 |
| | 13,841 | 17,945 | 31,786 | 15,500 | 15,255 | 30,755 |
| Properties total | | | | | | |
| Hong Kong | 11,710 | 16,236 | 27,946 | 11,056 | 18,110 | 29,166 |
| Mainland China | 2,308 | 2,252 | 4,560 | 5,196 | 3,784 | 8,980 |
| Others | 1 | – | 1 | – | – | – |
| | 14,019 | 18,488 | 32,507 | 16,252 | 21,894 | 38,146 |
| (II) Non-properties and others | | | | | | |
| Hotels | 11 | – | 11 | 1 | – | 1 |
| Modern Terminals | 564 | 47 | 611 | 64 | 25 | 89 |
| Others | 2,295 | – | 2,295 | 2,101 | 12 | 2,113 |
| | 2,870 | 47 | 2,917 | 2,166 | 37 | 2,203 |
| Total | 16,889 | 18,535 | 35,424 | 18,418 | 21,931 | 40,349 |

The planned expenditure for development properties includes attributable amounts for developments undertaken by associates and joint ventures of HK\$4.9 billion (2021: HK\$6.3 billion) in Hong Kong and HK\$0.4 billion (2021: HK\$2.6 billion) in Mainland China, respectively.

26. MATERIAL RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Material transactions between the Group and other related parties during the year ended 31 December 2022 are as follows:

- a) In respect of the year ended 31 December 2022, the Group earned rental income totalling HK\$104 million (2021: HK\$134 million) from various tenants which are wholly or partly owned by companies which in turn are wholly-owned by the family interests of close family members of, or by a trust the settlor of which is a close family member of, the chairman of the Company. These transactions are considered to be related party transactions.
- b) Remuneration for key management personnel of the Group, including amounts paid to the Directors of the Company are disclosed in notes 2(b).
- c) In respect of the year ended 31 December 2022, the Group acquired interest in a subsidiary from affiliated companies in the amount of HK\$7,027 million. The Group also disposed of certain other long term investments in the amount of HK\$7,577 million to affiliated company.

In addition to the above transactions, details of the Group's amounts due from and to associates and joint ventures are disclosed in notes 9 and 10. The Group's amounts due to affiliated companies are unsecured, interest-free and have no fixed terms of repayment.

27. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs which are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements:

| | |
|-----------------------|--|
| Amendments to HKAS 16 | <i>Property, plant and equipment: Proceeds before intended use</i> |
| Amendments to HKAS 37 | <i>Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract</i> |

The above amendments do not have significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies. In addition, the Group has not adopted any new standard or interpretation that is not yet effective for the current accounting period.

The "principal accounting policies" set out on pages 94 to 117 summarise the accounting policies of the Group after the adoption of these policies to the extent that they are relevant to the Group.

28. FUTURE CHANGES IN ACCOUNTING POLICIES

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

| | Effective for accounting periods beginning on or after |
|--|---|
| Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i> | 1 January 2023 |
| Amendments to HKAS 8, <i>Definition of accounting estimates</i> | 1 January 2023 |
| Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i> | 1 January 2023 |
| Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i> | 1 January 2024 |
| Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i> | 1 January 2024 |
| Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i> | 1 January 2024 |

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 28 March 2023.

INDEPENDENT AUDITOR’S REPORT



To the members of Wheelock and Company Limited

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Wheelock and Company Limited (“the Company”) and its subsidiaries (“the Group”) set out on pages 42 to 127, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 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 (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR’S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor’s report thereon.

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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

15 March 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

| | Note | 2021 HK\$ Million | 2020 HK\$ Million |
|--|------------|-------------------------------|----------------------|
| Revenue | 1 | 28,459 | 41,097 |
| Direct costs and operating expenses | | (15,177) | (15,581) |
| Selling and marketing expenses | | (1,172) | (1,499) |
| Administrative and corporate expenses | | (1,397) | (1,319) |
| Operating profit before depreciation, amortisation, interest and tax | | 10,713 | 22,698 |
| Depreciation and amortisation | 2 | (822) | (971) |
| Operating profit | 1 & 2 | 9,891 | 21,727 |
| Increase/(decrease) in fair value of investment properties | 7(d) | 1,009 | (7,851) |
| Other net income | 3 | 130 | 6,201 |
| Finance costs | 4 | 11,030 (520) | 20,077 (1,793) |
| Share of results after tax of: | | | |
| Associates | 9(e) & (f) | 2,756 | (1,612) |
| Joint ventures | 10(d) | 584 | 1,065 |
| Profit before taxation | | 13,850 | 17,737 |
| Income tax | 5 | (2,952) | (5,990) |
| Profit for the year | | 10,898 | 11,747 |
| Profit attributable to: | | | |
| Equity shareholders | | 8,041 | 6,848 |
| Non-controlling interests | | 2,857 | 4,899 |
| | | 10,898 | 11,747 |

The notes and principal accounting policies on pages 49 to 127 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| Profit for the year | 10,898 | 11,747 |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange gains on translation of operations outside Hong Kong | 1,968 | 4,121 |
| Share of other comprehensive income of associates and joint ventures | 1,255 | 2,606 |
| Others | – | 5 |
| Items that will not be reclassified to profit or loss: | | |
| Fair value changes on listed equity investments | (5,432) | 6,062 |
| Other comprehensive income for the year | (2,209) | 12,794 |
| Total comprehensive income for the year | 8,689 | 24,541 |
| Total comprehensive income attributable to: | | |
| Equity shareholders | 6,197 | 13,995 |
| Non-controlling interests | 2,492 | 10,546 |
| | 8,689 | 24,541 |

The notes and principal accounting policies on pages 49 to 127 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

| | Note | 2021 HK\$ Million | 2020 HK\$ Million |
|--------------------------------------|-------|----------------------|----------------------|
| Non-current assets | | | |
| Investment properties | 7 | 79,055 | 80,110 |
| Property, plant and equipment | 8 | 13,358 | 13,378 |
| Interest in associates | 9 | 119,636 | 119,988 |
| Interest in joint ventures | 10 | 33,010 | 27,600 |
| Other long term investments | 11 | 57,137 | 73,803 |
| Goodwill and other intangible assets | 12 | 298 | 298 |
| Deferred tax assets | 21(a) | 982 | 725 |
| Derivative financial assets | 15 | 148 | 311 |
| Other non-current assets | | 472 | 496 |
| | | 304,096 | 316,709 |
| Current assets | | | |
| Properties for sale | 13 | 112,305 | 87,804 |
| Trade and other receivables | 14 | 12,047 | 12,668 |
| Amount due from a related company | | 25 | – |
| Taxation recoverable | 5(d) | 32 | 426 |
| Derivative financial assets | 15 | 266 | 195 |
| Bank deposits and cash | 16 | 25,234 | 17,561 |
| | | 149,909 | 118,654 |
| Total assets | | 454,005 | 435,363 |
| Non-current liabilities | | | |
| Derivative financial liabilities | 15 | (438) | (355) |
| Deferred tax liabilities | 21(a) | (15,269) | (13,919) |
| Other non-current liabilities | | (69) | (85) |
| Bank loans and other borrowings | 19 | (72,203) | (62,071) |
| | | (87,979) | (76,430) |
| Current liabilities | | | |
| Trade and other payables | 17 | (31,691) | (27,021) |
| Amount due to a related company | | – | (15) |
| Deposits from sale of properties | 18 | (28,401) | (23,031) |
| Derivative financial liabilities | 15 | (60) | (264) |
| Taxation payable | 5(d) | (4,285) | (4,968) |
| Bank loans and other borrowings | 19 | (15,735) | (21,332) |
| | | (80,172) | (76,631) |
| Total liabilities | | (168,151) | (153,061) |
| NET ASSETS | | 285,854 | 282,302 |
| Capital and reserves | | | |
| Share capital | 23(a) | 3,936 | 3,936 |
| Reserves | | 208,044 | 197,079 |
| Shareholders' equity | | 211,980 | 201,015 |
| Non-controlling interests | | 73,874 | 81,287 |
| TOTAL EQUITY | | 285,854 | 282,302 |

The notes and principal accounting policies on pages 49 to 127 form part of these financial statements.

Stephen T H Ng
Director

Paul Y C Tsui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

| | Shareholders' equity | | | | | | |
|--|-------------------------------|---|--------------------------------------|-------------------------------------|--|--|---------------------------------|
| | Share capital HK\$ Million | Investments revaluation and other reserves HK\$ Million | Exchange reserves HK\$ Million | Revenue reserves HK\$ Million | Total shareholders' equity HK\$ Million | Non- controlling interests HK\$ Million | Total equity HK\$ Million |
| At 1 January 2020 | 3,764 | 3,071 | (4,031) | 265,200 | 268,004 | 125,709 | 393,713 |
| Changes in equity for 2020: | | | | | | | |
| Profit for the year | – | – | – | 6,848 | 6,848 | 4,899 | 11,747 |
| Other comprehensive income | – | 4,235 | 2,906 | 6 | 7,147 | 5,647 | 12,794 |
| Total comprehensive income | – | 4,235 | 2,906 | 6,854 | 13,995 | 10,546 | 24,541 |
| Shares issued under the share option scheme | 172 | (26) | – | – | 146 | – | 146 |
| Equity settled share-based payments | – | 5 | – | – | 5 | 1 | 6 |
| Shares issued by a subsidiary | – | (8) | – | – | (8) | 42 | 34 |
| Acquisition of additional interest in subsidiaries | – | – | – | 8,666 | 8,666 | (14,793) | (6,127) |
| Dividend by way of distribution in specie (note 6) | – | – | 76 | (78,641) | (78,565) | (38,949) | (117,514) |
| Transfer to revenue reserves upon de-recognition of equity investments | – | (740) | – | 740 | – | – | – |
| Transfer to revenue reserves upon cancellation of share options | – | (34) | – | 34 | – | – | – |
| Transfer | – | – | 170 | (170) | – | – | – |
| 2019 second interim dividend paid | – | – | – | (2,155) | (2,155) | – | (2,155) |
| 2020 special dividend paid | – | – | – | (8,211) | (8,211) | – | (8,211) |
| 2020 first interim dividend paid | – | – | – | (862) | (862) | – | (862) |
| Dividends paid to non-controlling interests | – | – | – | – | – | (1,269) | (1,269) |
| At 31 December 2020 and 1 January 2021 | 3,936 | 6,503 | (879) | 191,455 | 201,015 | 81,287 | 282,302 |
| Changes in equity for 2021: | | | | | | | |
| Profit for the year | – | – | – | 8,041 | 8,041 | 2,857 | 10,898 |
| Other comprehensive income | – | (3,238) | 1,394 | – | (1,844) | (365) | (2,209) |
| Total comprehensive income | – | (3,238) | 1,394 | 8,041 | 6,197 | 2,492 | 8,689 |
| Shares issued by a subsidiary | – | (21) | – | – | (21) | 96 | 75 |
| Acquisition of additional interest in a subsidiary | – | – | – | 4,789 | 4,789 | (8,710) | (3,921) |
| Transfer to revenue reserves upon de-recognition of equity investments | – | (3,345) | – | 3,345 | – | – | – |
| Transfer from property revaluation reserve to revenue reserves upon disposal | – | (852) | – | 852 | – | – | – |
| Transfer | – | (15) | – | 15 | – | – | – |
| Dividends paid to non-controlling interests | – | – | – | – | – | (1,291) | (1,291) |
| At 31 December 2021 | 3,936 | (968) | 515 | 208,497 | 211,980 | 73,874 | 285,854 |

The notes and principal accounting policies on pages 49 to 127 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

| | Note | 2021 HK\$ Million | 2020 HK\$ Million |
|---|------|----------------------|----------------------|
| Operating cash inflow | (a) | 8,719 | 20,212 |
| Changes in working capital | (a) | (12,078) | (6,823) |
| Exchange differences | (a) | – | (124) |
| Cash (used in)/generated from operations | (a) | (3,359) | 13,265 |
| Net interest paid | | (1,187) | (1,506) |
| Interest paid | | (1,637) | (2,332) |
| Interest received | | 450 | 826 |
| Dividends received from associates | | 2,987 | 2,358 |
| Dividends received from joint ventures | | 1 | 4,706 |
| Dividends received from other long term investments | | 1,447 | 1,057 |
| Hong Kong Profits Tax refunded/(paid) | | 219 | (4,150) |
| Tax paid outside Hong Kong | | (2,690) | (3,044) |
| Net cash (used in)/generated from operating activities | | (2,582) | 12,686 |
| Investing activities | | | |
| Additions to investment properties | | (1,655) | (1,067) |
| Additions to property, plant and equipment | | (482) | (512) |
| Net decrease in interest in associates | | 1,079 | 3,376 |
| Net (increase)/decrease in interest in joint ventures | | (4,508) | 4,105 |
| Acquisition of additional interest in subsidiaries | | (3,973) | (6,317) |
| Net cash outflows arising from deemed disposal of subsidiaries | 9 | – | (6,762) |
| Net cash proceeds/(outflows) arising from disposal of subsidiaries | | 304 | (19) |
| Purchase of other long term investments | | (14,184) | (37,136) |
| Proceeds from disposal of other long term investments | | 26,617 | 7,826 |
| Proceeds from disposal of investment properties | | 3,541 | 240 |
| Proceeds from disposal of property, plant and equipment | | 7 | 16 |
| Decrease in long term receivables | | 24 | 190 |
| Net release of bank deposits with maturity greater than three months | | – | 3,701 |
| Net cash generated from/(used in) investing activities | | 6,770 | (32,359) |
| Financing activities | | | |
| Proceeds from the issue of shares under the share option scheme | | – | 146 |
| Proceeds from the issue of shares under the share option scheme of a subsidiary | | 75 | 34 |
| Drawdown of bank loans and other borrowings | (c) | 72,659 | 48,219 |
| Repayment of bank loans and other borrowings | (c) | (68,288) | (33,798) |
| Capital element of lease rental paid | (c) | (102) | (81) |
| Interest element of lease rental paid | (c) | (4) | (3) |
| Dividends paid to equity shareholders | | – | (11,228) |
| Dividends paid to non-controlling interests | | (1,291) | (1,269) |
| Net cash generated from financing activities | | 3,049 | 2,020 |
| Net increase/(decrease) in cash and cash equivalents | | 7,237 | (17,653) |
| Cash and cash equivalents at 1 January | | 17,561 | 33,964 |
| Effect of exchange rate changes | | 436 | 1,250 |
| Cash and cash equivalents at 31 December | (b) | 25,234 | 17,561 |

The notes and principal accounting policies on pages 49 to 127 form part of these financial statements.

