IMPORTANT NOTICE

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

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Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us (1) that you are not a U.S. person nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the securities described in this Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act and (2) that you consent to delivery of such Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in this Offering Circular.

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

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuers, the Guarantor, DBS Bank Ltd. (the "**Arranger**"), Oversea-Chinese Banking Corporation Limited ("**OCBC**") or United Overseas Bank Limited (together with the Arranger and OCBC, the "**Dealers**")) nor any person who controls any of them, or any director, officer, employee, adviser or agent of any of them or any 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.

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

OFFERING CIRCULAR

SHANGRI-LA HOTEL LIMITED

(Incorporated in the Republic of Singapore with limited liability)
(UEN/Company Registration Number: 196200040E)

and

HOWES CAPITAL LIMITED

(Incorporated in the British Virgin Islands with limited liability)

U.S.$4,000,000,000
EURO MEDIUM TERM NOTE PROGRAMME

Unconditionally and irrevocably guaranteed by

SHANGRI-LA ASIA LIMITED

(Incorporated in Bermuda with limited liability)

On 22 October 2018, Shangri-La Hotel Limited and Howes Capital Limited (in such capacity, each an "**Issuer**") established its U.S.$4,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). Such Programme is amended as at the date of this Offering Circular and this Offering Circular supersedes all previous offering circulars and any supplement thereto in relation to the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. The provisions described herein do not affect any Notes issued under the Programme prior to the date of this Offering Circular.

The payment of all amounts payable by the relevant Issuer in respect of the Notes will be unconditionally and irrevocably guaranteed by Shangri-La Asia Limited (the "**Company**" or the "**Guarantor**"). Under the Programme, the relevant Issuer may from time to time issue notes (the "**Notes**") subject to compliance with all relevant laws, regulations and directives. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$4,000,000,000 (or the equivalent in other currencies), subject to increase as described herein.

The Notes may be issued by each Issuer on a continuing basis to one or more of the dealers appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"), whose appointment may be for a specific issue or on an on-going basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the Official List of the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Unlisted series of Notes may also be issued pursuant to the Programme. The relevant Pricing Supplement (each, a "**Pricing Supplement**") in respect of any series of Notes will specify whether or not such Notes will be listed on the SGX-ST (or any other stock exchange). There is no assurance that the application to the Official List of the SGX-ST for the listing of the Notes will be approved. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Programme, the Notes, the Guarantee, the Issuers, the Guarantor and/or its subsidiaries. Investors are advised to read and understand the contents of this document before investing. If in doubt, investors should consult their advisers.

Each Series (as defined below) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**Temporary Bearer Global Note**") or a permanent global note in bearer form (each a "**Permanent Bearer Global Note**"). Notes in registered form will initially be represented by a global note in registered form (each a "**Registered Global Note**" and together with any Temporary Bearer Global Notes and Permanent Bearer Global Notes, the "**Global Notes**"), one Registered Global Note being issued in respect of each Noteholder's entire holding of Notes in registered form of one Series. Global Notes may be deposited on the relevant issue date with (i) a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), (ii) a sub-custodian for the Hong Kong Monetary Authority ("**HKMA**"), as operator of the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the "**CMU Service**") or (iii) The Central Depository (Pte) Limited ("**CDP**"). Beneficial interests in Global Notes held in book-entry form through Euroclear, Clearstream, Luxembourg and/or the CMU Service and/or CDP will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg or the CMU Service or CDP, as the case may be. 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*".

Unless otherwise stated in a relevant Pricing Supplement, each Tranche (as defined in the terms and conditions of the Notes (the "**Terms and Conditions of the Notes**" and each term therein, a "**Condition**") of Notes to be issued under the Programme will be unrated.

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

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) unless an exemption from the registration requirement of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Registered Global Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*".

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

Arranger

DBS Bank Ltd.

Dealers

DBS Bank Ltd. **OCBC Bank** **United Overseas Bank Limited**

The date of this Offering Circular is 11 October 2019

NOTICE TO INVESTORS

Each of the Issuers and the Guarantor accept responsibility for the information contained in this Offering Circular. Each of the Issuers and the Guarantor, having made all reasonable enquiries, confirms that, to the best of its knowledge and belief, (i) this Offering Circular contains all information with respect to the Issuers, the Guarantor and the Guarantor's Subsidiaries (as defined in the Terms and Conditions of the Notes) taken as a whole (the "**Group**") and associates (as defined under Hong Kong Accounting Standard 28 of the Hong Kong Financial Reporting Standards ("**HKFRS**"), the Notes and the Guarantee which is material in the context of the issue and offering of the Notes, (ii) the statements contained herein relating to the Issuers, the Guarantor, the Group, the Group's associates, the Notes and the Guarantee are in all material respects true and accurate and not misleading in any material respect, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuers, the Guarantor, the Group and the Group's associates are honestly held, have been reached after due and careful consideration and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuers, the Guarantor, the Group, the Group's associates, the Notes or the Guarantee the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and (v) all reasonable enquiries have been made by the Issuers and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements. In addition, the Issuers and the Guarantor accept responsibility for the information contained in this Offering Circular.

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

No person is or has been authorised by the Issuers, the Guarantor, the Arranger, the Dealers, any of the Agents (as defined in the Agency Agreement referred to herein) or the Trustee (as defined in the Terms and Conditions of the Notes) to give any information or to make any representation other than as contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, the Arranger, the Dealers, any of the Agents or the Trustee. Neither the delivery of this Offering Circular or any Pricing Supplement (as defined herein) nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers, the Guarantor 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 (or any event reasonably likely to involve an adverse change) in the condition (financial or otherwise) of the Issuers, the Guarantor or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and 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, any Pricing Supplement or any Notes may come must inform themselves about and observe any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. State securities law and the Notes include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular or any Pricing Supplement, see "*Subscription and Sale*".

Neither this Offering Circular nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuers, the Guarantor, the Arranger, the Dealers, any of the Agents or the Trustee to subscribe for, or purchase, any Notes. Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Offering Circular is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other materials in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

The Arranger, the Dealers, the Trustee and the Agents have not separately verified the information contained in this Offering Circular. None of the Arranger, the Dealers, the Trustee, the Agents or any person who controls any of them, or any of their respective directors, representatives, officers, employees, advisers or agents, or any affiliate of any such person is making any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, none of the Arranger, the Dealers, the Trustee, the Agents or any person who controls any of them, or any of their respective directors, representatives, officers, employees, advisers or agents, or any affiliate of any such person accepts any responsibility for the contents of this Offering Circular. Each of the Arranger, the Dealers, the Trustee, the Agents or any person who controls any of them, or any of their respective directors, representatives, officers, employees, advisers or agents, or any affiliate of any such person accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any financial statements including the notes thereto included or incorporated herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Arranger, the Dealers, the Trustee, the Agents or any person who controls any of them, or any of their respective directors, representatives, officers, employees, advisers or agents, or any affiliate of any such person that any recipient of this Offering Circular or any such financial statements including the notes thereto should purchase the Notes.

Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuers and/or the Guarantor and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arranger, the Dealers, the Trustee, the Agents or any person who controls any of them, or any of their respective directors, representatives, officers, employees, advisers or agents, or any affiliate of any such person undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger, the Dealers, the Trustee, the Agents or any person who controls any of them, or any of their respective directors, representatives, officers, employees, advisers or agents, or any affiliate of any such person.

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Notes by the relevant Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Offering Circular shall (without any liability or responsibility) on the part of the Issuers, the Guarantor, the Arranger or the Dealers lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the relevant Issuer pursuant to the Programme Agreement.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the relevant Pricing Supplement are provided as general information only.

Investors should consult their own financial, tax, accounting 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.Notes issued under the Programme may be denominated in Renminbi. Renminbi is currently not freely convertible and conversion of Renminbi is subject to certain restrictions. Investors should be reminded of the conversion risk with Renminbi products. In addition, there is a liquidity risk associated with Renminbi products, particularly if such investments do not have an active secondary market and their prices have large bid/offer spreads.

MIFID II PRODUCT GOVERNANCE AND PRIIPS REGULATION

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to 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 Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Important – EEA Retail Investors – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**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 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

The Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**").

The relevant Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) and section 309(1)(c) of the SFA.

STABILISATION

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

CERTAIN DEFINED TERMS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "U.S.$" and to "U.S. dollars" are to United States dollars; all references to "HK$" and "Hong Kong dollars" are to Hong Kong dollars; all references to "pounds sterling" and "£" are to the currency of the United Kingdom; all references to "euro" and "C" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended; all references to "S$" and "SGD" are to Singapore dollars; all references to "yen" are to Japanese yen; all references to "Renminbi", "RMB" and "CNY" are to the currency of the PRC; all references to A$ are to the Australian dollar; all references to "United States" or "U.S." are to the United States of America; references to "China", "Mainland China" and the "PRC" in this Offering Circular mean the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan; references to "PRC Government" mean the government of the PRC; references to "Hong Kong" are to the Hong Kong Special Administrative Region of the People's Republic of China; references to "Macau" are to the Macao Special Administrative Region of the People's Republic of China; references to "Australia" are to the Commonwealth of Australia; references to the "Philippines" are to the Republic of the Philippines; references to "Fiji" are to the Republic of Fiji; and all references to "United Kingdom" are to the United Kingdom of Great Britain and Northern Ireland.

ROUNDING OF AMOUNTS

Certain monetary amounts and percentages in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Circular may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuers, the Guarantor, the Group or the Group's associates to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuers', the Guarantor's, the Group's and the Group's associates' present and future business strategies and the environment in which, the Issuers, the Guarantor or the Group or the Group's associates will operate in the future. Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*", "*Description of Howes Capital Limited*", "*Description of Shangri-La Hotel Limited*" and "*The Group*". These forward-looking statements speak only as at the date of this Offering Circular. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance and should only be viewed as historical data. Each of the Issuers and the Guarantor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Issuers' or the Guarantor's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

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DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with (i) each relevant Pricing Supplement, (ii) the audited consolidated financial statements of the Group as at and for the year ended 31 December 2018, (iii) the unaudited and reviewed condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2019, (iv) the most recently published audited consolidated annual financial statements, and any consolidated interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements, of the Group from time to time (if any) subsequent to the date of this Offering Circular, in each case, with the notes thereto, and in the case of the published audited consolidated annual financial statements, with the auditor's report thereon, (v) and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. See "*General Information*" for a description of the financial statements currently published by the Guarantor. A copy of any or all of the documents deemed to be incorporated herein by reference (unless such documents have been modified or superseded as specified above) will be available free of charge at all reasonable times during normal business hours from the specified office in London of the Principal Paying Agent (as defined under "*Summary of the Programme*") set out at the end of this Offering Circular. Pricing Supplements relating to unlisted Notes will only be available for inspection by a holder of such Notes and such holder must produce evidence satisfactory to the relevant Issuer, the Trustee and the relevant Agent as to its holding of Notes and identity.

For the purposes of this Offering Circular, "published" audited consolidated annual financial statements and/or, as the case may be, unaudited and reviewed condensed consolidated financial statements of the Group shall include (but not limited to) the annual consolidated financial statements and/or, as the case may be, unaudited and reviewed condensed consolidated financial statements of the Group that are posted on the website of the Group (*www.ir.shangri-la.com*), the Singapore Exchange Securities Trading Limited (*www.sgx.com*) and/or the Hong Kong Stock Exchange (*www.hkexnews.hk*).

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading in a material respect, a new Offering Circular or supplemental offering circular will be prepared. References to this "Offering Circular" shall be taken to mean this document and all the documents from time to time incorporated by reference herein and forming part hereof.

SUMMARY OF THE PROGRAMME

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

Issuers	Shangri-La Hotel Limited Howes Capital Limited
Guarantor	Shangri-La Asia Limited
Description	Medium Term Note Programme.
Programme Size	Up to U.S.$4,000,000,000 (or the equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Arranger	DBS Bank Ltd.
Dealers	DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited The Issuers and the Guarantor may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme in accordance with the terms of the Dealer Agreement. References in this Offering Circular to "Dealers" are to all persons appointed as a dealer in respect of one or more Tranches or the Programme.
Trustee	The Bank of New York Mellon, London Branch
Principal Paying Agent and Calculation Agent in respect of Notes cleared through Euroclear and/or Clearstream, Luxembourg	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent in respect of Notes cleared through Euroclear and/or Clearstream, Luxembourg	The Bank of New York Mellon SA/NV, Luxembourg Branch
CMU Lodging and Paying Agent, Registrar, Transfer Agent and Calculation Agent in respect of Notes cleared through CMU Service	The Bank of New York Mellon, Hong Kong Branch

CDP Paying Agent, Registrar, Transfer Agent and Calculation Agent in respect of Notes cleared CDP	The Bank of New York Mellon, Singapore Branch
Method of Issue	The Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and/or the issue price), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a "**Pricing Supplement**").
Issue Price	Notes may be issued on a fully-paid or a partly paid basis and at an issue price which is at par or at a discount to, or a premium over, par.
Form of Notes	The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Registered Notes will not be exchangeable for Bearer Notes and vice versa. Each Tranche of Bearer Notes will be represented on issue by a Temporary Bearer Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "**Selling Restrictions**" below), otherwise such Tranche will be represented by a Permanent Bearer Global Note. Registered Notes will be represented by Registered Global Notes. Registered Global Notes representing Registered Notes will be registered in the name of a nominee for one or more clearing systems.
Clearing Systems	The CMU Service, CDP, Euroclear, Clearstream, Luxembourg and, in relation to any Tranche, such other clearing system as specified in the applicable Pricing Supplement.

Initial Delivery of Notes	On or before the issue date for each Tranche of Notes, the Global Note may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or deposited with a sub-custodian for the CMU or deposited with CDP. The Global Note may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Guarantor, the Trustee, the Principal Paying Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee or a sub-custodian for, such clearing systems.
Currencies	Any currency agreed between the relevant Issuer and the relevant Dealer provided that each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
Maturities	The Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.
Denomination of Notes.	The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer, as may be specified in the relevant Pricing Supplement, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Currencies – Notes having a maturity of less than one year*" above.
Fixed Rate Notes	Fixed interest will be payable on such dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.

Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: • 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. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or • by reference to SOR, SIBOR, HIBOR, CHN HIBOR, LIBOR or EURIBOR (or such other reference rate as may be specified in the relevant Pricing Supplement); or • on such other basis as may be agreed between the relevant Issuer and the relevant Dealer, The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes. Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes will be offered and sold at a discount to their nominal amount 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 the relevant Issuer and the relevant Dealer may agree.
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the price of securities or commodities or to such other factors as the relevant Issuer and the relevant Dealer may agree.
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.
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes	Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.

Redemption	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Issuer and the Guarantor, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer. The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement. Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Currencies – Notes having a maturity of less than one year*" above.
Status of Notes	The Notes and any relative Receipts and Coupons constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the relevant Issuer which (subject as aforesaid) rank and will at all times rank *pari passu* among themselves and with all other present and future unsubordinated and unsecured obligations of the relevant Issuer, save for such obligations as may be preferred by mandatory provisions of law.
Guarantee	The Guarantor has, pursuant to the trust deed dated 22 October 2018 entered into by the Issuers, the Guarantor and the Trustee (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**"), unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuers in respect of the Notes (the "**Guarantee**"). The Guarantee constitutes direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor which (subject as aforesaid) rank and will at all times rank *pani passu* with all other present and future unsubordinated and unsecured obligations of the Guarantor, save for such obligations as may be preferred by mandatory provisions of law.
Use of Proceeds	The net proceeds from each issue of Notes will be used for the purposes as specified in the applicable Pricing Supplement.
Negative Pledge	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
Events of Default	For more details on the Events of Default in relation to the Notes, see Condition 10.

Taxation	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8. In the event that any such deduction is made, the Issuers or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.
Governing Law	The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed will be governed by, and shall be construed in accordance with, English law.
Listing and Admission to Trading	Application has been made to the SGX-ST for the listing and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. There is no assurance that the application to the Official List of the SGX-ST will be approved. For as long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in other currencies). The Issuer may issue Notes pursuant to the Programme which are neither listed nor admitted to trading on any stock exchange or market. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or market(s).
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, the United Kingdom, Hong Kong, the PRC, Japan, Singapore, Bermuda and the British Virgin Islands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*". Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act. In connection with the offering and sale of a particular Series of the Notes, additional restrictions may be imposed which will be set out in the relevant Pricing Supplement.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

The summary consolidated financial information of the Guarantor as of, and for, the years ended 31 December 2017 and 2018 set forth below is derived from the Guarantor's audited consolidated financial statements as of, and for, the year ended 31 December 2018. The summary consolidated financial information of the Guarantor as of, and for, the six months ended 30 June 2018 and 2019 set forth below is derived from the Guarantor's unaudited condensed consolidated interim financial statements as of, and for, the six months ended 30 June 2019. Such financial information should be read in conjunction with the audited consolidated financial statements and the notes thereto in respect of the year ended 31 December 2018 and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019.

The audited consolidated financial statements of the Guarantor as of, and for, the year ended 31 December 2018 were audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the auditor of the Guarantor, and have been prepared and presented in accordance with HKFRS. The Guarantor's unaudited condensed consolidated interim financial statements as of, and for, the six months ended 30 June 2019 have been reviewed by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the auditor of the Guarantor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and have been prepared and presented in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Consequently, such unaudited condensed consolidated interim financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Arranger, the Dealers or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited condensed consolidated interim financial information for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Guarantor's financial condition, results of operations and results. Such unaudited condensed consolidated interim financial information should not be taken as an indication of the expected financial condition, results of operations and results of the Guarantor for the full financial year ending 31 December 2019.