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

a) Reconciliation of operating profit to (used in)/cash generated from operations

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| Operating profit | 9,891 | 21,727 |
| Adjustments for: | | |
| Interest income | (547) | (1,197) |
| Dividend income from other long term investments | (1,447) | (1,295) |
| Depreciation and amortisation | 822 | 971 |
| Equity settled share-based payment expenses | – | 6 |
| Operating cash inflow | 8,719 | 20,212 |
| Increase in properties under development for sale | (31,800) | (12,850) |
| Decrease in completed properties for sale | 12,316 | 11,351 |
| Decrease in inventories | – | 1 |
| Decrease/(increase) in trade and other receivables | 907 | (2,525) |
| Increase in amount due from a related company | (25) | – |
| Increase in trade and other payables | 1,327 | 1,277 |
| Increase/(decrease) in deposits from sale of properties | 5,245 | (4,296) |
| (Decrease)/increase in amount due to related company | (15) | 15 |
| Changes in derivative financial instruments | (33) | 204 |
| Changes in working capital | (12,078) | (6,823) |
| Exchange differences | – | (124) |
| Cash (used in)/generated from operations | (3,359) | 13,265 |

b) Cash and cash equivalents

| | 2021 HK\$ Million | 2020 HK\$ Million |
|--|----------------------|----------------------|
| Bank deposits and cash in the consolidated statement of financial position (note 16) | 25,234 | 17,561 |
| Cash and cash equivalents in the consolidated statement of cash flows | 25,234 | 17,561 |

c) Reconciliation of liabilities arising from financing activities

| | Bank loans and other borrowings HK\$ Million | Lease liabilities* HK\$ Million | Total HK\$ Million |
|--|---|--|-------------------------------|
| At 1 January 2020 | 125,883 | – | 125,883 |
| Changes from financing cash flows: | | | |
| Proceeds from new bank loans | 48,219 | – | 48,219 |
| Repayment of bank loans | (33,798) | – | (33,798) |
| Capital element of lease rental paid | – | (81) | (81) |
| Interest element of lease rental paid | – | (3) | (3) |
| Total changes from financing activities | 14,421 | (84) | 14,337 |
| Exchange adjustments | 300 | – | 300 |
| Other change: | | | |
| Fair value loss | 926 | – | 926 |
| Deemed disposal of subsidiaries | (58,127) | – | (58,127) |
| Increase in lease liabilities from entering into new leases during the year | – | 274 | 274 |
| Interest expenses | – | 3 | 3 |
| Remeasurements | – | (10) | (10) |
| At 31 December 2020 and 1 January 2021 | 83,403 | 183 | 83,586 |
| Changes from financing cash flows: | | | |
| Proceeds from new bank loans | 72,659 | – | 72,659 |
| Repayment of bank loans | (68,288) | – | (68,288) |
| Capital element of lease rental paid | – | (102) | (102) |
| Interest element of lease rental paid | – | (4) | (4) |
| Total changes from financing activities | 4,371 | (106) | 4,265 |
| Exchange adjustments | 120 | – | 120 |
| Other changes: | | | |
| Fair value loss | 44 | – | 44 |
| Increase in lease liabilities from entering into new leases during the year | – | 80 | 80 |
| Interest expenses | – | 4 | 4 |
| At 31 December 2021 | 87,938 | 161 | 88,099 |

* The current portion and non-current portion of lease liabilities are included in trade and other payables and other non-current liabilities respectively.

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined five reportable operating segments for measuring performance and allocating resources. The segments are investment property, development property, hotels, logistics and investments. No operating segments have been aggregated to form the reportable segments.

Investment properties segment primarily includes property leasing operations. Currently, the Group's investment properties portfolio, which mainly consists of retail and office, is primarily located in Hong Kong and Mainland China.

Development properties segment encompasses activities relating to the acquisition, development, design, construction, sales and marketing of the Group's trading properties, which are primarily in Hong Kong and Mainland China.

Hotels segment includes hotel management in the Asia Pacific region which are operated by The Wharf (Holdings) Limited ("WHL") and Wharf Real Estate Investment Company Limited ("Wharf REIC") (before the completion of deemed disposal on 22 July 2020), four of which owned by the Group.

Logistics segment mainly includes the container terminal operations in Hong Kong and Mainland China undertaken by Modern Terminals Limited ("Modern Terminals"), Hong Kong Air Cargo Terminals Limited and other public transport operations.

Investments segment includes a diversified portfolio of listed equity investments in Hong Kong and overseas and unlisted investments, mainly property and new economy companies. The performance of the portfolio is assessed and monitored by top management regularly.

Management evaluates performance primarily based on operating profit as well as the equity share of results of associates and joint ventures of each segment. Inter-segment pricing is generally determined on an arm's length basis.

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, taxation recoverable, deferred tax assets and other derivative financial assets.

Revenue and expenses are allocated with reference to sales generated by those segments and expenses incurred by those segments or which arise from the depreciation of assets attributable to those segments.

a) Analysis of segment revenue and results

| | Revenue HK\$ Million | Operating profit HK\$ Million | Increase/ (decrease) in fair value of investment properties HK\$ Million | Other net income/ (charge) HK\$ Million | Finance costs HK\$ Million | Share of results after tax of associates HK\$ Million | Share of results after tax of joint ventures HK\$ Million | Profit before taxation HK\$ Million |
|--|-------------------------|-------------------------------------|---|--|----------------------------------|---|---|--|
| For the year ended 31 December 2021 | | | | | | | | |
| Investment properties | 5,527 | 3,605 | 1,009 | 1 | (201) | 2,041 | 190 | 6,645 |
| Hong Kong | 161 | 76 | 88 | - | (43) | 1,986 | - | 2,107 |
| Mainland China | 5,366 | 3,529 | 921 | 1 | (158) | - | 190 | 4,483 |
| Others | - | - | - | - | - | 55 | - | 55 |
| Development properties | 16,863 | 4,010 | - | (2,185) | (19) | 465 | 388 | 2,659 |
| Hong Kong | 9,530 | 2,222 | - | 810 | (16) | - | 618 | 3,634 |
| Mainland China | 7,333 | 1,788 | - | (2,995) | (3) | 477 | (230) | (963) |
| Others | - | - | - | - | - | (12) | - | (12) |
| Hotels | 497 | 39 | - | - | - | (208) | (2) | (171) |
| Logistics | 3,002 | 771 | - | (32) | (108) | 295 | 8 | 934 |
| Terminals | 2,997 | 766 | - | 9 | (108) | 170 | 8 | 845 |
| Others | 5 | 5 | - | (41) | - | 125 | - | 89 |
| Investments | 1,448 | 1,448 | - | 1,226 | (134) | 207 | - | 2,747 |
| Segment total | 27,337 | 9,873 | 1,009 | (990) | (462) | 2,800 | 584 | 12,814 |
| Others | 1,122 | 448 | - | 1,120 | (58) | (13) | - | 1,497 |
| Corporate expenses | - | (430) | - | - | - | (31) | - | (461) |
| Group total | 28,459 | 9,891 | 1,009 | 130 | (520) | 2,756 | 584 | 13,850 |
| For the year ended 31 December 2020 | | | | | | | | |
| Investment properties | 11,172 | 8,413 | (7,851) | 64 | (877) | (1,807) | 59 | (1,999) |
| Hong Kong | 6,825 | 5,749 | (7,677) | 59 | (554) | (1,433) | - | (3,856) |
| Mainland China | 4,201 | 2,573 | (174) | 5 | (323) | (216) | 59 | 1,924 |
| Others | 146 | 91 | - | - | - | (158) | - | (67) |
| Development properties | 23,574 | 11,063 | - | (2,859) | (221) | 144 | 1,001 | 9,128 |
| Hong Kong | 11,724 | 4,499 | - | (2,700) | (218) | - | 627 | 2,208 |
| Mainland China | 11,850 | 6,564 | - | (159) | (3) | 144 | 374 | 6,920 |
| Hotels | 683 | (260) | - | (1,043) | (26) | (51) | 6 | (1,374) |
| Logistics | 2,566 | 497 | - | (33) | (144) | 260 | (1) | 579 |
| Terminals | 2,556 | 487 | - | 8 | (144) | 132 | (1) | 482 |
| Others | 10 | 10 | - | (41) | - | 128 | - | 97 |
| Investments | 1,297 | 1,297 | - | 1,187 | (201) | (124) | - | 2,159 |
| Inter-segment revenue | (116) | - | - | - | - | - | - | - |
| Segment total | 39,176 | 21,010 | (7,851) | (2,684) | (1,469) | (1,578) | 1,065 | 8,493 |
| Others | 1,921 | 1,285 | - | 8,885 | (324) | (34) | - | 9,812 |
| Corporate expenses | - | (568) | - | - | - | - | - | (568) |
| Group total | 41,097 | 21,727 | (7,851) | 6,201 | (1,793) | (1,612) | 1,065 | 17,737 |

b) Analysis of inter-segment revenue

| | 2021 | | | 2020 | | |
|------------------------|-------------------------------|---------------------------------------|-------------------------------|-------------------------------|---------------------------------------|-------------------------------|
| | Total revenue HK\$ Million | Inter-segment revenue HK\$ Million | Group revenue HK\$ Million | Total revenue HK\$ Million | Inter-segment revenue HK\$ Million | Group revenue HK\$ Million |
| Investment properties | 5,527 | – | 5,527 | 11,172 | (111) | 11,061 |
| Development properties | 16,863 | – | 16,863 | 23,574 | – | 23,574 |
| Hotels | 497 | – | 497 | 683 | (5) | 678 |
| Logistics | 3,002 | – | 3,002 | 2,566 | – | 2,566 |
| Investments | 1,448 | – | 1,448 | 1,297 | – | 1,297 |
| Segment total | 27,337 | – | 27,337 | 39,292 | (116) | 39,176 |
| Others | 1,127 | (5) | 1,122 | 1,964 | (43) | 1,921 |
| | 28,464 | (5) | 28,459 | 41,256 | (159) | 41,097 |

c) Disaggregation of revenue

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| Revenue recognised under Hong Kong Financial Reporting Standard (“HKFRS”) 15 | | |
| Sales of development properties | 16,863 | 23,574 |
| Management and service income | 717 | 1,168 |
| Other rental related income | 2 | 219 |
| Hotels and club operations | 497 | 678 |
| Logistic service income | 3,002 | 2,566 |
| | 21,081 | 28,205 |
| Revenue recognised under other accounting standards | | |
| Rental income | | |
| – Fixed | 3,092 | 8,285 |
| – Variable | 1,801 | 1,471 |
| | 4,893 | 9,756 |
| Investments | 1,448 | 1,297 |
| Others | 1,037 | 1,839 |
| | 7,378 | 12,892 |
| Group total | 28,459 | 41,097 |

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to revenue from hotels, logistics and management fee under investment properties segment such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts with customers that had an original expected duration of one year or less.

d) Analysis of segment business assets

| | 2021 HK\$ Million | 2020 HK\$ Million |
|-------------------------------|----------------------|----------------------|
| Investment properties | 183,910 | 184,228 |
| Hong Kong | 123,423 | 126,355 |
| Mainland China | 60,487 | 57,873 |
| Development properties | 167,526 | 139,575 |
| Hong Kong | 120,004 | 84,042 |
| Mainland China | 47,522 | 55,533 |
| Hotels | 2,423 | 2,451 |
| Logistics | 15,357 | 15,603 |
| Terminals | 14,641 | 14,825 |
| Others | 716 | 778 |
| Investments | 57,137 | 73,803 |
| Total segment business assets | 426,353 | 415,660 |
| Unallocated corporate assets | 27,652 | 19,703 |
| Total assets | 454,005 | 435,363 |

Unallocated corporate assets mainly comprise deferred tax assets, taxation recoverable, bank deposits and cash and derivative financial assets.

Segment assets held through associates and joint ventures included in the above are:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|------------------------|----------------------|----------------------|
| Investment properties | 103,791 | 103,088 |
| Development properties | 44,304 | 39,969 |
| Logistics | 4,551 | 4,531 |
| Group total | 152,646 | 147,588 |

e) Other segment information

| | Capital expenditure | | Increase in interests in associates and joint ventures* | | Depreciation and amortisation | |
|------------------------|----------------------|----------------------|---|----------------------|----------------------------------|----------------------|
| | 2021 HK\$ Million | 2020 HK\$ Million | 2021 HK\$ Million | 2020 HK\$ Million | 2021 HK\$ Million | 2020 HK\$ Million |
| Investment properties | 1,955 | 670 | – | – | 91 | 100 |
| Hong Kong | 1,576 | 581 | – | – | 7 | 13 |
| Mainland China | 379 | 69 | – | – | 84 | 87 |
| Singapore | – | 20 | – | – | – | – |
| Development properties | – | – | 5,230 | 1,139 | – | – |
| Hong Kong | – | – | 5,003 | 777 | – | – |
| Mainland China | – | – | 227 | 362 | – | – |
| Hotels | – | 63 | – | – | 95 | 260 |
| Logistics | 124 | 200 | – | 1 | 528 | 499 |
| Terminals | 124 | 200 | – | 1 | 528 | 499 |
| Others | – | – | – | – | – | – |
| Segment total | 2,079 | 933 | 5,230 | 1,140 | 714 | 859 |
| Others | – | – | – | – | 108 | 112 |
| Group total | 2,079 | 933 | 5,230 | 1,140 | 822 | 971 |

* Excluded the carrying amount of Wharf REIC which was recognised as an associate on 23 July 2020 (see note 9).

The Group had no significant non-cash expenses other than (i) net provision of HK\$4,225 million (2020: HK\$2,835 million) made for certain asset and development projects undertaken by subsidiaries, joint ventures and associates in Hong Kong and Mainland China, (ii) impairment provision for hotel properties of HK\$Nil (2020: HK\$1,043 million) and (iii) depreciation and amortisation.

f) Geographical information

| | Revenue | | Operating profit | |
|----------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 HK\$ Million | 2020 HK\$ Million | 2021 HK\$ Million | 2020 HK\$ Million |
| Hong Kong | 13,673 | 22,786 | 4,456 | 12,115 |
| Mainland China | 14,493 | 17,948 | 5,156 | 9,308 |
| Others | 293 | 363 | 279 | 304 |
| Group total | 28,459 | 41,097 | 9,891 | 21,727 |

| | Specified non-current assets | | Total business assets | |
|----------------|------------------------------|----------------------|-----------------------|----------------------|
| | 2021 HK\$ Million | 2020 HK\$ Million | 2021 HK\$ Million | 2020 HK\$ Million |
| Hong Kong | 151,408 | 148,842 | 289,974 | 261,324 |
| Mainland China | 93,949 | 92,532 | 120,001 | 125,386 |
| Others | – | – | 16,378 | 28,950 |
| Group total | 245,357 | 241,374 | 426,353 | 415,660 |

Specified non-current assets exclude deferred tax assets, other long term investments, derivative financial assets and other non-current assets.

The geographical location of revenue and operating profit is analysed based on the location at which services are provided or the sales are made and in case of equity and bond investments, where they are listed. The geographical location of specified non-current assets and total business assets is based on the physical location of operations.

2. OPERATING PROFIT

a) Operating profit is arrived at:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| After charging: | | |
| Depreciation and amortisation on | | |
| – hotel and other property, plant and equipment | 634 | 790 |
| – leasehold land | 85 | 79 |
| – right of use assets | 103 | 102 |
| Total depreciation and amortisation | 822 | 971 |
| Staff costs (note i) | 2,337 | 2,743 |
| Auditors' remuneration | | |
| – audit services | 22 | 22 |
| – other services | 1 | 5 |
| Cost of trading properties for recognised sales | 11,818 | 11,096 |
| (Reversal of)/provision of loss allowances for trade receivables | (9) | 5 |
| Direct operating expenses of investment properties | 1,916 | 2,611 |
| After crediting: | | |
| Gross revenue from investment properties | (5,527) | (11,172) |
| Rental income under operating leases in respect of owned plant and equipment | (9) | (9) |
| Interest income (note ii) | (547) | (1,197) |
| Dividend income from other long term investments | (1,448) | (1,297) |
| Government grants (note iii) | – | 97 |

Notes:

- (i) Staff costs included contributions to defined contribution pension schemes of HK\$223 million (2020: HK\$174 million), which included MPF scheme after a forfeiture of HK\$4 million (2020: HK\$2 million) and no equity settled share-based payment expenses (2020: HK\$6 million).
- (ii) Interest income of HK\$547 million (2020: HK\$1,197 million) was in respect of financial assets, including bank deposits, stated at amortised cost.
- (iii) In 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region of the People's Republic of China. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees of the concerned business units.

b) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) (the "Companies Ordinance") and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Fees | 1,524 | 3,256 |
| Salaries, allowances and benefits in kind | 28,557 | 35,828 |
| Discretionary bonuses | 63,054 | 65,211 |
| Contributions to pension schemes | 1,525 | 1,701 |
| Total emoluments | 94,660 | 105,996 |

Notes:

(i) All the salaries, allowances, benefits-in-kind, discretionary bonuses and retirement scheme contributions payable to the executive Directors of the Company were in respect of their respective services in connection with the management of the affairs of the Company and/or its subsidiary undertakings.

(ii) In addition to the above emoluments, certain Directors of the Company were granted share options under the share option schemes adopted by the Company and WHL, details of which are disclosed in note 20.

3. OTHER NET INCOME

Other net income for the year amounted to HK\$130 million (2020: HK\$6,201 million) and mainly comprised:

- a) Net impairment provision totalled HK\$2,199 million was made for certain development properties held by subsidiaries in Mainland China and Hong Kong (2020: HK\$2,864 million for a development property in Hong Kong).
- b) Net gains of HK\$697 million (2020: HK\$81 million) arose from disposal of certain investment properties.
- c) A gain of HK\$408 million (2020: HK\$Nil) arose from disposal of residential property management business in Mainland China.
- d) Net fair value gain of HK\$1,226 million (2020: HK\$1,187 million) on other long term investments which are classified as financial assets at fair value through profit or loss.
- e) Net foreign exchange loss of HK\$89 million (2020: HK\$427 million), including a fair value loss on forward foreign exchange contracts of HK\$150 million (2020: HK\$89 million).
- f) In 2020, an impairment provision of HK\$1,043 million made for hotel properties.
- g) In 2020, net gain of HK\$9,051 million on deemed disposal of Wharf REIC (see note 9).

4. FINANCE COSTS

| | 2021 HK\$ Million | 2020 HK\$ Million |
|------------------------------------|----------------------|----------------------|
| Interest charged on: | | |
| Bank loans and overdrafts | 1,087 | 1,860 |
| Other borrowings | 352 | 599 |
| Lease liabilities | 4 | 3 |
| Total interest charge | 1,443 | 2,462 |
| Other finance costs | 129 | 163 |
| Less: Amount capitalised | (990) | (948) |
| | 582 | 1,677 |
| Fair value (gain)/loss: | | |
| Cross currency interest rate swaps | (128) | 179 |
| Interest rate swaps | 66 | (63) |
| | (62) | 116 |
| Total | 520 | 1,793 |

- a) Interest was capitalised at an average annual rate of approximately 1.7% (2020: 2.5%).
- b) Included in the total interest charge are amounts totalling HK\$1,081 million (2020: HK\$1,946 million) in respect of interest-bearing borrowings that are stated at amortised cost.
- c) The above interest charge has taken into account the interest paid/received in respect of interest rate swaps and cross currency interest rate swaps.

5. INCOME TAX

Taxation charged/(credited) to the consolidated income statement includes:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|--|----------------------|----------------------|
| Current income tax | | |
| Hong Kong | | |
| – provision for the year | 593 | 1,630 |
| – over-provision in respect of prior years | (21) | (112) |
| Outside Hong Kong | | |
| – provision for the year | 1,184 | 1,571 |
| – over-provision in respect of prior years | (114) | (73) |
| | 1,642 | 3,016 |
| Land appreciation tax (“LAT”) in Mainland China (note 5(c)) | 479 | 2,031 |
| Deferred tax (note 21) | | |
| Change in fair value of investment properties | 852 | 198 |
| Origination and reversal of temporary differences | (21) | 745 |
| | 831 | 943 |
| Total | 2,952 | 5,990 |

- a) The provision for Hong Kong Profits Tax is based on the profit for the year as adjusted for tax purposes at the rate of 16.5% (2020: 16.5%).
- b) Income tax on assessable profits outside Hong Kong is mainly China corporate income tax calculated at a rate of 25% (2020: 25%), China withholding income tax at a rate of up to 10% and Singapore income tax at a rate of 17% (2020: 17%).
- c) Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds on sales of properties less deductible expenditure including the cost of land use rights, borrowing costs and all property development expenditure. A one-off LAT write-back of HK\$494 million was recorded upon clearance with relevant tax authorities in Mainland China in 2020.
- d) Taxation recoverable/payable in the consolidated statement of financial position is expected to be utilised/settled within one year.
- e) Tax attributable to associates and joint ventures for the year ended 31 December 2021 of HK\$1,743 million (2020: HK\$1,094 million) is included in the share of results after tax of associates and joint ventures.

f) The China tax law imposes a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China for earnings generated since 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. For the year ended 31 December 2021, the Group has provided HK\$179 million (2020: HK\$253 million) for withholding taxes on accumulated earnings generated by its Mainland China subsidiaries which will be distributed to their immediate holding companies outside Mainland China in the foreseeable future.

g) Reconciliation between the actual total tax charge and profit before taxation at applicable tax rates:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|--|----------------------|----------------------|
| Profit before taxation | 13,850 | 17,737 |
| Notional tax on profit before taxation calculated at applicable tax rates | 2,517 | 2,562 |
| Tax effect of non-deductible expenses | 899 | 531 |
| Tax effect of non-taxable income | (1,762) | (1,736) |
| Tax effect of non-deductible fair value loss on investment properties | (15) | 1,286 |
| Net over-provision in respect of prior years | (135) | (185) |
| Tax effect of tax losses not recognised | 841 | 672 |
| Tax effect of previously unrecognised tax losses utilised during the year | (318) | (71) |
| Tax effect of previously unrecognised tax losses recognised as deferred tax assets | (98) | (4) |
| Tax effect of temporary difference not recognised | – | 239 |
| LAT on trading properties | 479 | 2,031 |
| Deferred LAT on change in fair value of investment properties | 517 | 239 |
| Withholding tax on distributed/undistributed earnings | 179 | 274 |
| Others | (152) | 152 |
| Actual total tax charge | 2,952 | 5,990 |

6. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

| | 2021 | 2021 | 2020 | 2020 |
|--|----------------|--------------|----------------|--------------|
| | HK\$ per share | HK\$ Million | HK\$ per share | HK\$ Million |
| Dividend declared and paid: | | | | |
| Special dividend (note (b)) | – | – | 4.00 | 8,211 |
| First interim dividend (note (b)) | – | – | 0.42 | 862 |
| Dividend declared after the end of the reporting period: | | | | |
| Final dividend (note (c)) | 1.1423 | 2,345 | – | – |
| Total | 1.1423 | 2,345 | 4.42 | 9,073 |

- a) As disclosed in the Company's public announcement dated 23 July 2020, the scheme of arrangement in connection with the privatisation of the Company and distribution in specie, comprising 667,432,957 shares in WHL ("WHL shares") and 667,432,957 shares in Wharf REIC ("Wharf REIC shares") held by the Company, were effective and completed on 23 July 2020.
- b) The special and first interim dividend during the year ended 31 December 2020 were paid in cash on 31 August 2020 and 9 September 2020, respectively.
- c) The final dividend for 2021 based on 2,053 million issued shares declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

7. INVESTMENT PROPERTIES

| | Completed HK\$ Million | Under development HK\$ Million | Total HK\$ Million |
|--|---------------------------|--------------------------------------|-----------------------|
| a) Cost or valuation | | | |
| At 1 January 2020 | 330,029 | 6,790 | 336,819 |
| Exchange differences | 3,163 | (11) | 3,152 |
| Additions | 178 | 361 | 539 |
| Disposals | (440) | – | (440) |
| Deemed disposal of subsidiaries | (251,467) | – | (251,467) |
| Reclassification | 208 | (918) | (710) |
| Transfer from properties for sale | 68 | – | 68 |
| Revaluation deficits | (7,834) | (17) | (7,851) |
| At 31 December 2020 and 1 January 2021 | 73,905 | 6,205 | 80,110 |
| Exchange differences | 1,648 | – | 1,648 |
| Additions | 667 | 1,245 | 1,912 |
| Disposals | (2,781) | (50) | (2,831) |
| Transfer to properties for sale | (2,507) | – | (2,507) |
| Transfer to properties, plant and equipment | (286) | – | (286) |
| Revaluation surpluses | 944 | 65 | 1,009 |
| At 31 December 2021 | 71,590 | 7,465 | 79,055 |
| b) The analysis of cost or valuation of the above assets is as follows: | | | |
| 2021 valuation | 71,590 | 6,641 | 78,231 |
| At cost | – | 824 | 824 |
| | 71,590 | 7,465 | 79,055 |
| 2020 valuation | 73,905 | 6,204 | 80,109 |
| At cost | – | 1 | 1 |
| | 73,905 | 6,205 | 80,110 |

| | Completed HK\$ Million | Under development HK\$ Million | Total HK\$ Million |
|--|---------------------------|--------------------------------------|-----------------------|
| c) Tenure of title to properties: | | | |
| At 31 December 2021 | | | |
| Held in Hong Kong | | | |
| Long term leases | 1,725 | 805 | 2,530 |
| Medium term leases | 10,180 | 6,641 | 16,821 |
| | 11,905 | 7,446 | 19,351 |
| Held outside Hong Kong | | | |
| Medium term leases | 59,685 | 19 | 59,704 |
| | 71,590 | 7,465 | 79,055 |
| At 31 December 2020 | | | |
| Held in Hong Kong | | | |
| Long term leases | 1,537 | – | 1,537 |
| Medium term leases | 15,411 | 6,204 | 21,615 |
| | 16,948 | 6,204 | 23,152 |
| Held outside Hong Kong | | | |
| Medium term leases | 56,957 | 1 | 56,958 |
| | 73,905 | 6,205 | 80,110 |

The Group holds investment properties to lease out under operating leases (see note 7(e)). The Group is the registered owner of the property interests of these investment properties. There are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

d) Investment properties revaluation

The Group's investment properties under development are stated at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the properties.