The audited consolidated financial statements of the Guarantor as of, and for, the year ended 31 December 2018 were prepared in conjunction with the adoption of HKFRS 9 and HKFRS 15 which took effect from 1 January 2018. Please refer to Note 2.1 of the audited consolidated financial statements of the Guarantor as of, and for, the year ended 31 December 2018 for a discussion on the impact of the adoption of HKFRS 9 and HKFRS 15. As the Guarantor has applied the transitional provisions set out in HKFRS 9 and the modified retrospective approach set out in HKFRS 15, each with the date of initial application on 1 January 2018 and without restating the corresponding figures of the prior period before 1 January 2018, the Guarantor's consolidated financial information as at and for the year ended 31 December 2017 may not be directly comparable against the Guarantor's consolidated financial information after 1 January 2018, including the consolidated financial information of the Guarantor as of, and for, the year ended 31 December 2018 and for the six months ended 30 June 2018 and 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2018, including the audited consolidated financial statements of the Guarantor as of, and for, the year ended 31 December 2018 and the unaudited condensed consolidated interim financial statements of the Guarantor as of, and for, the six months ended 30 June 2019 against the Guarantor's consolidated financial information prior to 1 January 2018 and when evaluating the Group's financial condition, results of operations and results.

The Guarantor's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 were prepared in conjunction with the adoption of HKFRS 16 which took effect from 1 January 2019. Please refer to Note 2 of the Guarantor's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 for a discussion on the impact of the adoption of HKFRS 16. As the Guarantor has adopted HKFRS 16 using the modified retrospective approach with the date of initial application on 1 January 2019 and without restating the corresponding figures of the prior period before 1 January 2019, the Guarantor's consolidated financial information as at and for the years ended 31 December 2017 and 2018 and for the six months ended 30 June 2018 may not be directly comparable against the Guarantor's consolidated financial information after 1 January 2019, included in the Guarantor's consolidated financial information for the six months ended 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2019, including the Guarantor's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 against the Guarantor's consolidated financial information prior to 1 January 2019 and when evaluating the Group's financial condition, results of operations and results.

SELECTED FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss

	(Audited)		(Unaudited)	
	For the year ended 31 December		For the six months ended 30 June	
	2017	2018	2018	2019
	U.S.$'000			
Revenue	2,189,823	2,517,857	1,175,543	1,194,994
Cost of sales	(955,118)	(1,113,268)	(514,311)	(534,378)
Gross profit	1,234,705	1,404,589	661,232	660,616
Other gains/(losses) – net	(16,164)	(126,427)	3,899	53,494
Marketing costs	(89,341)	(99,039)	(47,941)	(52,845)
Administrative expenses	(220,548)	(254,811)	(119,734)	(143,567)
Other operating expenses	(730,751)	(743,804)	(374,823)	(341,134)
Operating profit	177,901	180,508	122,633	176,564
Finance costs – net	(131,419)	(195,505)	(83,319)	(111,393)
Share of profit of associates	203,684	305,393	173,058	123,892
Profit before income tax	250,166	290,396	212,372	189,063
Income tax expense	(106,120)	(106,658)	(59,753)	(64,140)
Profit for the year/period	**144,046**	**183,738**	**152,619**	**124,923**
Profit/(Loss) attributable to:				
Owners of the Guarantor	157,997	192,905	152,858	115,061
Non-controlling interests	(13,951)	(9,167)	(239)	9,862
	144,046	**183,738**	**152,619**	**124,923**
Earnings per share for profit attributable to owners of the Guarantor during the year/period				
(*expressed in U.S. cents per share*)				
– basic	4.43	5.40	4.276	3.221
– diluted	4.42	5.40	4.274	3.221
Dividends	**78,383**	**101,393**	**36,903**	**36,877**

Consolidated Statement of Financial Position

	(Audited)		(Unaudited)
	As at 31 December		As at 30 June
	2017	2018	2019
		U.S.$'000	
ASSETS			
Non-current assets			
Property, plant and equipment	6,281,592	5,537,840	5,195,157
Investment properties	1,448,853	1,478,672	1,585,933
Leasehold land and land use rights	498,417	484,441	–
Right-of-use assets	–	–	1,331,518
Intangible assets	89,947	100,058	104,013
Interest in associates	3,870,057	3,911,801	3,956,668
Deferred income tax assets	8,138	7,507	24,995
Financial assets at fair value through other comprehensive income	–	4,164	4,278
Financial assets at fair value through profit or loss	–	10,391	9,961
Available-for-sale financial assets	13,343	–	–
Derivative financial instruments	5,067	8,102	–
Other receivables	14,254	14,720	15,041
	12,229,668	11,557,696	12,227,564
Current assets			
Inventories	38,028	36,528	34,835
Properties for sale	46,208	153,097	132,934
Accounts receivable, prepayments and deposits	323,648	270,888	294,906
Amounts due from associates	90,450	70,742	124,500
Derivative financial instruments	1,738	3,472	–
Amounts due from non-controlling shareholders	37	–	–
Financial assets at fair value through profit or loss	–	18,836	23,025
Financial assets held for trading	23,534	–	–
Short-term deposits with original maturities over 3 months	124,584	88,979	95,716
Cash and cash equivalents	797,278	970,410	831,472
	1,445,505	1,612,952	1,537,388
Total assets	**13,675,173**	**13,170,648**	**13,764,952**
EQUITY			
Capital and reserves attributable to owners of the Guarantor			
Share capital and premium	3,198,420	3,201,995	3,201,995
Shares held for share award scheme	–	(4,996)	(3,856)
Other reserves	1,117,763	693,368	674,096
Retained earnings	2,286,373	2,398,584	2,340,517
	6,602,556	6,288,951	6,212,752
Non-controlling interests	439,440	387,937	313,191
Total equity	7,041,996	6,676,888	6,525,943
LIABILITIES			
Non-current liabilities			
Bank loans	4,949,844	4,066,686	3,890,687
Fixed rate bonds	–	636,933	863,157
Derivative financial instruments	–	6,261	16,228
Amounts due to non-controlling shareholders	–	–	35,770
Long term lease liabilities	–	–	585,885
Deferred income tax liabilities	329,257	331,076	351,029
	5,279,101	5,040,956	5,742,756
Current liabilities			
Accounts payable and accruals	876,384	677,642	615,480
Deposits received on sales of properties	199,313	–	–
Contract liabilities	–	286,890	253,379
Short term lease liabilities	–	–	52,003
Amounts due to non-controlling shareholders	27,942	35,050	57,455
Current income tax liabilities	15,118	20,425	23,077
Bank loans	234,831	431,220	489,557
Derivative financial instruments	488	1,577	5,302
	1,354,076	1,452,804	1,496,253
Total liabilities	6,633,177	6,493,760	7,239,009
Total equity and liabilities	**13,675,173**	**13,170,648**	**13,764,952**

RISK FACTORS

Each of the Issuers and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuers nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. In addition, certain factors which may be material for the purposes of assessing the market risks associated with Notes issued under the Programme are also described below. Any of the risk factors described below, as well as additional risks factors, including those which are not currently known to the Issuers or the Guarantor or which the Issuers or the Guarantor currently deems to be immaterial, may affect the Guarantor's business, financial condition or results of operations or its ability to fulfil its obligations under the Notes.

Each of the Issuers and the Guarantor believes that the factors described below represent the principal risk inherent in investing in Notes issued under the Programme, but the inability of any of either the Issuers or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers and the Guarantor based on information currently available to them or which it may not currently be able to anticipate. The Issuers and the Guarantor do not represent that the statement below regarding the risks of holding any Notes are exhaustive. Prospective investors should consider carefully the risk factors set forth below, as well as the detailed information set out elsewhere in this Offering Circular (including any document incorporated by reference herein) and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

The Group's medium and long-term operation is exposed to strategic risks

The Group's medium and long-term operations may be unfavourably affected by risks relating to strategy such as investment risks (including the selection of appropriate sites for development, the implementation of development plans and the acquisition of existing properties), financing risks (including the ability to put in place appropriate funding arrangements (such as for refinancing purposes) and effective currency risk management) and financial market risks (such as exposure to currency valuation fluctuations that may impact foreign currency hedging transactions and benchmark rate fluctuations that may impact interest rate hedging transactions). The Group's ability to manage these risks and the associated management costs may adversely affect the Group's operation results and financial position.

The Group is exposed to different financial risks which may adversely affect operation results

The Group's reported financial results and financial position may be affected by changes in accounting standards. The consolidated financial statements of the Group have been prepared in accordance with HKFRS issued by the Hong Kong Institute of Certified Public Accountants. In recent years, there have been numerous amendments and/or introduction of new HKFRS, for example HKFRS 9, 15 and 16, which have required the Group to change its accounting policies. There is no guarantee that there will not be further amendments to HKFRS or new HKFRS introduced in the future which may require the Group to change its existing accounting policies and such changes could have a material adverse effect on the Group's reported financial results and financial conditions.