The investment properties stated at fair value as at 31 December 2021 and 2020 were revalued by Knight Frank Petty Limited ("Knight Frank"), an independent firm of professional surveyors who has among its staff Fellows of the Hong Kong Institute of Surveyors with extensive experience in valuing properties in Hong Kong and Mainland China. Knight Frank has valued the investment properties on a market value basis and have taken into account the net rental income of the respective properties, allowing for reversionary potential, the redevelopment potential of the properties and the price per square feet on comparable market transactions (which is available to public) where appropriate.

The revaluation surplus or deficit arising on revaluation on investment properties is recognised as “increase/decrease in fair value of investment properties” in the consolidated income statement.

The following table presents the investment properties which are measured at fair value at the end of the reporting period across the three levels of the inputs to the revaluation methodologies in accordance with HKFRS 13, *Fair Value Measurement*. The levels are defined as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1 and not using significant unobservable inputs. Unobservable inputs are inputs for which market data is not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

None of the Group’s investment properties measured at fair value are categorised as Level 1. The Group’s investment properties which are at Level 2 and Level 3 valuation are analysed as below:

| | Level 2 | | | Level 3 | | | Total HK\$ Million | | |
|-----------------------------------|-----------------------------|------------------------|---------------------------|------------------------|------------------------|-----------------------------|-----------------------|------------------------|---------------------------|
| | Residential HK\$ Million | Others HK\$ Million | Sub-total HK\$ Million | Retail HK\$ Million | Office HK\$ Million | Residential HK\$ Million | | Others HK\$ Million | Sub-total HK\$ Million |
| Recurring fair value measurements | | | | | | | | | |
| At 31 December 2021 | | | | | | | | | |
| Hong Kong | - | 533 | 533 | 853 | - | 13,960 | 3,200 | 18,013 | 18,546 |
| Mainland China | - | - | - | 34,508 | 21,053 | 4,124 | - | 59,685 | 59,685 |
| | - | 533 | 533 | 35,361 | 21,053 | 18,084 | 3,200 | 77,698 | 78,231 |
| At 31 December 2020 | | | | | | | | | |
| Hong Kong | 422 | - | 422 | 1,436 | - | 15,981 | 5,312 | 22,729 | 23,151 |
| Mainland China | - | - | - | 32,061 | 20,926 | 3,971 | - | 56,958 | 56,958 |
| | 422 | - | 422 | 33,497 | 20,926 | 19,952 | 5,312 | 79,687 | 80,109 |

The movements during the years in the balance of Level 3 fair value measurements are as follows:

| | Completed | Under | Total |
|--|---------------------|---------------------|---------------------|
| | HK\$ Million | development | HK\$ Million |
| | HK\$ Million | HK\$ Million | HK\$ Million |
| At 1 January 2020 | 329,607 | 5,820 | 335,427 |
| Reclassification | 208 | – | 208 |
| Exchange differences | 3,163 | – | 3,163 |
| Additions | 178 | 376 | 554 |
| Disposals | (439) | – | (439) |
| Deemed disposal of subsidiaries | (251,467) | – | (251,467) |
| Transfer | 68 | 24 | 92 |
| Revaluation deficits | (7,835) | (16) | (7,851) |
| At 31 December 2020 and 1 January 2021 | 73,483 | 6,204 | 79,687 |
| Exchange differences | 1,648 | – | 1,648 |
| Additions | 207 | 422 | 629 |
| Disposals | (2,379) | (50) | (2,429) |
| Transfer | (2,865) | – | (2,865) |
| Revaluation surpluses | 963 | 65 | 1,028 |
| At 31 December 2021 | 71,057 | 6,641 | 77,698 |

There were transfers of HK\$72 million from Level 3 and Level 2 fair values hierarchy during the year (2020: No transfers between Level 1 and Level 2 or transfer into or out of Level 3).

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation processes

The Group reviews the valuations performed by the independent valuers for financial reporting purposes by verifying all major inputs and assessing the reasonableness of the property valuations. Valuation reports with an analysis of changes in fair value measurement are prepared at each annual reporting date and are reviewed and approved by the top management.

Valuation methodologies

The valuations of completed office and retail properties in Hong Kong and Mainland China were based on the income capitalisation approach which capitalised the net income of the properties and takes into account significant adjustments on term yield to account for the risk upon reversion.

Certain residential and other properties were valued at with reference to the average price per square feet of comparable properties nearby.

For certain properties in Hong Kong which are still under development/redevelopment, the valuations were based on the redevelopment basis by taking into account the fair value of properties under development/redevelopment assuming they had been completed as at the date of valuation and then deducting from that amount the estimated costs to complete construction, financing costs and profit and margin for risk.

Level 3 valuation methodologies

Completed investment properties

Set out below is a table which presents the significant unobservable inputs:

| | Weighted average | | | |
|----------------|---------------------|------|--------------------|--------------------|
| | Capitalisation rate | | Market rent | |
| | 2021 | 2020 | 2021 | 2020 |
| | | | (per square foot) | (per square foot) |
| Hong Kong | | | | |
| – Retail | 3.7% | 4.0% | HK\$37 | HK\$37 |
| – Residential | 1.5% | 1.5% | HK\$80 | HK\$71 |
| – Others | 4.8% | – | HK\$12 | – |
| Mainland China | | | (per square metre) | (per square metre) |
| – Retail | 6.4% | 6.5% | RMB340 | RMB407 |
| – Office | 6.5% | 6.6% | RMB163 | RMB166 |
| – Residential | 4.3% | 4.3% | RMB150 | RMB148 |

The fair value measurement of completed investment properties is negatively correlated to the capitalisation rate and positively correlated to the market rent.

For investment properties under development that are stated at fair value, estimated costs to complete construction and profit and margin for risk required are estimated by valuers based on market conditions at the end of the reporting period. The estimates are largely consistent with the development budgets prepared by the Group based on management's experience and knowledge of market conditions. The fair value of investment properties under development is negatively correlated to the estimated costs to completion at HK\$745 million, being determined as the total estimated project development cost less the actual amount of project development cost incurred up to the end of the reporting period.

- e) The Group leases out properties under operating leases, which generally run for a period of one to five years. Lease income may be varied periodically to reflect market rentals and may contain variable lease payment which is based on various percentages of tenants' sales receipts.
- f) The Group's total future undiscounted lease income under non-cancellable operating leases is receivable as follows:

| | 2021 | 2020 |
|----------------------------------|--------------|--------------|
| | HK\$ Million | HK\$ Million |
| Within 1 year | 3,345 | 2,939 |
| After 1 year but within 2 years | 2,425 | 2,269 |
| After 2 years but within 3 years | 1,525 | 1,566 |
| After 3 years but within 4 years | 1,170 | 1,029 |
| After 4 years but within 5 years | 1,045 | 870 |
| After 5 years | 357 | 389 |
| | 9,867 | 9,062 |

8. PROPERTY, PLANT AND EQUIPMENT

a) Analysis as below

| | Leasehold land HK\$ Million | Hotel and club properties HK\$ Million | Properties under redevelopment HK\$ Million | Other property, plant and equipment HK\$ Million | Right-of-use assets HK\$ Million | Total HK\$ Million |
|---|-----------------------------------|---|--|--|--|-----------------------|
| Cost | | | | | | |
| At 1 January 2020 | 3,989 | 12,138 | 1,075 | 15,045 | - | 32,247 |
| Exchange differences | 152 | 158 | 65 | 288 | - | 663 |
| Additions | 14 | 54 | 87 | 231 | 274 | 660 |
| Disposals | - | - | - | (52) | (28) | (80) |
| Disposal of subsidiaries | - | - | - | (24) | - | (24) |
| Deemed disposal of subsidiaries | (233) | (10,146) | - | (1,555) | - | (11,934) |
| Reclassification | - | 741 | (1,097) | 1,116 | 11 | 771 |
| At 31 December 2020 and 1 January 2021 | 3,922 | 2,945 | 130 | 15,049 | 257 | 22,303 |
| Exchange differences | 74 | 86 | 1 | 177 | - | 338 |
| Additions | - | - | 1 | 209 | 80 | 290 |
| Disposals | - | - | - | (47) | (70) | (117) |
| Disposal of subsidiaries | - | - | - | (14) | - | (14) |
| Reclassification | 272 | - | (112) | 112 | - | 272 |
| At 31 December 2021 | 4,268 | 3,031 | 20 | 15,486 | 267 | 23,072 |
| Accumulated depreciation, amortisation and impairment losses | | | | | | |
| At 1 January 2020 | 1,177 | 2,322 | - | 7,803 | - | 11,302 |
| Exchange differences | 30 | 22 | - | 109 | - | 161 |
| Charge for the year | 79 | 219 | - | 571 | 102 | 971 |
| Written back on disposals | - | - | - | (36) | (28) | (64) |
| Disposal of subsidiaries | - | - | - | (7) | - | (7) |
| Deemed disposal of subsidiaries | (122) | (3,044) | - | (1,319) | 4 | (4,481) |
| Impairment losses | - | 1,043 | - | - | - | 1,043 |
| At 31 December 2020 and 1 January 2021 | 1,164 | 562 | - | 7,121 | 78 | 8,925 |
| Exchange differences | 15 | 18 | - | 57 | - | 90 |
| Charge for the year | 85 | 93 | - | 541 | 103 | 822 |
| Written back on disposals | - | - | - | (40) | (70) | (110) |
| Disposal of subsidiaries | - | - | - | (11) | - | (11) |
| Reclassification | (2) | - | - | - | - | (2) |
| At 31 December 2021 | 1,262 | 673 | - | 7,668 | 111 | 9,714 |
| Net book value | | | | | | |
| At 31 December 2021 | 3,006 | 2,358 | 20 | 7,818 | 156 | 13,358 |
| At 31 December 2020 | 2,758 | 2,383 | 130 | 7,928 | 179 | 13,378 |

b) Tenure of title to properties:

| | Leasehold land HK\$ Million | Hotel and club properties HK\$ Million | Properties under redevelopment HK\$ Million | Other property, plant and equipment HK\$ Million | Total HK\$ Million |
|------------------------|-----------------------------------|---|--|---|-----------------------|
| At 31 December 2021 | | | | | |
| Held in Hong Kong | | | | | |
| Long term leases | 286 | – | – | – | 286 |
| Medium term leases | 685 | – | – | 2,318 | 3,003 |
| | 971 | – | – | 2,318 | 3,289 |
| Held outside Hong Kong | | | | | |
| Medium term leases | 2,035 | 2,358 | 20 | 3,402 | 7,815 |
| | 3,006 | 2,358 | 20 | 5,720 | 11,104 |
| At 31 December 2020 | | | | | |
| Held in Hong Kong | | | | | |
| Medium term leases | 711 | – | – | 2,418 | 3,129 |
| Held outside Hong Kong | | | | | |
| Medium term leases | 2,047 | 2,383 | 130 | 3,293 | 7,853 |
| | 2,758 | 2,383 | 130 | 5,711 | 10,982 |

c) Right-of-use assets:

The Group holds a number of properties and leasehold land to lease out under operating leases, or held for own use as the Group's offices and for the operations of hotel and logistics businesses. The Group is the registered owner of the property interests of these properties. There are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

The Group also leased certain properties from an associate as the Group's offices in Hong Kong which the lease payment is fixed and settled monthly.

d) **Impairment of hotel properties, plant and equipment:**

The carrying amounts of hotel properties, plant and equipment is assessed at the end of the reporting period where there is any indication of impairment by estimating the recoverable amount, which is the greater of its fair value less costs of disposal and value in use. In assessing the impairments, an independent valuation is obtained from Knight Frank using the market value basis and has taken into account the net income of the respective properties, allowing for reversionary potential where appropriate.

During the year ended 31 December 2020, based on the Group's assessment with reference to the independent valuation, an impairment of HK\$1,043 million which included HK\$676 million for the Murray in Hong Kong, HK\$362 million for Niccolo Suzhou and HK\$5 million for MP Changzhou in Mainland China, was recognised in "other net income" in the consolidated income statement.

Key assumptions used in the independent valuation for the year ended 31 December 2020 included long-term growth rate of room rate ranging from 3% to 4%, long-term occupancy rate ranging from 71% to 75%, discount rates from 5.5% to 6.5% and the projected net cash flows for the remaining lease term.

9. INTEREST IN ASSOCIATES

| | 2021 HK\$ Million | 2020 HK\$ Million |
|-------------------------------------|----------------------|----------------------|
| Share of net assets | 116,052 | 115,768 |
| Goodwill | 1,853 | 1,853 |
| Amounts due from associates | 117,905 1,731 | 117,621 2,367 |
| Amounts due to associates (note 17) | 119,636 (8,794) | 119,988 (7,427) |
| | 110,842 | 112,561 |

During the year ended 31 December 2020, the privatisation of the Company through dividend by way of distribution in specie, including the distribution of 667,432,957 Wharf REIC shares, was completed on 23 July 2020. As a result, Wharf REIC has become an associate of the Group since then and the transaction was regarded as a deemed disposal of subsidiaries.