The Group's profitability and net asset value may also be affected by revaluation of its investment properties as required by HKFRS. Investment properties of the Guarantor's subsidiaries and associates are stated at fair value in the Group's financial statements and are reviewed semi-annually by independent professional valuers (including properties which are still in construction but which will be designated as investment properties and for which fair value becomes more accurately determined at financial year end). All changes in the fair value of investment properties (including those under construction) are reported in the Group's consolidated statement of profit or loss. An economic downturn in the global economy, in particular one affecting Mainland China where most of the Group's investment properties are located, may materially and adversely affect the valuation of the Group's investment properties which would reduce the Group's profits and net asset value, increase the Group's leverage and may limit its ability to obtain additional financing. There can be no assurance that the fair value of the Group's investment properties will not decrease in the future.

The Group's profitability and net asset value may be affected by impairment provisions as required by HKFRS. The Group assesses the carrying value of Group-owned operating hotels when there is any indication that the asset may be impaired. Indicative criteria include continuing adverse changes in the local market conditions in which the hotel operates or will operate, or if a hotel continues to operate at a loss position and its financial performance is worse than expected. Historically, professional valuations have been carried out by independent firms of professional valuers for those properties for which the internal assessment results require independent confirmation. New impairment provisions or reversals of provision made in prior years may be required in the future. Any new impairment provisions could have a material adverse effect on the Group's reported financial results and financial conditions.

The Group is subject to changes in tax laws and tax rates in the markets in which it operates. Most of the Group's hotels and investment properties are profit making and subject to profit and/or income tax and other applicable taxes. Tax laws and/or tax rates may be changed from time to time. Any change in tax laws and/or tax rates may increase the Group's tax expenses and liabilities and could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's operational processes are exposed to different operational risks

The Group's results are affected by occupancy and room rates achieved by its hotels, its ability to manage costs (including increases in labour costs), the relative mix of owned, leased and managed properties, the success of its food and beverage operations and the change in the number of available hotel rooms through acquisition, development and disposition. The Group's ability to manage costs could be adversely impacted by increases in energy, natural resources, healthcare, insurance and other operating expenses, resulting in lower operating margins. The Group's properties use significant amounts of electricity and other forms of energy, substantial increases in the cost of energy in the markets in which the Group operates could also negatively impact the Group's operating results.

The effectiveness of the Group's central procurement system could affect the food costs and quality. In addition, food poisoning cases could adversely affect the Group's food and beverage sales and result in temporary suspension of restaurants and food and beverage outlets' operations. These could affect the success of its food and beverage operations and the Group's financial results.

Given the nature of the Group's businesses, all of the Group's properties are subject to the risk of loss of revenues and assets due to fire or natural disasters. The occurrence of such incidents or disasters could interrupt the business of such hotels for significant periods and could lead to significant casualties which would expose the Group to compensation claims. Although the Group has insurance coverage in place, the insurance coverage may not be adequate to cover all types of risks or the entire quantum of loss. In addition, inadequate preparedness, contingency planning or recovery capability in relation to a major incident or crisis may prevent operational continuity and consequently impact the value of the brand or the reputation of the Group.

The Group is dependent on its information technology systems and electronic booking/reservation systems which could expose the Group to technical system flaws or failure and employee tampering or manipulation of those systems that could result in losses which may be difficult to detect. The Group is also subject to disruptions to these systems, arising from events that are wholly or partially beyond the Group's control (including, for example, computer viruses, cyber security breaches or electrical or telecommunication outages), which may lead to a deterioration in customer service could adversely affect occupancy levels.

With the tightening of personal data privacy laws in many countries and the increasing awareness of the importance of personal data privacy, the Group may face significant compensation claims and/or government or regulatory fines for any failure to secure the guest data or non-compliance of related government laws.

Relations with employees could deteriorate due to disputes related to, among other things, wage or benefit levels. The Group's operations rely heavily on employees and on the employees' ability to provide high-quality personal service to guests. A shortage of skilled labour or industrial action by employees, trade or other unions could adversely affect the Group's ability to provide these services and could lead to reduced occupancy or potential damage to the reputation of the Group. In addition, the Group relies heavily on certain key employees and should they cease to be employed by the Group, this could adversely affect the Group's operations.

Any of the possible scenarios described above could also be the target of social media reporting which could materially damage the Group's brand names and/or the reputation of the Group and have an adverse impact on the Group's business, financial condition and/or results of operations.

The Group is subject to numerous laws and regulations in the markets in which it operates

The Group is subject to numerous laws and regulations in all of the jurisdictions in which it operates, including those relating to hotel and property operations, food and beverages and laws and regulations governing relationships with employees. Furthermore, the success of the Group's strategy to expand its existing properties, acquire new properties or to open newly-constructed properties is contingent upon, among other things, receipt of all required licences, permits and authorisations, including local land use permits, building and zoning permits, environmental, health and safety permits and liquor and/or alcohol licences. Changes or concessions required by regulatory authorities could also involve significant costs (including increased compliance costs) and delay or prevent completion of the construction or opening of a project or could result in the loss of an existing licence.

The Group is subject to risks of cyber security breaches

Although the Group believes that it has put in place adequate security controls in place to monitor this risk and frequently updates its information technology systems and equipment to ensure proper control mechanisms are in place, the Group's information system is subject to attacks by hackers. The occurrence of any such cyber security breach could cause material damage to the Group's brand names, business interruption losses and the Group may face significant compensation claims and/or government fines as a result.

The Group is exposed to the risk of events that adversely impact domestic or international travel

Hotel operation is the Group's main source of revenue and operating profits. The hotel business is cyclical and sensitive to changes in the global economy in general. Since demand for hotel services is affected by economic growth, a global or regional recession could lead to a downturn in the hotel industry. There can be no guarantee that economic recession or a situation of prolonged difficulties in the hotel industry, tourism industry, or in international, national and local economies, will not have an adverse effect on the Group.

The Group's results have been and will continue to be significantly affected by factors outside of the Group's control. These include political unrest and natural disasters and other events which may affect the level of global travel and business activity, such as the political crisis in the Maldives, super typhoons Mangkhut, Jebi and Kong-rey in September 2018 which affected the Philippines, South China, Hong Kong and Japan, the Indonesian earthquake and tsunami in September 2018, the trade disputes between the United States and the PRC and the protests and demonstrations in Hong Kong.

The hotel sector may be unfavourably affected by other factors such as government regulation and orders (such as the Philippines' government order to shut down Boracay Island in the Philippines for environmental rehabilitation from 26 April 2018 to 26 October 2018), changes in local market conditions, competition in the industry, excess hotel supply or reduced international or local demand for hotel rooms and associated services, foreign exchange fluctuations, the interest rate environment, the availability of finance and other natural and social factors.

The hotel industry is also affected by seasonality depending on the location and category of hotels. In addition, demographic, geographic or other changes in one or more of the Group's markets could impact the convenience or desirability of the sites of its hotels, which may adversely affect the operations of those hotels.

Terrorist attacks and other acts of violence or war may adversely affect the Group's business

Terrorist attacks, such as those that occurred in Paris in November 2015 and April 2017, Brussels in March 2016, Nice in July 2016, London in March, June and September 2017 and August 2018 and Manchester in May 2017; armed conflicts, such as the war in Syria, other acts of violence or the threat of terrorist attacks, armed conflicts and other acts of violence have a direct impact on international travel and may adversely affect the Group's operations, revenues and profitability. The consequences of any terrorist attacks or armed conflicts are unpredictable and may include the issuance of travel advisories warning people to defer and/or avoid travel to certain locations in which the Group operates, as well as a general reluctance of people to travel. The Group may not be able to foresee events that could have an adverse effect on the travel, hospitality and leisure industry, the locations in which the Group's resorts and hotels are located and its business and results of operations.

Any future outbreak or threatened outbreak of mass communicable diseases such as SARS, avian or swine influenza or other new or contagious diseases may materially and adversely affect the Group's business, financial condition and/or results of operations

In 2003, there was an outbreak of severe acute respiratory syndrome ("**SARS**"), a highly contagious and potentially deadly disease, in Hong Kong and Mainland China and in many other countries. The SARS outbreak had a significant adverse impact on the economies of the affected countries. Since the latter half of 2005, there have been media reports regarding the spread of the H5N1 virus or "Avian Influenza A" among birds and poultry and, in some isolated cases, transmission of Avian Influenza A virus from animals to human beings. Similarly, since early 2009, there have been reports globally regarding the spread of the H1N1 virus or "Swine Influenza A" from animals to humans and, in some isolated cases, of human-to-human transmission of Swine Influenza A. More recently, there was the outbreak of Middle East respiratory syndrome in 2015. Any further significant outbreak of a highly contagious disease may materially and adversely affect the business, financial condition and/or results of operations of the Group.