The assets and liabilities in relation to the deemed disposal of Wharf REIC and other details of the deemed disposal for the year ended 31 December 2020 were as follows:

| | 2020 HK\$ Million |
|---|----------------------|
| Investment properties | 251,467 |
| Property, plant and equipment | 7,453 |
| Other long term investments | 9,699 |
| Other assets | 12,267 |
| Cash and cash equivalents | 5,535 |
| Bank loans and other borrowings | (58,127) |
| Other liabilities | (16,474) |
| Net assets on completion date | 211,820 |
| Fair value gain on property, plant and equipment before distribution in specie | 6,910 |
| Non-controlling interests | 218,730 (70,480) |
| Net assets distributed through dividend by way of distribution in specie | 148,250 (46,992) |
| Fair value of retained interest in Wharf REIC | 101,258 (44,495) |
| Exchange reserve reclassified to profit or loss | 76 |
| Loss on deemed disposal of Wharf REIC | 56,839 |
| Net identifiable assets shared by the Group upon recognition of Wharf REIC as an associate | 104,702 |
| Fair value of retained interest in Wharf REIC | (44,495) |
| Consideration paid for acquisition of additional interest in Wharf REIC | (1,227) |
| Excess of the Group's share of net identifiable assets and liabilities over the cost of deemed investment | 58,980 |
| Net gain on deemed disposal of subsidiaries | |
| Fair value gain on property, plant and equipment before distribution in specie | 6,910 |
| Loss on deemed disposal of subsidiaries | (56,839) |
| Excess of the Group's share of net identifiable assets and liabilities over the cost of deemed investment | 58,980 |
| | 9,051 |
| Cash and cash equivalents disposed | (5,535) |
| Consideration paid for acquisition of additional interest in Wharf REIC | (1,227) |
| Net cash outflows arising from deemed disposal of Wharf REIC | (6,762) |

- a) Details of principal associates at 31 December 2021 are shown on page 127.
- b) Amounts due from associates are unsecured, interest-free and have no fixed terms of repayment, except for an advance of HK\$587 million (2020: HK\$1,176 million) made by the Group to an associate which is interest bearing at market rate. Amounts due from associates are not expected to be recoverable within the next twelve months. The amounts are neither past due nor impaired.

Amounts due to associates are unsecured, interest-free and have no fixed terms of repayment.

- c) Included in interest in associates is goodwill of HK\$1,853 million (2020: HK\$1,853 million) mainly relating to the acquisition of Mega Shekou Container Terminals Limited which is held by Modern Terminals, a 67.6%-owned subsidiary of WHL, under an agreement for rationalisation of the interests in Shekou Container Terminals Phases I, II and III in 2007.
- d) All of the above associates are accounted for using the equity method in the consolidated financial statements.
- e) Summarised financial information of Wharf REIC and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| Gross amount of Wharf REIC: | | |
| Current assets | 5,389 | 9,284 |
| Non-current assets | 273,716 | 275,540 |
| Current liabilities | (12,979) | (17,102) |
| Non-current liabilities | (48,430) | (51,420) |
| Non-controlling interest | (5,793) | (5,881) |
| Shareholders' equity | 211,903 | 210,421 |
| Included in the above assets and liabilities: | | |
| Cash and cash equivalents | 1,800 | 2,260 |
| Revenue | 16,043 | 8,035 |
| Profit/(loss) from continuing operations | 4,439 | (3,510) |
| Other comprehensive income | 1,367 | 2,635 |
| Total comprehensive income | 5,806 | (875) |
| Included in the above profit/(loss): | | |
| Depreciation | (330) | (118) |
| Reconciled to the group's interest in Wharf REIC | | |
| Wharf REIC's shareholders' equity | 211,903 | 210,421 |
| Group's interest (note) | 48.98% | 48.98% |
| Group's share of Wharf REIC's shareholders' equity and carrying amount in the consolidated financial statements | 103,790 | 103,064 |
| Dividend received from the associate | 2,022 | 1,160 |
| Market value of the listed shares | 58,887 | 60,003 |

Note: The Group's effective interest in Wharf REIC excluding the portion attributable to non-controlling interest as at 31 December 2021 is 47.29% (2020: 47.06%).

- f) At 31 December 2021, aggregate information of associates that are not individually material is summarised below:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|--|----------------------|----------------------|
| Aggregate carrying amount of individually immaterial associates in the consolidated financial statements | 14,115 | 14,557 |
| Aggregate amounts of the Group's share of those associates | | |
| Profit from continuing operations | 717 | 96 |
| Other comprehensive income | 316 | 803 |
| Total comprehensive income | 1,033 | 899 |

10. INTEREST IN JOINT VENTURES

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| Share of net assets | 7,147 | 6,736 |
| Amounts due from joint ventures | 25,863 | 20,864 |
| | 33,010 | 27,600 |
| Amounts due to joint ventures (note 17) | (2,130) | (1,786) |
| | 30,880 | 25,814 |

- a) Details of principal joint ventures at 31 December 2021 are shown on page 127.
- b) Amounts due from joint ventures are unsecured, interest-free and have no fixed terms of repayment, except for advances of HK\$18,901 million (2020: HK\$17,700 million) made by the Group to joint ventures which are interest bearing. Amounts due from joint ventures are not expected to be recoverable within the next twelve months. The amounts are neither past due nor impaired.

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

- c) All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.

- d) At 31 December 2021, no joint venture is considered to be individually material to the Group. Aggregate information of joint ventures that are not individually material is summarised below:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|--|----------------------|----------------------|
| Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements | 7,147 | 6,736 |
| Aggregate amounts of the Group's share of those joint ventures | | |
| Profit from continuing operations | 584 | 1,065 |
| Other comprehensive income | 230 | 680 |
| Total comprehensive income | 814 | 1,745 |

11. OTHER LONG TERM INVESTMENTS

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| Equity investments at fair value through other comprehensive income ("FVOCI") | | |
| – listed in Hong Kong | 40,704 | 44,468 |
| – listed outside Hong Kong | 7,628 | 23,332 |
| | 48,332 | 67,800 |
| Other financial assets at fair value through profit or loss ("FVTPL") | | |
| – unlisted investments | 8,805 | 6,003 |
| | 57,137 | 73,803 |

- a) Equity investments are designated as financial assets at fair value through other comprehensive income as they are not held for trading but for long term purposes, the Group has irrevocably elected them at initial recognition to recognise these investments in this category. It mainly represents a portfolio of blue chips including property counters and investments in new economy companies holding for long term growth potential with reasonable dividend return that in line with market and each investment within the portfolio is individually immaterial to the Group's total assets. Other investments are classified as financial assets at fair value through profit or loss.

b) Analysed by industry sectors as follows:

| | 2021 | 2020 |
|---------------|---------------------|--------------|
| | HK\$ Million | HK\$ Million |
| – Properties | 24,813 | 23,917 |
| – New economy | 23,366 | 40,457 |
| – Others | 8,958 | 9,429 |
| | 57,137 | 73,803 |

c) Analysed by geographical location as follows:

| | Equity | Other | |
|-------------------------------|---------------------|---------------------|---------------------|
| | investments | financial | |
| | at FVOCI | assets | Total |
| | HK\$ Million | at FVTPL | HK\$ Million |
| | HK\$ Million | HK\$ Million | HK\$ Million |
| As at 31 December 2021 | | | |
| – Hong Kong | 40,704 | 3 | 40,707 |
| – Overseas | 7,628 | 8,802 | 16,430 |
| | 48,332 | 8,805 | 57,137 |
| As at 31 December 2020 | | | |
| – Hong Kong | 44,468 | 3 | 44,471 |
| – Overseas | 23,332 | 6,000 | 29,332 |
| | 67,800 | 6,003 | 73,803 |

12. GOODWILL AND OTHER INTANGIBLE ASSETS

| | Goodwill HK\$ Million | Other intangible assets HK\$ Million | Total HK\$ Million |
|---|--------------------------|---|-----------------------|
| Cost | | | |
| At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 | 298 | 12 | 310 |
| Accumulated amortisation | | | |
| At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 | – | 12 | 12 |
| Net carrying value | | | |
| At 31 December 2021 | 298 | – | 298 |
| At 31 December 2020 | 298 | – | 298 |

Goodwill mainly relates to the Group's terminals business. As at 31 December 2021, an impairment test was performed by comparing the attributable carrying amount of the business with the recoverable amount. The recoverable amount of the terminals business is based on value in use. No impairment was recorded.

13. PROPERTIES FOR SALE

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---------------------------------------|----------------------|----------------------|
| Properties under development for sale | 101,198 | 77,061 |
| Completed properties for sale | 11,107 | 10,743 |
| | 112,305 | 87,804 |

- a) As at 31 December 2021, properties under development for sale of HK\$72,114 million (2020: HK\$61,781 million) are expected to be completed after more than one year.
- b) Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value. The total carrying value of properties stated at net realisable value at 31 December 2021 was HK\$30,147 million (2020: HK\$37,105 million).

- c) At 31 December 2021, the carrying value of leasehold land and land deposits included in properties under development for sale and completed properties for sale is summarised as follows:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|------------------------|----------------------|----------------------|
| Held in Hong Kong | | |
| Long term leases | 10,793 | 6,830 |
| Medium term leases | 63,314 | 37,440 |
| | 74,107 | 44,270 |
| Held outside Hong Kong | | |
| Long term leases | 13,776 | 18,044 |
| Medium term leases | 4,424 | 4,434 |
| | 18,200 | 22,478 |
| | 92,307 | 66,748 |

14. TRADE AND OTHER RECEIVABLES

| | 2021 HK\$ Million | 2020 HK\$ Million |
|--|----------------------|----------------------|
| Trade receivables | 319 | 476 |
| Accrued sales receivables | 2,721 | 3,646 |
| Stakeholders' deposits | 4,630 | 5,531 |
| Other receivables and prepayments (note) | 4,377 | 3,015 |
| | 12,047 | 12,668 |

Note: Contract costs capitalised as at 31 December 2021 and relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the end of the reporting period.

Such sales commissions capitalised included in other receivables and prepayments were HK\$1,238 million (2020: HK\$921 million).

Contract costs are recognised as part of "selling and marketing expenses" in the consolidated income statement in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year ended 31 December 2021 was HK\$252 million (2020: HK\$527 million). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2020: HK\$Nil).

As at 31 December 2021, the amount of capitalised contract costs that is expected to be recovered after more than one year is HK\$159 million (2020: HK\$376 million).

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days, except for sale of properties, the proceeds from which are receivable pursuant to the terms of the agreements. Except for accrued sales receivables of HK\$240 million (2020: HK\$2,800 million) which are related to sale of properties with extended settlement plans, all the receivables are expected to be recoverable within one year.

Except for other contract costs, all of the above receivables and prepayments are financial assets measured at amortised cost.

a) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account based on expected credit losses. Given the Group has not experienced any significant credit losses in the past and holds sufficient rental deposits from tenants to cover the potential exposure to credit risk, the allowance for expected credit losses is therefore insignificant that a provision matrix is not disclosed.

The movement in the allowance account for credit losses during the year, including both specific and collective loss components, is as follows:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| At 1 January | 13 | 10 |
| (Reversal of)/provision of loss allowances recognised | (9) | 5 |
| Deemed disposal of subsidiaries | – | (2) |
| At 31 December | 4 | 13 |

15. DERIVATIVE FINANCIAL INSTRUMENTS

| | 2021 | | 2020 | |
|---|------------------------|-----------------------------|------------------------|-----------------------------|
| | Assets HK\$ Million | Liabilities HK\$ Million | Assets HK\$ Million | Liabilities HK\$ Million |
| At fair value through profit or loss | | | | |
| Fixed-to-floating interest rate swaps | 167 | 99 | 364 | – |
| Floating-to-fixed interest rate swaps | – | 103 | – | 192 |
| Cross currency interest rate swaps | 184 | 179 | 92 | 355 |
| Forward foreign exchange contracts | 63 | 117 | 50 | 72 |
| Total | 414 | 498 | 506 | 619 |
| Analysis | | | | |
| Non-current | 148 | 438 | 311 | 355 |
| Current | 266 | 60 | 195 | 264 |
| Total | 414 | 498 | 506 | 619 |

An analysis of the remaining maturities at the end of the reporting period of the above derivative financial instruments is as follows:

| | 2021 | | 2020 | |
|--|------------------------|-----------------------------|------------------------|-----------------------------|
| | Assets HK\$ Million | Liabilities HK\$ Million | Assets HK\$ Million | Liabilities HK\$ Million |
| Fixed-to-floating interest rate swaps | | | | |
| Expiring within 1 year | 29 | – | 47 | – |
| Expiring after more than 1 year but not exceeding 5 years | 135 | 99 | 317 | – |
| Expiring after 5 years | 3 | – | – | – |
| | 167 | 99 | 364 | – |
| Floating-to-fixed interest rate swaps | | | | |
| Expiring after more than 1 year but not exceeding 5 years | – | 103 | – | 192 |
| Cross currency interest rate swaps | | | | |
| Expiring within 1 year | 6 | 5 | 4 | 206 |
| Expiring after more than 1 year but not exceeding 5 years | 164 | 173 | 43 | 74 |
| Expiring after 5 years | 14 | 1 | 45 | 75 |
| | 184 | 179 | 92 | 355 |
| Forward foreign exchange contracts | | | | |
| Expiring within 1 year | 41 | – | 6 | – |
| Expiring after more than 1 year but not exceeding 5 years | 14 | 117 | 33 | 8 |
| Expiring after 5 years | 8 | – | 11 | 64 |
| | 63 | 117 | 50 | 72 |
| Total | 414 | 498 | 506 | 619 |

- a) The notional principal amounts of derivative financial instruments outstanding at the end of the reporting period are as follows:

| | 2021 | 2020 |
|---------------------------------------|---------------------|--------------|
| | HK\$ Million | HK\$ Million |
| Fixed-to-floating interest rate swaps | 12,709 | 9,777 |
| Floating-to-fixed interest rate swaps | 1,800 | 1,800 |
| Cross currency interest rate swaps | 11,893 | 13,237 |
| Forward foreign exchange contracts | 5,151 | 5,218 |

- b) Derivative financial assets represent the amounts the Group would receive whilst derivative financial liabilities represent the amounts the Group would pay if the positions are closed at the end of the reporting period. Derivative financial instruments do not qualify for hedge accounting and their corresponding changes in fair values have been recognised in the consolidated income statement.
- c) During the year, a loss of HK\$150 million (2020: HK\$89 million) in respect of forward foreign exchange contracts was recognised in the consolidated income statement.
- d) During the year, fair value gain on cross currency interest rate swaps in the amounts of HK\$128 million (2020: loss of HK\$179 million) and fair value loss on interest rate swaps in the amounts of HK\$66 million (2020: gain of HK\$63 million) have been included within finance costs in the consolidated income statement.
- e) The Group enters into derivative transactions under International Swaps and Derivatives Association (“ISDA”) master agreements providing offsetting mechanisms under certain circumstances. At 31 December 2021, the Group has not offset any of the financial instruments as no parties have exercised their rights to offset the recognised amounts in the consolidated financial statements.

16. BANK DEPOSITS AND CASH

| | 2021 HK\$ Million | 2020 HK\$ Million |
|------------------------|----------------------|----------------------|
| Bank deposits and cash | 25,234 | 17,561 |

At 31 December 2021, bank deposits and cash included:

- a) HK\$13,376 million equivalent (2020: HK\$14,059 million equivalent) placed with banks in Mainland China the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.
- b) RMB2,758 million equivalent to HK\$3,374 million (2020: RMB3,205 million equivalent to HK\$3,808 million) which is solely for certain designated property development projects in Mainland China.

The effective interest rate on bank deposits was 1.8% (2020: 1.7%) per annum.

Bank deposits and cash are denominated in the following currencies:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|------------------|----------------------|----------------------|
| RMB | 21,888 | 14,865 |
| HKD | 2,377 | 2,044 |
| USD | 895 | 613 |
| Other currencies | 74 | 39 |
| | 25,234 | 17,561 |

17. TRADE AND OTHER PAYABLES

| | 2021 HK\$ Million | 2020 HK\$ Million |
|--|----------------------|----------------------|
| Trade payables | 958 | 867 |
| Rental and customer deposits | 1,374 | 1,382 |
| Construction and development costs payable | 7,925 | 9,577 |
| Accrued development costs | 4,949 | – |
| Amounts due to associates (note 9) | 8,794 | 7,427 |
| Amounts due to joint ventures (note 10) | 2,130 | 1,786 |
| Other payables | 5,561 | 5,982 |
| | 31,691 | 27,021 |

The amount of trade and other payables that is expected to be settled after more than one year is HK\$6,301 million (2020: HK\$1,394 million), which is mainly for rental and customer deposits and accrued development costs. The Group considers the effect of discounting rental and customer deposits would be immaterial. All of the other trade and other payables are expected to be settled or recognised as income within one year or are payable on demand.

18. DEPOSITS FROM SALE OF PROPERTIES

Deposits from sale of properties in the amount of HK\$3,475 million (2020: HK\$17,843 million) are expected to be recognised as income in the consolidated income statement after more than one year.

Movement in deposits from sale of properties regarded as contract liabilities

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| At 1 January | 23,031 | 30,676 |
| Exchange differences | 125 | 55 |
| Decrease in deposits from sale of properties as a result of recognising revenue during the year | (13,575) | (23,821) |
| Increase in deposits from sale of properties as a result of receiving sales deposits during the year in respect of properties still under development | 18,820 | 19,293 |
| Deemed disposal of subsidiaries | – | (3,172) |
| At 31 December | 28,401 | 23,031 |

The Group receives contract value as deposits from customers when they sign the sale and purchase agreements. These deposits are recognised as contract liabilities until the properties are completed and legally assigned to/accepted by the customers.

In some sale arrangements, the customers agree to pay the balance of the consideration early while construction is still ongoing, rather than when legal assignment is completed or the property is accepted by the customer. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property construction period.

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$50,307 million (2020: HK\$35,880 million). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development entered into by the customers with the Group. The Group will recognise the expected revenue in future when the legal assignments are completed or the properties are accepted by the customers, which is expected to occur over the next 36 months.

19. BANK LOANS AND OTHER BORROWINGS

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| Bonds and notes (Unsecured) | | |
| Due within 1 year | 2,849 | 5,314 |
| Due after 1 year but within 2 years | 2,185 | 2,875 |
| Due after 2 years but within 5 years | 11,453 | 2,966 |
| Due after 5 years | 880 | 1,238 |
| | 17,367 | 12,393 |
| Bank loans (Secured) | | |
| Due within 1 year | 4,304 | 514 |
| Due after 1 year but within 2 years | 5,113 | 6,004 |
| Due after 2 years but within 5 years | 9,585 | 9,116 |
| Due after 5 years | 1,746 | 1,803 |
| | 20,748 | 17,437 |
| Bank loans (Unsecured) | | |
| Due within 1 year | 8,582 | 15,504 |
| Due after 1 year but within 2 years | 12,251 | 4,947 |
| Due after 2 years but within 5 years | 28,990 | 31,872 |
| Due after 5 years | – | 1,250 |
| | 49,823 | 53,573 |
| Total bank loans and other borrowings | 87,938 | 83,403 |
| Analysis of maturities of the above borrowings | | |
| Non-current borrowings | | |
| Due after 1 year but within 2 years | 19,549 | 13,826 |
| Due after 2 years but within 5 years | 50,028 | 43,954 |
| Due after 5 years | 2,626 | 4,291 |
| | 72,203 | 62,071 |
| Current borrowings | | |
| Due within 1 year | 15,735 | 21,332 |
| Total bank loans and other borrowings | 87,938 | 83,403 |

- a) The Group's borrowings are considered by the management to be denominated in the following currencies (after the effects of cross currency interest rate swaps and forward foreign exchange contracts as detailed in notes 22(a) and 22(b)):

| | 2021 HK\$ Million | 2020 HK\$ Million |
|-----|----------------------|----------------------|
| HKD | 83,755 | 75,955 |
| RMB | 4,183 | 7,448 |
| | 87,938 | 83,403 |

- b) The interest rate profile of the Group's borrowings (after the effects of interest rate swaps and cross currency interest rate swaps as detailed in notes 22(a) and 22(b) respectively) are as follows:

| | 2021 | | 2020 | |
|---------------------------------|---------------------------------|---------------|---------------------------------|--------------|
| | Effective interest rate % | HK\$ Million | Effective interest rate % | HK\$ Million |
| Fixed rate borrowings | | | | |
| Bonds and notes | – | – | 2.9 | 531 |
| Bank loans | 2.7 | 1,800 | 2.9 | 2,631 |
| | | 1,800 | | 3,162 |
| Floating rate borrowings | | | | |
| Bonds and notes | 2.7 | 17,367 | 4.5 | 11,862 |
| Bank loans | 0.9 | 68,771 | 1.3 | 68,379 |
| | | 86,138 | | 80,241 |
| Total borrowings | | 87,938 | | 83,403 |

- c) All the interest bearing borrowings are carried at amortised cost except for borrowings in an amount of HK\$8,877 million (2020: HK\$7,933 million) which are carried at their fair values. None of the non-current interest bearing borrowings are expected to be settled within one year.
- d) Included in the Group's total loans are bank loans and other borrowings of HK\$36,745 million (2020: HK\$42,174 million) borrowed by WHL. The loans are without recourse to the Company and its other subsidiaries.
- e) At 31 December 2021, certain banking facilities of the Group were secured by mortgages over certain properties under development, investment properties and property, plant and equipment with an aggregate carrying value of HK\$53,043 million (2020: HK\$51,981 million).
- f) Certain of the above borrowings are attached with financial covenants which require that at any time, the consolidated tangible net worth is not less than and the ratio of borrowings to consolidated tangible net worth is not more than certain required levels of the relevant groups. During the years ended 31 December 2021 and 2020, all these covenants have been complied with by the Group.

20. EQUITY SETTLED SHARE-BASED TRANSACTIONS

a) Company

The Company had a share option scheme which was adopted in June 2011 whereby the Directors of the Company were authorised, at their discretion, to invite eligible participants to take up options at a consideration of HK\$10 to subscribe for shares of the Company (“Shares”). The exercise price of the options must be not less than whichever was the highest of (i) the indicative price per share for subscription of Shares under the option as specified in the written offer containing the offer of the grant of the option to an eligible participants; (ii) the closing price of the Shares as stated in The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)’s daily quotations sheet on the date of grant; and (iii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant. The granted options were divided into five tranches, of which the first tranche vested immediately after the date of grant and the remaining four tranches vested between one year and four years after the date of grant. All remaining share options had been exercised or cancelled during the year ended 31 December 2020.

- i) The terms and conditions of the grants existed during the year ended 31 December 2020 were as follows:

| | Number of options | Contractual life of options |
|--|--------------------------|------------------------------------|
| Options granted to Directors of the Company: – on 7 July 2016 (cancelled in 2020) | 12,500,000 | 5 years after the date of grant |

- ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted was measured by reference to the fair value of share options granted.

- iii) Movements of the share options and the weighted average exercise prices of share options during the year ended 31 December 2020 are as follows:

| Date of grant | Exercise price HK\$ | Exercise period | 2020 | | | | | Remaining contractual life |
|--|------------------------|----------------------------|-------------------------|---------------------------|---------------------------|---------------------|---------------------------------|----------------------------|
| | | | Number of share options | | | | | |
| | | | At 1 January 2020 | Exercised during the year | Cancelled during the year | At 31 December 2020 | Exercisable at 31 December 2020 | |
| 7 July 2016 | 36.60 | 8 July 2016 to 7 July 2021 | 8,000,000 | (4,000,000) | (4,000,000) | - | - | - |
| Weighted average exercise price (HK\$) | | | 36.60 | 36.60 | 36.60 | - | - | |

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2020 was HK\$48.60.

- iv) In respect of share options granted to the Directors of the Company, the related charge recognised in the consolidated income statement for the year ended 31 December 2020, estimated in accordance with the Group's accounting policy in note (X)(i) was as follows:

| | 2020 HK\$'000 |
|-------------------|------------------|
| Douglas C K Woo | 1,097 |
| Stewart C K Leung | 659 |
| Paul Y C Tsui | 329 |
| Ricky K Y Wong | 659 |
| | 2,744 |

b) WHL

WHL had a share option scheme which was adopted in June 2011 and expired on 8 June 2021 whereby the directors of WHL were authorised, at their discretion, to invite eligible participants to take up options at a consideration of HK\$10 to subscribe for shares of WHL (“WHL shares”). The exercise price of the options must be not less than whichever is the highest of (i) the indicative price per share for subscription of WHL shares under the option as specified in the written offer containing the offer of the grant of the option to an eligible participants; (ii) the closing price of the WHL shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; and (iii) the average closing price of the WHL shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant. The granted options were divided into five tranches, of which the first tranche vested immediately after the date of grant and the remaining four tranches vested between one year and four years after the date of grant.

i) The terms and conditions of the grants are as follows:

| | Number of WHL options | Contractual life of options |
|--|----------------------------------|--|
| Options granted to directors of WHL: – on 7 July 2016 | 14,500,000 | 5 years after the date of grant |

ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted at the grant date using the Binomial Model, taking into account the terms and conditions upon which the options were granted. During the year ended 31 December 2021, no new share options were granted.

- iii) Movements of the share options and the weighted average exercise prices of share options are as follows:

| Date of grant | Exercise price HK\$ | Exercise period | 2021 | | | | Remaining contractual life |
|--|------------------------|----------------------------|-------------------------|---------------------------|---------------------|---------------------------------|----------------------------|
| | | | Number of share options | | | | |
| | | | At 1 January 2021 | Exercised during the year | At 31 December 2021 | Exercisable at 31 December 2021 | |
| 7 July 2016 | 15.92 | 8 July 2016 to 7 July 2021 | 4,700,000 | (4,700,000) | - | - | - |
| Weighted average exercise price (HK\$) | | | 15.92 | 15.92 | - | - | |

| Date of grant | Exercise price HK\$ | Exercise period | 2020 | | | | Remaining contractual life |
|--|------------------------|----------------------------|-------------------------|---------------------------|---------------------|---------------------------------|----------------------------|
| | | | Number of share options | | | | |
| | | | At 1 January 2020 | Exercised during the year | At 31 December 2020 | Exercisable at 31 December 2020 | |
| 7 July 2016 | 15.92 | 8 July 2016 to 7 July 2021 | 6,800,000 | (2,100,000) | 4,700,000 | 4,700,000 | 0.5 year |
| Weighted average exercise price (HK\$) | | | 15.92 | 15.92 | 15.92 | 15.92 | |

The weighted average share price at the dates of exercises of share options during the year was HK\$24.47 (2020: HK\$18.69).