An economic downturn in Mainland China or globally may materially and adversely affect the Group's business, financial condition and/or results of operations

The Group conducts a large part of its operations and generates a majority of its revenue and profits in Mainland China. The Group's performance and the quality and growth of its assets are necessarily dependent on the overall economy of Mainland China. As a result, any downturn in Mainland China's economy may adversely affect the Group's business, financial condition and/or results of operations.

The Group currently has interests in a number of investment properties, real estate and development projects situated in the PRC. The property interests of the Group are subject to certain risks inherent in the ownership of, investment in and development of real estate properties.

These risks include, but are not limited to, the cyclical nature of property markets, changes in general economic, business and credit conditions, changes in government policies or regulations affecting real estate, building and other raw materials shortages, fluctuations in interest rates and the costs of labour and materials. The Group's property interests are also affected by the strength of the local economy.

The Group's performance is consequently dependent on the general performance of the PRC property markets. In the past, PRC property values have been affected by supply and demand of comparable properties, the rate of economic growth in the PRC and political and economic developments in the PRC. Rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, interest rate fluctuations and inflation. Any decline in rental yields or property values could have an adverse effect on the Group's business, financial condition or results of operations.

Historically, the PRC property market has been cyclical and property prices in general have been volatile in recent years. In the PRC, the rapid expansion of the property market in certain major cities, including Shanghai and Beijing, in the early 1990s culminated in oversupply by the mid-1990s and a corresponding decrease in property values and rentals in the second half of the decade. Since the late 1990s, private residential property prices and the number of residential property development projects have gradually increased in certain major cities in the PRC as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Beijing, Shanghai, Guangzhou and Shenzhen have experienced rapid and significant growth. In recent years, certain major PRC cities have seen cyclical changes in their property markets. Since 2010, the PRC Government at both the central and local levels have implemented home purchase restrictions, which have dampened the market sentiment and lowered transaction volume in the PRC property market. As a result, there is no assurance that the problems of oversupply and falling property prices described above will not recur or that the recurrence of such problems with respect to the PRC property market will not adversely affect the Group's results from its property development activities and more generally its business, financial condition or results of operations.

The inherent volatility of property markets impacts on the optimal timing for the acquisition of sites, pre-sales of development properties and the sale of completed development properties. This volatility, combined with the lead time required for completion of projects as well as the sale of existing properties, means that the Group's results from its property development activities may be susceptible to significant fluctuations from year to year.

In the event of an economic downturn, the Group may also experience market pressures that affect PRC companies with investment properties, such as pressures from tenants or prospective tenants to provide rent reductions or reduced market prices for sale properties. Rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation. Additional supply of new residential and office properties in the areas which the Group's investment properties are located may also adversely affect residential and office rents and occupancy rates as well as sale prices for new residential units. This may have an adverse effect on the Group's results from its property rentals and more generally its business, operating results and financial condition.

The Group's business may be affected by the effect of global credit markets on the economy

Economic developments outside Hong Kong and the PRC could also adversely affect the Group's overall business through their impact on the hotel and wider hospitality and travel sector. From the second half of 2007 to 2009, the global credit markets experienced significant volatility and liquidity disruptions which originated from the liquidity disruptions in the United States and the European Union credit and sub-prime residential mortgage markets. During this period, sub-prime mortgage loans and other consumer credit products in the United States also experienced increased rates of delinquency, foreclosure and loss. These and other related events, such as the collapse of a number of financial institutions and other entities, rising government deficits and debt levels together with the downgrading of the sovereign credit of certain member states of the European Union had a significant adverse impact on the global capital markets associated not only with asset-backed securities but also on the global credit and financial markets as a whole including, among other things, the demand for real estate, the availability and cost of credit and consumer sentiment. The deterioration in the financial markets contributed to a recession in the United States and global economy, which led to significant declines in employment, household wealth, consumer demand and lending and as a result adversely affected economic growth in Hong Kong, the PRC and elsewhere. There can be no assurance that such a recession in the United States or the global economy will not recur and result in oversupply and reduced property prices in the PRC.

In addition, changes in the global credit and financial markets have in recent years affected the availability of credit and led to an increase in the cost of financing. Whilst the Group currently has committed facilities available that enable it to meet its current funding needs and future business expansion, the Group may have difficulty in the future in accessing the financial markets, which could make it more difficult or expensive to obtain funding. There can be no assurance that the Group will be able to continue to raise finance at a reasonable cost, or at all. The Group may also be subject to solvency risks of its banks and counterparts in its financial investments and arrangements. These may have an adverse effect on the Group's business, financial condition and results of operations.

The Group's business may be affected by the Sino-U.S. government relationship

Since July 2018, the U.S. government has imposed certain duties on certain Chinese goods which was in turn met with retaliatory tariffs on U.S. goods imposed by the PRC. There have recently been further tariffs imposed by both countries and the global markets have reacted adversely as a result of these recent developments. In the longer term, there is no certainty as to how such developments could affect PRC consumer confidence, Chinese investment overseas or the wider global economy. As a result demand for domestic travel in Mainland China and international travel may decrease which could lead to a downturn in the hotel industry and could materially and adversely affect the Group's hotel operations' results. In addition, demand for the Group's investment properties (including office spaces, commercial spaces and serviced apartments) may fall which could also materially and adversely affect the Group's operations, property valuations and financial results.

The Group is reliant on the reputation of its brands and the protection of its intellectual property rights

Any event that materially damages the reputation of one or more of the Group's brands and/or failure to sustain the appeal of the Group's brands to its customers could have an adverse impact on the value of that brand and subsequent revenues from that brand or business. In addition, the value of the Group's brands is influenced by a number of other factors, some of which may be outside the Group's control, including commoditisation (whereby price and/or quality becomes relatively more important than brand identifications due, in part, to the increased prevalence of third-party intermediaries), consumer preference and perception, failure by the Group or its franchisees to ensure compliance with the significant regulations applicable to hotel operations (including fire and health and safety requirements), trademark infringement or other factors affecting consumers' willingness to purchase goods and services, including any factor which adversely affects the reputation of those brands.

In particular, where the Group is unable to enforce adherence to its operating and quality standards, or the significant regulations applicable to hotel operations, pursuant to its management and franchise contracts, there may be a further adverse impact upon brand reputation or customer perception and therefore the value of the hotel brands.

Given the importance of brand recognition to the Group's business, the Group has implemented measures to protect its intellectual property, including registration of trademarks and domain names. However, the controls and laws are variable and subject to change. Any widespread infringement, misappropriation or weakening of the control environment could materially harm the value of the Group's brands and its ability to develop the business.

The Group faces competition in the markets in which it operates

Hotels owned, managed or operated by the Group compete with other hotels for guests in a highly competitive industry. The success of a hotel in its market, in large part is dependent on its ability to compete in areas such as room rates, quality of accommodation, brand recognition, service level, convenience of location and the quality and scope of other amenities, including food and beverage facilities. Hotels compete with existing hotel facilities in their geographic markets, as well as hotel facilities that may be developed in the future in proximity to the existing hotels. The hotels owned, managed or operated by the Group are generally located in areas that contain numerous competitors. Some of the Group's competitors may have substantially greater marketing and financial resources than the Group, and they may significantly expand or improve their facilities, reduce their prices or expand or improve their marketing programmes and conduct better maintenance of existing operations and developments in ways that may adversely affect the operations of the Group.

The Group is exposed to a variety of risks relating to identifying, securing and retaining management agreements

A portion of the Group's business is derived from hotel management agreements for hotels which the Group does not have any equity interests. These agreements are based on the management of hotels owned by third parties. Such agreements may not be renewed when they expire and in certain circumstances can be terminated prior to their expiration. For example, certain of the Group's management agreements have specified terms which, if not met or remedied, could allow a management agreement to be terminated by the owner prior to the expiration of its term. These management agreements also expose the Group to the risk of disputes with the relevant property owners. In addition, certain third party developers may not be able to complete the development of new hotels on schedule.

Moreover, since hotel management agreements are subject to renewal on mutually agreeable terms, the terms of new management agreements may not be as favourable as the terms contained in existing agreements and the Group may not be able to renew existing agreements on the same terms. The availability of suitable sites, planning and other local regulations or the availability and affordability of finance may all restrict the supply of suitable hotel development opportunities under management agreements. In connection with entering into management agreements, the Group may be required to make investments in, or guarantee the obligations of, third parties or guarantee minimum income to third parties. Such risks could have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group may not be able to secure renewals of existing agreements on the same terms, more favourable terms or at all

The Group has entered into lease agreements in respect of certain properties, which agreements generally extend for a long period. Such agreements may not be renewed when they expire and in certain circumstances can be terminated prior to their expiration. Moreover, since lease arrangements are subject to renewal on mutually agreeable terms, there can be no assurance that existing leases may be renewed on the same terms or at all.

The Group has also entered into land use rights agreements for land on which hotel properties and/or investment properties are built for a fixed period of time. There can be no assurance that such agreements can be renewed or can be renewed on more favourable terms when they expire or at all.