- iv) In respect of WHL's share options granted to its directors and employees, who are also Directors of the Company, the related charge recognised in the Consolidated Income Statement for the years ended 31 December 2021 and 2020, estimated in accordance with the Group's accounting policy in note (X)(i) was as follows:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|----------------|------------------|------------------|
| Stephen T H Ng | - | 971 |
| Paul Y C Tsui | - | 292 |
| | - | 1,263 |

21. DEFERRED TAXATION

- a) Net deferred tax liabilities/(assets) recognised in the consolidated statement of financial position:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|------------------------------|----------------------|----------------------|
| Deferred tax liabilities | 15,269 | 13,919 |
| Deferred tax assets | (982) | (725) |
| Net deferred tax liabilities | 14,287 | 13,194 |

The components of deferred tax liabilities/(assets) and the movements during the year are as follows:

| | Depreciation allowances in excess of the related depreciation HK\$ Million | Surplus arising from valuation of investment properties HK\$ Million | Future benefit of tax losses HK\$ Million | Others HK\$ Million | Total HK\$ Million |
|---|---|---|--|------------------------|-----------------------|
| At 1 January 2020 | 4,419 | 8,833 | (113) | 629 | 13,768 |
| Charged/(credited) to the consolidated income statement | 489 | 198 | (2) | 258 | 943 |
| Deemed disposal of subsidiaries | (2,225) | – | 65 | (38) | (2,198) |
| Exchange differences | 118 | 580 | – | (17) | 681 |
| At 31 December 2020 and 1 January 2021 | 2,801 | 9,611 | (50) | 832 | 13,194 |
| Charged/(credited) to the consolidated income statement | 304 | 852 | (98) | (227) | 831 |
| Disposal of subsidiaries | (57) | – | – | – | (57) |
| Exchange differences | 61 | 293 | 4 | (39) | 319 |
| At 31 December 2021 | 3,109 | 10,756 | (144) | 566 | 14,287 |

b) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

| | 2021 | | 2020 | |
|----------------------------------|---|-------------------------------------|---|-------------------------------------|
| | Deductible temporary differences/ tax losses HK\$ Million | Deferred tax assets HK\$ Million | Deductible temporary differences/ tax losses HK\$ Million | Deferred tax assets HK\$ Million |
| Deductible temporary differences | 36 | 6 | – | – |
| Future benefits of tax losses | | | | |
| – Hong Kong | 4,826 | 796 | 6,878 | 1,135 |
| – Outside Hong Kong | 4,932 | 1,233 | 2,541 | 635 |
| | 9,758 | 2,029 | 9,419 | 1,770 |
| | 9,794 | 2,035 | 9,419 | 1,770 |

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2021 and 2020. The tax losses arising from Hong Kong operations do not expire under current tax legislation. The tax losses arising from operations outside Hong Kong, are mainly related to Mainland China, which the tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group is exposed to financial risks related to interest rate, foreign currency, equity price, liquidity and credit in the normal course of business. To manage some of these risks, the Group Finance Committee develops, maintains and monitors the Group's financial management policies designed to facilitate cost efficient funding to the Group and to mitigate the impact of fluctuations in interest rates and exchange rates. The financial management policies are implemented by the Group's Treasury department, which operates as a centralised service unit in close co-operation with the Group's operating units for managing the day-to-day treasury functions and financial risks and for providing cost efficient funding to the Group.

The Group uses derivatives, principally forward foreign exchange contracts and interest rate and cross currency interest rate swaps, as deemed appropriate, for financing and hedging transactions and for managing risks associated with the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions and invest in financial products with significant underlying leverage which are commercially speculative.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's main exposure to interest rate risk relates principally to the Group's borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk whilst borrowings at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate risk exposure in accordance with defined policies and reviews this exposure with a focus on reducing the Group's overall cost of funding as well as maintaining the floating/fixed rate mix appropriate to its current business portfolio.

In line with the Group's prevailing strategy, the Group has entered into a number of interest rate swaps ("IRS") and cross currency interest rate swaps ("CCS") which have the economic effect of converting certain fixed rate interest bearing notes with notional amounts totalling HK\$14,131 million (2020: HK\$7,732 million) into floating rate borrowings. For each of the IRS and CCS entered into by the Group, the tenor and timing of the IRS and CCS cash flows matches those of the notes.

To ensure the certainty of a proportion of funding costs in the forthcoming years, the Group has entered into various floating-to-fixed IRS with notional amounts totalling HK\$1,800 million with maturities of 10 to 15 years together with another HK\$1,800 million fixed-to-floating IRS with a maturity of 2 years. Effectively, this arrangement has locked in fixed interest rates ranging from 2.4% to 3.6% per annum for a certain portion of the Group's floating rate loan portfolio for a period of 8 to 13 years from 2011 to 2012 onwards.

As at 31 December 2021, after taking into account of IRS and CCS, approximately 98% (2020: 96%) of the Group's borrowings was at floating rates and the remaining 2% (2020: 4%) was at fixed rates. (see note 19(b)).

Based on the sensitivity analysis performed as at 31 December 2021, it was estimated that a general increase/decrease of 1% (2020: 1%) in interest rates, with all other variables held constant, would have decreased/increased the post-tax profit and total equity of the Group by approximately HK\$212 million (2020: HK\$185 million). This takes into account the effect of interest bearing bank deposits.

The sensitivity analysis above indicates the instantaneous change in the Group's post-tax profit and total equity that would have arisen assuming that the change in interest rates had occurred at the end of reporting period and had been applied to remeasure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of reporting period, the impact on the Group's post-tax profit and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed at the same basis as for 2020.

b) Foreign currency risk

The Group owns assets and conducts its businesses primarily in Hong Kong and secondarily in Mainland China, with its cash flows denominated substantially in HKD and RMB which exposes the Group to foreign currency risk with respect to RMB related to its development property and port-related operations and investments in Mainland China.

The Group is also exposed to foreign currency risk in respect of its borrowings denominated in USD, SGD and JPY. Anticipated foreign exchange payments relate primarily to interest expense payments, repayment of principal and capital expenditure. Where appropriate or available in a cost-efficient manner, the Group may enter into forward foreign exchange and swap contracts to manage its foreign currency risk arising from above anticipated transactions denominated in currencies other than its entities' functional currencies.

The Group's borrowings are predominantly denominated in the functional currency of the entity taking out the borrowings. In the case of group companies whose functional currencies are HKD, their borrowings are mostly denominated in HKD or USD. For managing the overall financing costs of existing and future capital requirements for the projects in Mainland China, the Group has adopted a diversified funding approach and entered into certain CCS and forward foreign exchange contracts. Based on the prevailing accounting standards, the swaps and forward foreign exchange contracts are marked to market with the valuation movement recognised in the consolidated income statement.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets/(liabilities) denominated in a currency other than the functional currency of the Group's entities to which they relate. Differences resulting from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency and exposure arising from inter-company balances which are considered to be in the nature of investment in a subsidiary are excluded.

| | 2021 | | | | | 2020 | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | USD Million | RMB Million | JPY Million | SGD Million | HKD Million | USD Million | RMB Million | JPY Million | SGD Million | HKD Million |
| Bank deposits and cash | 96 | 7,088 | - | 7 | - | 57 | 839 | - | 1 | - |
| Other long term investments | 1,777 | - | - | 29 | - | 3,056 | - | - | 86 | 2,377 |
| Trade and other receivables | 6 | - | - | - | - | 2 | - | - | - | - |
| Trade and other payables | (1) | (46) | - | - | - | (1) | (5) | - | - | - |
| Bank loans and other borrowings | (60) | (2,350) | (17,478) | - | - | (110) | (1,115) | (17,474) | (610) | - |
| Inter-company balances | 3 | 110 | - | - | - | 7 | 223 | - | - | - |
| Gross exposure arising from recognised assets and liabilities | 1,821 | 4,802 | (17,478) | 36 | - | 3,011 | (58) | (17,474) | (523) | 2,377 |
| Notional amount of forward foreign exchange contracts at fair value through profit or loss | 473 | 734 | 7,000 | - | - | 592 | - | 7,000 | 8 | (2,377) |
| Notional amount of CCS | (297) | 2,350 | 10,500 | - | - | (342) | 415 | 10,500 | 610 | - |
| Overall net exposure | 1,997 | 7,886 | 22 | 36 | - | 3,261 | 357 | 26 | 95 | - |

In addition, the PRC subsidiaries of the Group with RMB as their functional currency were exposed to foreign currency risk with respect to HKD/USD by holding HKD/USD denominated bank deposits and cash, trade and other payables and inter-company borrowings in the amount of HK\$155 million, HK\$4 million and HK\$96 million respectively as at 31 December 2021 (2020: HK\$190 million, HK\$4 million and HK\$176 million respectively).

Based on the sensitivity analysis performed as at 31 December 2021, it was estimated that the impact on the Group's post-tax profit and total equity would not be material in response to possible changes in the foreign exchange rates of foreign currencies to which the Group is exposed.

It is further analysed that the sensitivity on the translation of the Mainland operations from 1% (2020: 1%) increase/decrease of exchange rate of RMB against HKD, the Group's total equity would have increased/decreased by HK\$834 million (2020: HK\$893 million).

c) Equity price risk

The Group is exposed to equity price changes arising from other long term investments.

Other long term investments held in the investment portfolio have been chosen for their long term growth potential and returns and are monitored regularly for performance. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity and debt investments.

Based on the sensitivity analysis performed as at 31 December 2021, it is estimated that an increase/decrease of 10% (2020: 10%) in the market value of the Group's listed equity and bond investments, with all other variables held constant, would not have affected the Group's post-tax profit but would have increased/decreased the Group's total equity by HK\$4,833 million (2020: HK\$6,780 million). The analysis has been performed on the same basis as for 2020.

d) Liquidity risk

The Group adopts a prudent liquidity risk management policy, maintaining sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding with staggered maturities to reduce refinancing risk in any year from major financial institutions and to maintain flexibility for meeting its liquidity requirements in the short and longer term. The Group's cash management is substantially centralised within the Group Treasury department, which regularly monitors the current and expected liquidity requirements and its compliance with lending covenants.

Certain non-wholly-owned subsidiaries are responsible for their own cash management, including the short term investment of cash surpluses with creditworthy financial institutions and the raising of loans to cover expected cash demands, in accordance with the established policies and strategies with the concurrence of the Company.

The following tables detail the remaining contractual maturities at the end of reporting period of the Group's derivative and non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period and carried at exchange rates prevailing at the end of the reporting period) and the earliest date the Group can be required to pay:

| | Contractual undiscounted cash flow | | | | | |
|------------------------------------|------------------------------------|-----------------------|--|--|---|--------------------------------------|
| | Carrying amount HK\$ Million | Total HK\$ Million | Within | More than | More than | More than 5 years HK\$ Million |
| | | | 1 year or on demand HK\$ Million | 1 year but less than 2 years HK\$ Million | 2 years but less than 5 years HK\$ Million | |
| At 31 December 2021 | | | | | | |
| Bank loans and other borrowings | (87,938) | (91,605) | (17,164) | (20,205) | (50,630) | (3,606) |
| Trade and other payables | (31,691) | (31,956) | (25,407) | (623) | (5,899) | (27) |
| Interest rate swaps | (35) | 190 | 90 | 53 | 33 | 14 |
| Cross currency interest rate swaps | 5 | 136 | 81 | 86 | (39) | 8 |
| Forward foreign exchange contracts | (54) | (55) | 41 | 14 | (118) | 8 |
| Other non-current liabilities | (69) | (69) | (27) | (21) | (21) | – |
| | (119,782) | (123,359) | (42,386) | (20,696) | (56,674) | (3,603) |
| At 31 December 2020 | | | | | | |
| Bank loans and other borrowings | (83,403) | (91,369) | (25,389) | (13,798) | (46,757) | (5,425) |
| Trade and other payables | (27,021) | (27,025) | (25,633) | (1,253) | (117) | (22) |
| Interest rate swaps | 172 | 165 | 110 | 63 | (8) | – |
| Cross currency interest rate swaps | (263) | (112) | (104) | 7 | 46 | (61) |
| Forward foreign exchange contracts | (22) | (22) | 6 | 22 | 12 | (62) |
| Other non-current liabilities | (85) | (86) | – | (67) | (19) | – |
| | (110,622) | (118,449) | (51,010) | (15,026) | (46,843) | (5,570) |

The Company is exposed to liquidity risk that arises from financial guarantees given by the Company on behalf of subsidiaries. The guarantees are callable if the respective subsidiary is unable to meet its obligations. The maximum amount callable as at 31 December 2021 was HK\$51,160 million (2020: HK\$41,272 million).

e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to rental, trade and other receivables, cash and cash equivalents and over-the-counter derivative financial instruments. The exposures to these credit risks are closely monitored on an ongoing basis by established credit policies and procedures in each of the Group's core businesses. In respect of rental receivables, sufficient rental deposits from tenants are held to cover potential exposure to credit risk. In respect of receivables from customer of sale of properties with extended settlement plans, the underlying properties are deemed as securities pledged to the Group. Further, evaluations are made for the customers with reference to their repayment history and financial strength, as well as the economic environment in which the customer operates.

The Group measures loss allowance for trade receivables from customers in accordance with accounting policy (J)(i). The allowance for expected credit losses is insignificant.

Cash at banks, deposits placed with financial institutions and investments and transactions involving derivative financial instruments are with counter-parties with sound credit ratings to minimise credit exposure.

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Except for the financial guarantees given by the Group as set out in note 25, the Group does not provide any other guarantee which would expose the Group to material credit risk.

f) Fair value of assets and liabilities

i) Assets and liabilities carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as defined in note 7(d).

Financial instruments carried at fair value

The fair value measurement information for financial instruments in accordance with HKFRS 13 is given below.

| | Fair value measurements as at 31 December categorised into | | | | | | | |
|--------------------------------------|--|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| | 2021 | | | | 2020 | | | |
| | Level 1 HK\$ Million | Level 2 HK\$ Million | Level 3 HK\$ Million | Total HK\$ Million | Level 1 HK\$ Million | Level 2 HK\$ Million | Level 3 HK\$ Million | Total HK\$ Million |
| Assets | | | | | | | | |
| Other long term investments: | | | | | | | | |
| – Listed investments | 48,332 | – | – | 48,332 | 67,800 | – | – | 67,800 |
| – Unlisted investments | – | 3 | 8,802 | 8,805 | – | 3 | 6,000 | 6,003 |
| Derivative financial instruments: | | | | | | | | |
| – Interest rate swaps | – | 167 | – | 167 | – | 364 | – | 364 |
| – Cross currency interest rate swaps | – | 184 | – | 184 | – | 92 | – | 92 |
| – Forward foreign exchange contracts | – | 63 | – | 63 | – | 50 | – | 50 |
| | 48,332 | 417 | 8,802 | 57,551 | 67,800 | 509 | 6,000 | 74,309 |
| Liabilities | | | | | | | | |
| Derivative financial instruments: | | | | | | | | |
| – Interest rate swaps | – | (202) | – | (202) | – | (192) | – | (192) |
| – Cross currency interest rate swaps | – | (179) | – | (179) | – | (355) | – | (355) |
| – Forward foreign exchange contracts | – | (117) | – | (117) | – | (72) | – | (72) |
| Bank loans and other borrowings: | | | | | | | | |
| – Bonds and notes | – | (8,370) | – | (8,370) | – | (7,451) | – | (7,451) |
| – Bank loans | – | (507) | – | (507) | – | (482) | – | (482) |
| | – | (9,375) | – | (9,375) | – | (8,552) | – | (8,552) |

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers into and out of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of IRS and CCS in Level 2 is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period taking into account current interest rates and current creditworthiness of the swap counter-parties.