The Group may require additional capital in the future, which may not be available or may only be available on unfavourable terms

The Group's business is substantially dependent on its properties and infrastructure. The acquisition and expansion of hotels and other properties, and the ongoing renovations, refurbishments and improvements required to maintain or upgrade existing properties to a high standard, are capital intensive. The Group's capital requirements primarily depend on the amount of capital expenditure, the pace of new hotel developments and other projects, operations and ongoing maintenance. The Group may need to raise additional funds to meet these requirements. However, any equity or debt financing, if available at all, may be on terms that are not favourable to the Group. The availability of future borrowings and access to the capital markets for financing depends on prevailing market conditions and the acceptability of the financing terms offered. The Group's ability to arrange for external financing and the cost of such financing is dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, success of the Group's businesses, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital and political and economic conditions. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group. If the Group fails to obtain necessary funding on acceptable terms or at all, it may be forced to delay capital development projects, renovations and development activities, potential acquisitions and investments or otherwise curtail or cease operations.

There are risks associated with the Group entering into joint ventures particularly in Mainland China

A number of the Group's hotel and property interests, particularly in Mainland China, are held through joint venture entities. Joint ventures often have shared control over the operation of the joint venture assets. Although the Group generally seeks to maintain a sufficient level of control over these interests through ownership of a controlling interest and/or management in order to impose established financial control, management and supervisory techniques, these joint ventures may often involve the participation of local partners. This may involve special risks or problems associated with joint venture partners, including, among other things, inconsistent business interests, disagreement with the Group's policies or one or more of the partners experiencing financial difficulties. Alternatively, joint venture partners could take actions binding on the joint venture without the Group's consent. Although the Group has not to date experienced any significant problems with respect to its joint venture partners, any dispute with the joint venture partners could have a material adverse effect on the Group's business, financial condition and/or results of operations. In addition, such agreements generally are for a fixed period of time and there can be no assurance such agreements may be renewed or may be renewed on more favourable terms when they expire or at all. In addition, guarantees given by joint venture partners, in particular by Mainland China parties, in relation to joint ventures may be difficult to enforce as their validity may depend on the financial and legal qualifications of the joint venture partners and that appropriate approvals have been obtained.

The Group is exposed to the risk of litigation

The Group is involved in ongoing proceedings and may be involved in disputes arising out of the operation of its business with many parties, including joint venture partners, guests, customers, employees, regulatory authorities, suppliers, service providers, lessors and/or the owners of hotels managed by it.

Significant costs may have to be incurred in defending the Group in such proceedings and the Group may also need to pay compensation together with interest and penalties as a result of such proceedings. In addition, exposure to litigation or fines imposed by regulatory authorities may also affect the reputation of the Group. Such risk could have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group is subject to risks relating to accidents or other incidents which may not be covered by insurance

The Group maintains insurance coverage on all its hotels, investment properties and properties under construction, third party liabilities and employers' liabilities in accordance with what it believes to be adequate and in line with industry standards.

Although the Group believes that it has adequate insurance arrangements in place, it is possible that accidents or incidents could occur which are not covered or not fully covered by these arrangements. The occurrence of any such accidents or incidents which are not covered or not fully covered by insurance could adversely affect the business, financial condition and/or results of operations of the Group.

Potential liability for environmental problems could result in costs to the Group

The Group is subject to various local laws and regulations concerning the protection of health and the environment where it operates. Changes in environmental laws and regulations from time to time may cause the Group to incur compliance costs to meet the new requirements.

For new projects, the 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 (i) result in delays to the Group's property developments; (ii) cause the Group to incur compliance costs; and (iii) prohibit or severely restrict project development activity in environmentally-sensitive regions or areas. Each project undertaken by the Group is required under applicable laws and regulations to undergo environmental impact assessments. Further, 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 projects that have 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 and/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.

RISKS RELATING TO HCL, SHL, THE GUARANTOR AND THE GROUP

HCL is a special purpose vehicle and has remained dormant since April 2017 following the full redemption of the Notes issued in 2012 and will be dependent on funds from the Guarantor to make payments under the Notes

HCL was established by the Guarantor specifically for the purpose of raising finance and the Guarantor will use the net proceeds from the issue of each tranche of Notes under the Programme for the purposes as specified in the applicable Pricing Supplement (including on-lending the net proceeds from the issue of the Notes to the Guarantor and/or its subsidiaries). HCL does not and will not have any material assets other than issue of Notes under the Programme but it will receive repayments from the Guarantor and/or its subsidiaries in respect of loans made by HCL to those companies, which will be the material sources of funds available to meet the claims of the Noteholders. The ability of HCL to make payments under the Notes issued under the Programme will depend on its receipt of timely remittance of funds from the Guarantor and/or its subsidiaries and is also subject to all the risks to which the Guarantor and other Group companies are subject, to the extent that such risks could limit their ability to satisfy in full and on a timely basis their respective obligations to HCL under such loans.

SHL has limited operational assets of its own and will be dependent on funds from the Guarantor to make payments under the Notes

SHL was established for the purposes of investment holding, hotel ownership and the operation and leasing of residential and serviced apartments in Singapore and the Guarantor will use the net proceeds from the issue by SHL of each tranche of Notes under the Programme for the purposes as specified in the applicable Pricing Supplement (including using the net proceeds from the issue of the Notes for the payment of cash dividends to the Guarantor, repayment of its own borrowings and on-loans to the Guarantor and/or its subsidiaries). SHL has limited operational assets and cash inflows to meet payments of interest and principal in relation to the Notes. The ability of SHL to make payments under the Notes issued under the Programme will therefore depend heavily on the provision of funds by the Guarantor and/or its subsidiaries when required and is subject to all the risks of the Guarantor.

Holding company structure and structural subordination

The Guarantor is primarily a holding company and its ability to make payments in respect of the Guarantee or to fund payments owing to the Issuers depend largely upon the receipt of dividends, distributions, interest or advances from its wholly or non-wholly owned subsidiaries and its associates. The ability of the subsidiaries and associates of the Guarantor to pay dividends and other amounts to the Guarantor is dependent on their profitability and subject to applicable laws and restrictions on the payment of dividends contained in financing or other agreements. Payments under the Notes issued under the Programme are structurally subordinated to all existing and future liabilities of each of the Guarantor's subsidiaries and associates. Claims of creditors of such companies will have priority as to the assets of such companies over the Guarantor and its creditors, including holders of the Notes seeking to enforce the Guarantee. As at 31 December 2018, the Guarantor and its subsidiaries had aggregate indebtedness for borrowed monies of approximately U.S.$5.13 billion.

The Group has significant level of indebtedness

As at 30 June 2019, the Group had approximately U.S.$5,243.4 million of total borrowings including a current portion (payable within one year) of approximately U.S.$489.6 million. As at the same date, the Group had approximately U.S.$6,525.9 million of total equity. The gearing ratio (total bank loans less cash and bank balances and short-term fund placements to total equity) was approximately 66.1 per cent. Most of the Group's bank loans have been deployed for capital expenditures, hotel development and property development activities. The Group will continue to expand its hotel and property portfolio and upgrade its properties through renovation programmes.

The Group's level of indebtedness, effective interest rate and duration on the new loan agreements may adversely affect the Group's future strategy and operations in a number of ways, including:

- future debt service requirements will reduce the funds available to the Group for other purposes;
- the Group's ability to obtain adequate financing for working capital and capital expenditures for its future projects on terms which will enable such projects to achieve a reasonable return to the Group may be limited;
- the Group's leverage may hinder its ability to withstand competitive pressures or adjust rapidly, if at all, to changing market conditions;
- the effective interest rate on the new loan agreements may be on less favourable terms than existing agreements; and
- the duration of the new loan agreements may affect the Group's cashflow planning.

There can be no assurance that the Group's level of indebtedness and such restrictions will not materially and adversely affect the Group's ability to finance its future operations or capital needs, successfully operate its business, engage in other business activities or pay dividends and the finance costs.

The Group may not be able to effectively manage its strategy

The Group has significantly expanded its operations in recent years particularly into Mainland China and, in conjunction with the execution of its strategy, expects to continue to expand its operations in terms of geography, customers and capital investment. To manage its growth, the Group must continue to improve its managerial, technical, operational and other resources, and to implement an effective management information system. In order to fund the Group's ongoing operations and its future growth, the Group needs to have sufficient internal sources of liquidity or access to additional long-term financing from external sources. Further, the Group will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. There can be no assurance that the Group will not experience issues such as capacity and capital constraints, delay in capital contributions, construction delays and training an increasing number of personnel to manage and operate those facilities. In particular, failure of the Group to implement its expansion plans in a timely manner could adversely affect its ability to maintain, expand and diversify its revenue base and to maintain its profitability. There can be no assurance that such expansion plans will not adversely affect the Group's existing operations, which could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects and may cause the price of Notes issued under the Programme to fall.