The fair value of forward foreign exchange contracts in Level 2 is determined by using the forward exchange rates at the end of the reporting period and comparing them to the contractual rates.

The fair values of bank loans and other borrowings in Level 2 are determined based on cash flows discounted using the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

Valuation techniques and inputs used in Level 3 fair value measurements

The Group's unlisted investments was categorised in Level 3 comprise private equity funds. These private equity funds were managed by unrelated asset managers who applied various investment strategies to accomplish their respective investment objectives. The fair value of these funds is recorded based on valuations provided by the fund managers. These valuations are measured by the percentage of ownership of the private equity's net asset value, which is an unobservable inputs. The fund managers estimated the fair value of underlying investments based on direct market quote for Level 1 financial instruments. For other investments, the fund managers apply appropriate valuation techniques such as latest transaction price, discounted cash flows, or a forward price/earnings multiple arrived at by comparison with publicly-traded comparable companies and after applying a liquidity discount. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instruments or based on any available observable market data.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|--|----------------------|----------------------|
| Unlisted investments | | |
| At 1 January | 6,000 | 2,361 |
| Payment for purchases | 1,636 | 2,452 |
| Transfer to Level 1 | (60) | – |
| Net unrealised gains recognised in Consolidated Income Statement during the year | 1,226 | 1,187 |
| At 31 December | 8,802 | 6,000 |

Transfer out of level 3

The Group held certain unlisted investments in equity shares with fair value totalled HK\$60 million (2020: HK\$Nil) as at the date of transfer. The fair value of these investments was categorised at Level 3 at 31 December 2020 (for information on the valuation technique, see above). This was because the shares were not listed on any stock exchange markets and there were no recent observable arm's length transactions in the shares.

During the year ended 31 December 2021, those unlisted investments in equity shares have been listed on HK and overseas exchange markets respectively and they are currently actively traded. Because the equity shares now have published price quotations in active markets, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy at 31 December 2021.

Any gain or loss arising from the remeasurement of the Group's unlisted investments are recognised in the other net income (see note 3) in the consolidated income statement.

ii) Assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2021 and 2020.

g) Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in the light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-total equity ratios and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total loans less bank deposits and cash. Shareholders' equity comprises issued share capital and reserves attributable to equity shareholders of the Company. Total equity comprises shareholders' equity and non-controlling interests.

The net debt-to-total equity ratios as at 31 December 2021 and 2020 were as follows:

| | 2021 HK\$ Million | 2020 HK\$ Million |
|---|----------------------|----------------------|
| Total bank loans and other borrowings (note 19) | 87,938 | 83,403 |
| Less: Bank deposits and cash (note 16) | (25,234) | (17,561) |
| Net debt | 62,704 | 65,842 |
| Shareholders' equity | 211,980 | 201,015 |
| Total equity | 285,854 | 282,302 |
| Net debt-to-total equity ratio | 21.9% | 23.3% |

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23. SHARE CAPITAL AND RESERVES

a) Share capital

| | 2021 | 2021 | 2020 | 2020 |
|---|----------------------|--------------|---------------|--------------|
| | No. of shares | HK\$ Million | No. of shares | HK\$ Million |
| Issued and fully paid ordinary shares | | | | |
| At 1 January | 2,052,849,287 | 3,936 | 2,048,849,287 | 3,764 |
| Shares issued under the share option scheme | – | – | 4,000,000 | 172 |
| At 31 December | 2,052,849,287 | 3,936 | 2,052,849,287 | 3,936 |

In accordance with section 135 of the Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

- b) The Group's equity, apart from share capital and other statutory capital reserves, includes investments revaluation reserve for dealing with the movements on revaluation of other long term investments, other capital reserves for dealing with the grant date fair value of the granted unexercised share options in accordance with accounting policy note (X)(i) and exchange reserves mainly for dealing with the exchange differences arising from the translation of the financial statements of operations outside Hong Kong in accordance with the accounting policy note (Q).

The revenue reserves of the Group at 31 December 2021 included HK\$2,064 million (2020: HK\$3,569 million) in respect of statutory reserves of the subsidiaries in Mainland China.

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

The Company's equity and the details of the changes in the individual components of which between the beginning and the end of the year are set out below:

| | Share capital HK\$ Million | Other capital reserve HK\$ Million | Revenue reserves HK\$ Million | Total HK\$ Million |
|---|---|---|--|-------------------------------|
| Company | | | | |
| At 1 January 2020 | 3,764 | 57 | 5,799 | 9,620 |
| Shares issued under the share option scheme | 172 | (26) | – | 146 |
| Profit for the year | – | – | 64,127 | 64,127 |
| Equity settled share-based payments | – | 3 | – | 3 |
| Transfer to revenue reserves upon cancellation of share options | – | (34) | 34 | – |
| 2019 second interim dividend paid | – | – | (2,155) | (2,155) |
| 2020 special dividend paid | – | – | (8,211) | (8,211) |
| 2020 first interim dividend paid | – | – | (862) | (862) |
| Dividend by way of distribution in specie | – | – | (53,094) | (53,094) |
| At 31 December 2020 and 1 January 2021 | 3,936 | – | 5,638 | 9,574 |
| Profit for the year | – | – | 2,467 | 2,467 |
| At 31 December 2021 | 3,936 | – | 8,105 | 12,041 |

- c) Reserves of the Company available for distribution to equity shareholders of the Company at 31 December 2021 amounted to HK\$8,105 million (2020: HK\$5,638 million).

24. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

| | Note | 2021 HK\$ Million | 2020 HK\$ Million |
|---------------------------------|-------|----------------------|----------------------|
| Non-current asset | | | |
| Interest in subsidiaries | | 29,480 | 26,981 |
| Current asset | | | |
| Receivables and prepayments | | – | 20 |
| Total assets | | 29,480 | 27,001 |
| Current liabilities | | | |
| Trade and other payables | | (13) | (13) |
| Amount due to a subsidiary | | (16,706) | (16,694) |
| Amount due to a related company | | (720) | (720) |
| Total liabilities | | (17,439) | (17,427) |
| NET ASSETS | | 12,041 | 9,574 |
| Capital and reserves | | | |
| Share capital | | 3,936 | 3,936 |
| Reserves | | 8,105 | 5,638 |
| TOTAL EQUITY | 23(b) | 12,041 | 9,574 |

Stephen T H Ng
Director

Paul Y C Tsui
Director

25. CONTINGENT LIABILITIES

- a) As at 31 December 2021, there were contingent liabilities in respect of guarantees given by the Group on behalf of certain associates and joint ventures of HK\$15,549 million (2020: HK\$17,682 million), of which HK\$11,828 million (2020: HK\$10,472 million) had been drawn.
- b) As at 31 December 2021, there were guarantees of HK\$1,539 million (2020: HK\$3,020 million) provided by WHL group to the financial institutions in favour of their customers in respect of the mortgage loans provided by the financial institutions to those customers for the purchase of development properties of WHL group. There were also mortgage loan guarantees of HK\$4,625 million (2020: HK\$4,985 million) provided by associates and joint ventures of WHL group to the financial institutions in favour of their customers.
- c) The Group and the Company have not recognised any deferred income for the guarantees given in respect of borrowings and other banking facilities for subsidiaries, associates and joint ventures as their fair value cannot be reliably measured and their transaction price was HK\$Nil.

26. COMMITMENTS

The Group's outstanding commitments as at 31 December 2021 are detailed below:

| | 2021 | | | 2020 | | |
|---------------------------------------|---------------------------|-----------------------------|-----------------------|---------------------------|-----------------------------|-----------------------|
| | Committed HK\$ Million | Uncommitted HK\$ Million | Total HK\$ Million | Committed HK\$ Million | Uncommitted HK\$ Million | Total HK\$ Million |
| (I) Properties | | | | | | |
| Investment properties | | | | | | |
| Hong Kong | 606 | 6,417 | 7,023 | 856 | 193 | 1,049 |
| Mainland China | 146 | 222 | 368 | 235 | 177 | 412 |
| | 752 | 6,639 | 7,391 | 1,091 | 370 | 1,461 |
| Development properties | | | | | | |
| Hong Kong | 10,450 | 11,693 | 22,143 | 19,784 | 7,634 | 27,418 |
| Mainland China | 5,050 | 3,562 | 8,612 | 6,645 | 6,568 | 13,213 |
| | 15,500 | 15,255 | 30,755 | 26,429 | 14,202 | 40,631 |
| Properties total | | | | | | |
| Hong Kong | 11,056 | 18,110 | 29,166 | 20,640 | 7,827 | 28,467 |
| Mainland China | 5,196 | 3,784 | 8,980 | 6,880 | 6,745 | 13,625 |
| | 16,252 | 21,894 | 38,146 | 27,520 | 14,572 | 42,092 |
| (II) Non-properties and others | | | | | | |
| Hotels | 1 | – | 1 | 86 | 124 | 210 |
| Modern Terminals | 64 | 25 | 89 | 74 | 42 | 116 |
| Others | 2,101 | 12 | 2,113 | 1,510 | – | 1,510 |
| | 2,166 | 37 | 2,203 | 1,670 | 166 | 1,836 |
| Total | 18,418 | 21,931 | 40,349 | 29,190 | 14,738 | 43,928 |

The planned expenditure for development properties includes attributable amounts for developments undertaken by associates and joint ventures of HK\$6.3 billion (2020: HK\$4.8 billion) in Hong Kong and HK\$2.6 billion (2020: HK\$4.8 billion) in Mainland China, respectively.

27. MATERIAL RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Material transactions between the Group and other related parties during the year ended 31 December 2021 are as follows:

- a) In respect of the year ended 31 December 2021, the Group earned rental income totalling HK\$134 million (2020: HK\$459 million) from various tenants which are wholly or partly owned by companies which in turn are wholly-owned by the family interests of close family members of, or by a trust the settlor of which is a close family member of, the chairman of the Company. These transactions are considered to be related party transactions.
- b) Remuneration for key management personnel of the Group, including amounts paid to the Directors of the Company are disclosed in notes 2(b).

In addition to the above transactions, details of the Group's amounts due from and to associates and joint ventures are disclosed in notes 9 and 10. The Group's amounts due from and to related companies are unsecured, interest-free and have no fixed terms of repayment.

28. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs which are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, *Interest Rate Benchmark Reform – Phase 2*
HKFRS 4 and HKFRS 16

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform").

At 31 December 2021, the Group had swap contracts whose notional amount totalled HK\$6,767 million that are indexed to benchmark interest rates which are subject to the IBOR reform. The Group is in the progress of liaising with the relevant banks and financial institutions on the transition to alternative benchmark and considered that the mismatch risk is minimal. The Group has assessed the impact of the adoption of the above amendments and considered that there was no significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies.

The Group has not adopted any new standard or interpretation that is not yet effective for the current accounting period.

The "Principal accounting policies" set out on pages 103 to 125 summarise the accounting policies of the Group after the adoption of these policies to the extent that they are relevant to the Group.

29. FUTURE CHANGES IN ACCOUNTING POLICIES

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a new standard and a number of amendments which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

| | Effective for accounting periods beginning on or after |
|--|---|
| Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i> | 1 January 2022 |
| Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before intended use</i> | 1 January 2022 |
| Amendments to HKAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i> | 1 January 2022 |
| Annual Improvements to HKFRSs 2018-2020 Cycle | 1 January 2022 |
| Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2023 |
| Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to HKAS 8, <i>Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to HKAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i> | 1 January 2023 |

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 15 March 2022.

ISSUER

Registered Office of Wheelock MTN (BVI) Limited
Vistra Corporate Services Centre,
Wickhams Cay II,
Road Town, Tortola,
VG1110, British Virgin Islands

GUARANTOR

Registered Office of Wheelock and Company Limited
(會德豐有限公司)
16th Floor, Ocean Centre, Harbour City
Canton Road, Kowloon
Hong Kong

FISCAL AGENT AND PAYING AGENT

Deutsche Bank Aktiengesellschaft, Hong Kong Branch
Level 60, International Commerce Centre
1 Austin Road West Kowloon,
Hong Kong

REGISTRAR AND TRANSFER AGENT

Deutsche Bank Aktiengesellschaft, Hong Kong Branch
Level 60, International Commerce Centre
1 Austin Road West Kowloon,
Hong Kong

CMU LODGING AGENT

Deutsche Bank Aktiengesellschaft, Hong Kong Branch
Level 60, International Commerce Centre
1 Austin Road West Kowloon,
Hong Kong

ARRANGER AND DEALER

The Hongkong and Shanghai Banking Corporation Limited
Level 17
HSBC Main Building
1 Queen's Road Central
Hong Kong

AUDITORS

To Wheelock

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

LEGAL ADVISERS

To the Issuer and the Guarantor
in respect of English and Hong Kong law

Deacons
5th Floor
Alexandra House
18 Chater Road
Hong Kong

To the Dealers
in respect of English law

Linklaters
11th Floor, Alexandra House
Chater Road
Central
Hong Kong

To the Issuer
in respect of British Virgin Islands law

Ogier
11th Floor, Central Tower
28 Queen's Road Central
Central
Hong Kong