The Group is subject to foreign exchange risks

The Group's revenue, costs, debts and capital expenditure are mainly denominated in Hong Kong dollars, Renminbi and U.S. dollars. The Group also has exposure to other currencies in the jurisdictions in which it operates. Consequently, the Group's costs, profit margins, liabilities and asset values are affected by fluctuations in the exchange rates of the different currencies. In relation to Renminbi, under the PRC's 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 continue for capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities.

The reporting currency for the Group is U.S. dollars. Exchange rate gains or losses will arise when the assets and liabilities in non-U.S. currencies are translated or exchanged into U.S. dollars for financial reporting purposes. If foreign currencies depreciate against the U.S. dollar, this may adversely affect the carrying value in U.S. dollars and thus the consolidated financial results of the Group. Since the Group does not engage in any material hedging activities to mitigate currency exchange rate exposure, the impact of future exchange rate fluctuations on the Group's profits cannot be accurately predicted.

Property investment is generally illiquid

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

The Group's property development business involves distinctive risks

The Group's property development business involves significant risks distinct from those involved in the ownership and operation of established properties, among other things, the risks that financing for development may not be available on favourable terms, that construction may not be completed on schedule or within budget (for reasons including but not limited to shortages of equipment, material and labour, work stoppages, interruptions resulting from inclement weather, unforeseen engineering, disagreements with external contractors, environmental and geological problems and unanticipated cost increases), that development may be affected by governmental regulations (including changes in building and planning regulations and delays or failure to obtain the requisite construction and occupancy approvals), and that developed properties may not be leased or sold on profitable terms and the risk that purchasers and/or tenants may default. An increase in mortgage rates in countries where the Group has property interests may also adversely affect the availability of loans on terms acceptable to purchasers, and hence the sale performance of the Group's properties.

The Group is subject to risks incidental to property ownership

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

The Group is subject to risks associated with the development and construction of hotels and/or investment properties

The Group has interests in several hotels and mixed-development projects in the PRC, Sri-Lanka, Myanmar and the Republic of Ghana, which are in various stages of planning and development. Whilst estimated completion schedules and cost budgets are or will be in place for each project, there can be no assurance that construction deadlines will be met or that actual costs of design and construction will not exceed their estimates. Also, during long public holidays or adverse weather conditions, construction of projects of the Group may be hindered. As with any construction project, the Group may face substantial cost increases, cost overruns or delays caused by a number of factors, including shortages of, or price increases in, energy, raw materials or skilled labour, unforeseen environmental problems, contractor default or insolvency as well as difficulties in obtaining or inability to obtain any requisite licences, approvals or permits from regulatory authorities. Any such cost increases, cost overruns or delays could prevent or delay the development, completion or opening of the Group's current and future projects, which may materially and adversely affect the Group's business, financial condition and/or results of operations.

In addition, there is no assurance that all of the relevant Group members which are engaged in real estate development in the jurisdictions in which the Group operates or with real estate developers in relation to its construction projects in such jurisdictions will be able to obtain or maintain the necessary verification, licensing or other approvals required in such jurisdictions in a timely manner, or at all. If the Group, its project companies or the developers with whom the Group deals do not possess valid qualification certificates, the relevant government regulators may refuse to issue the permits necessary for the Group to conduct its business. Further, the relevant government regulators may impose a penalty on the Group and its project companies for failing to comply with the relevant operating and licensing requirements.

There is no assurance of the availability of suitable sites at commercially acceptable prices for the Group's future development

The Group normally only acquires freehold land, leasehold land and land use rights to fulfil its specific project requirements. In the countries where the Group operates, the supply of land is largely controlled by local governments according to each country's economic conditions and priorities. Local governments may implement various measures to regulate the means by which property developers obtain land for property development. The ability of the Group to acquire land for future development and its land acquisition costs will accordingly be affected by government policies in relation to land supply. The Group's future growth prospects may therefore be affected to the extent that it is unable to acquire land for future development in the countries where the Group operates at commercially acceptable prices and to generate reasonable returns for the Group.

The Group relies on contractors and sub-contractors for the provision of certain services

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

RISKS RELATING TO HONG KONG AND MAINLAND CHINA

Hong Kong and Mainland China

For the year ended 31 December 2018, the segment results from operations in Hong Kong and Mainland China accounted for a substantial portion of the business segment results of the Group (see "**The Group**"). As a result, the Group's business, financial condition, and/or results of operations are substantially subject to the economic, political and legal developments in Hong Kong and Mainland China as well as the economies in the surrounding region materially.

A significant proportion of the Group's turnover is derived from its operations in Mainland China and Hong Kong. Consequently, a significant proportion of the Group's hotel revenues and associated operating costs are denominated in Renminbi and in Hong Kong dollars. The Hong Kong dollar has been linked to the U.S. dollar at the rate of approximately HK$7.80 to U.S.$1.00 since 17 October 1983. Renminbi is not freely convertible in open markets.

Any abandonment of the official exchange rate policies for the Renminbi and Hong Kong dollar may lead to sharp changes in the value of the Hong Kong dollar and/or Renminbi against the U.S. dollar and other foreign currencies and add significantly to the volatility in the Hong Kong dollar and Renminbi exchange rate in the future, both of which may materially affect the financial condition and results of the operations of the Group.

The value of the Renminbi against the U.S. dollar, the Hong Kong dollar and other foreign currencies fluctuates and is affected by, among other things, changes in the PRC government's policies and the PRC's domestic and international political and economic conditions. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by approximately 2 per cent. against the U.S. dollar.

In light of the recent global financial crisis, the PRC government tightened its currency policy and reduced the volatility of Renminbi in 2008 in order to keep the Renminbi exchange rate stable. In June 2010, the PRC government indicated that it was desirable to proceed further with the reform of the Renminbi exchange rate regime and increase the Renminbi exchange rate flexibility, and a continued emphasis would be placed on reflecting market supply and demand by reference to a basket of currencies. The PRC government may also make further adjustments to the exchange rate system as it considers necessary and appropriate.

The Renminbi has appreciated against the U.S. dollar since the introduction of the managed floating exchange rate system but in August 2019, the value of the Renminbi fell to its lowest level since 2018.

The Group plans to continue expanding its business in Mainland China and would require substantial amounts of capital to implement such expansion plans in Mainland China. A devaluation of the U.S. dollar and/or the currencies against the Renminbi would increase non-Renminbi capital funding requirements and the U.S. dollars interest expenses and loan balances on Renminbi denominated indebtedness reported in the consolidated financial statements of the Guarantor in the future.

Investments in Mainland China require approvals and consents from Mainland China regulatory authorities which cannot be assured

Hotel and other property development projects in Mainland China including, but not restricted to, the Group's proposed acquisitions of equity interests in certain project companies and the entering into of new joint venture agreements require approvals to be obtained from a number of governmental authorities at different levels, the receipt of which cannot be assured. These development projects have been and may in the future be subject to certain risks, including changes in governmental regulations and economic policies, including, among other things, regulations and policies restricting construction of hotels and buildings and related limitations on extensions of credit, building material shortages, increases in labour and material costs, changes in general economic and credit conditions and the illiquidity of land and other property. There can be no assurance that required approvals will be obtained.

Mainland China's economic, political and social conditions, as well as government policies, could affect the Group's business, financial condition and/or results of operations

At present, a substantial portion of the Group's operations are located in Mainland China, with the proportion expected to grow significantly in the future and consequently, an increasing amount of the Group's revenue is expected to be derived from within Mainland China. Accordingly, the Group's business, financial condition, and/or results of operations will, to an increasing degree, be subject to the economic, political and legal developments of Mainland China.

The economy of Mainland China differs from the economies of most developed countries in many respects, including but not limited to its political structure, level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

Mainland China's economy has been in transition from a planned economy to a market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of Mainland China's economy. However, the PRC government retains the power to implement macroeconomic policies affecting Mainland China's economy, and has previously implemented measures to slow the pace of growth of Mainland China's economy, including raising interest rates and issuing administrative guidelines to control lending to certain industries. It also exercises significant control over growth of Mainland China's economy through the allocation of resources, control over foreign currency-denominated transactions, setting monetary policy and providing preferential treatment to particular industries or companies.

The Group is subject to PRC government control on currency conversion

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside Mainland China. Certain holding companies within the Group provide offshore loans to subsidiaries in Mainland China. Under its current structure, the holding companies within the Group derive their income partially from dividend payments from PRC subsidiaries. Foreign currency controls may restrict or affect the ability of the Group's PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments or otherwise satisfy their foreign currency denominated or settled obligations. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the State Administration of Foreign Exchange (SAFE), by complying with certain procedural requirements. However, approval from the appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside Mainland China to pay capital expenses such as the repayment of bank loans and intra-group loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future. If the PRC foreign exchange control system prevents the Group from obtaining sufficient foreign currency to satisfy its currency demands, its PRC subsidiaries may not be able to pay dividends in foreign currencies and the Group may not be able to service its debt obligations denominated or settled in foreign currencies. All of these factors could materially and adversely affect the Group's financial condition and results of operation.

Changes to Mainland China's tax rates and/or tax system could affect the Group's business, financial condition and/or results of operations

The PRC government implements tax system reform from time to time. Most recently, the VAT system reform implemented in 2016 significantly affected the manner of business operations and financial results of all different industries including the Group's business in Mainland China. It is expected that there will be further tax reform, changes in tax rates and introduction, amendment or cancellation of tax incentive schemes in the future, which could materially and adversely affect the Group's financial condition and results of operations.

The Mainland China legal system has inherent uncertainties that would affect the Group's business and results of operations as well as the interest of investors in Notes issued under the Programme

A substantial and growing share of the Group's business is conducted, and assets located, in Mainland China, and its operations are generally affected by and subject to Mainland China's legal system and Mainland Chinese laws and regulations.

Since 1979, the PRC government has promulgated laws and regulations in relation to general economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. In particular, legislation over the past 25 years has significantly enhanced the protections afforded to various forms of foreign investment in Mainland China. The legal system in Mainland China is continuing to evolve. Even where adequate laws exists in Mainland China, the enforcement of existing laws or contracts based on existing laws may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. In addition, Mainland China's legal system is based on written statutes and their interpretation, and prior court decisions may be cited as reference but have limited weight as precedents.

The Group has full or majority board control over the management and operation of all of the Group's subsidiaries established in Mainland China. The control over these PRC entities and the exercise of its shareholder rights are subject to their respective articles of association and Mainland Chinese laws applicable to foreign-invested enterprises in Mainland China, which may be different from the laws of other developed jurisdictions.

Mainland China has not developed a fully integrated legal system and recently-enacted laws and regulations may not sufficiently cover all aspects of economic activities in Mainland China. The relative inexperience of Mainland China's judiciary in many cases also creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes. Furthermore, because these laws and regulations are relatively new, and the number of published decisions is limited in volume and non-binding in nature, the interpretation, implementation and enforcement of these laws and regulations may result in uncertainties due to the lack of established practice available for reference. The Group cannot predict the effect of future legal development in Mainland China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the inconsistencies between local rules and regulations and national law. As a result, there is substantial uncertainty as to the legal protection available to the Group and investors in Notes issued under the Programme. In addition, Mainland China's legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have retroactive effect. As a result, the Group may not be aware of its violation of these policies and rules until sometime after the violation has occurred. This may also limit the remedies available to you as an investor and to the Group in the event of any claims or disputes with third parties.

Any litigation in Mainland China may be protracted and result in substantial costs and diversion of the Group's resources and management attention.

It may be difficult to enforce any judgments obtained from non-Mainland China courts against the Group in Mainland China

A substantial and growing share of the Group's assets are located within Mainland China. Mainland China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or most other western countries. Therefore, it may be difficult for investors to enforce against the Group in Mainland China any judgments obtained from non-Mainland China courts.

The Group may not be able to obtain land use right certificates with respect to certain parcels of land in which it has acquired an interest

Land use right certificates are granted once the land premium is paid, and land use rights certificates may not be issued in piecemeal in proportion to the payment of the land premium. The Group is in the process of paying the land premium in relation to certain parcels of land for which land use right certificates have not yet been granted. If the Group fails to obtain the relevant land use right certificates, it will not be able to develop and sell properties on such land. The Group may not be able to acquire replacement land parcels on terms acceptable to it, or at all. All or any of this may have an adverse effect on the Group's business, financial condition, results of operations and business prospects going forward.

The Group's business will be adversely affected if it fails to obtain, or experiences material delay in obtaining, the necessary governmental approvals for any major property development

The PRC government strictly regulates the hotel and real estate market in the PRC. Hotel and/or investment property developers must comply with various PRC laws and regulations, including rules promulgated by local governments to enforce such laws and regulations. To develop and complete a hotel and/or investment property project, the Group must apply for various licences, permits, certificates and approvals at the relevant government authorities. Before such authorities issue any certificate or permit, the Group must first meet the prerequisite set forth by the relevant authorities. There is no assurance that the Group will not encounter serious delay or other difficulties in fulfilling such conditions, or that the Group will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the hotel and/or investment property industry. There may also be delay on the part of the relevant regulatory bodies in reviewing the Group's applications and granting approvals. Therefore, in the event that the Group fails to obtain, or encounters significant delays in obtaining, the necessary governmental approvals for any of its projects, the Group may not be able to continue with or carry out its development plans on schedule, and its business may be adversely affected.

The Group may be required to bear resettlement costs associated with the Group's property developments

The land parcels the Group acquires in the future for development may have existing buildings or other structures or be occupied by third parties. In accordance with the City Housing Demolition Administration Regulations and the applicable local regulations, a property developer in the PRC is required to enter into a written agreement with the owners or residents of existing buildings subject to demolition for development, directly or indirectly through the local government, to provide compensation for their relocation and resettlement. Though the Group may acquire land with a vacant site, the Group's land acquisition costs may be subject to substantial increases which could adversely affect its financial condition if the compensation formula is changed to increase the compensation payable. In addition, if the Group or the local government fail to reach an agreement over compensation with owners or residents, any party may apply to the relevant housing resettlement authorities for a ruling on the applicable amount of compensation, which may delay the timetable for the Group's projects and adversely affect its business plans.

The PRC Government may impose fines on the Group or take back the Group's land if the Group fails to develop a property according to the terms of the land grant contract

Under PRC laws and regulations, if the Group fails to develop a property according to the terms of the land grant contract, including those relating to the payment of land premium, demolition and resettlement costs and other fees, the specified use of the land and the time for commencement and completion of the development, the PRC Government may issue a warning, impose a penalty, and/or take back the Group's land. Under current PRC laws and regulations, if the Group fails to pay any outstanding land grant premium on time, the Group may be subject to a late payment penalty of 0.1 per cent. of the outstanding balance for every day of delay in payment. In addition, the PRC Government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if (i) the Group does not commence construction for more than one year after the date specified in the relevant land grant contract, (ii) total constructed gross floor area is less than one-third of the total proposed gross floor area for the development, or (iii) the capital invested in the development is less than 25 per cent. of the total investment approved for the development and the development is suspended for more than one year without governmental approval. Furthermore, the PRC Government has the authority to take back the land without compensation to the Group if the Group does not commence construction for more than two years after the date specified in the land grant contract, unless the delay is caused by force majeure or governmental action. There can be no assurance that there will be no significant delays in the commencement of construction or the development of the Group's properties in the future, or that the Group's developments will not be subject to idle land penalties or be taken back by the PRC Government as a result of such delays. The imposition of substantial idle land penalties could have an adverse effect on the Group's business, financial condition and/or results of operations. If any of the Group's land is taken back by the PRC Government, the Group would not only lose the opportunity to develop the property, but the Group would also lose its prior investments in the development, including land premiums paid and costs incurred prior to the date on which the land is taken back.

The Group's financing costs are subject to changes in interest rates by the PBOC

The Group relies on bank borrowings and third party loans to finance a substantial part of its operating hotels, investment properties and project developments. Accordingly, changes in interest rates have affected and will continue to affect the Group's financing costs and, ultimately, its results of operations. In Mainland China, borrowing rates are controlled by PBOC.

There can be no assurance that PBOC will not further raise lending rates or that the Group's business, financial condition and/or results of operations will not be adversely affected as a result.

Other Markets

In addition to its operations in Hong Kong and Mainland China, the Group's subsidiaries and associates also have hotel and property operations and development projects in countries such as Singapore, Thailand, Malaysia, the Republic of Mongolia, the Philippines, Japan, the Republic of Fiji, Australia, Indonesia, Myanmar, the Republic of the Maldives, France, Ghana, the United Kingdom, Turkey, Italy, Mauritius and Sri Lanka, whose markets are at different stages of economic, social and political development. The success and profitability of the Group's activities in specific countries may be affected by factors beyond the Group's control, such as changes in political stability, general economic and labour conditions and tax laws in those countries. For example, the hotels in the Philippines, Thailand, Indonesia and Myanmar have at times suffered on account of the political and economic uncertainties in these countries.

The insolvency laws of the British Virgin Islands, Singapore, Bermuda and other local insolvency laws may differ from bankruptcy laws in jurisdictions with which the holders of the Notes are familiar

As the Issuers and the Guarantor are incorporated under the laws of the British Virgin Islands, Singapore and Bermuda respectively, an insolvency proceeding relating to any of the Issuers and/or the Guarantor may involve the British Virgin Islands, Singapore or, as the case may be, Bermudan insolvency laws, the procedural and substantive provisions of which may differ comparable provisions of jurisdictions with which the holders of Notes issued under the Programme are familiar, such as United States federal bankruptcy law. As a result, Noteholders may not enjoy the same level of protection as may be available under the laws of other jurisdictions.

The adoption of HKFRS 9 and HKFRS 15 with effect from 1 January 2018 and renders the Guarantor's consolidated financial information as at and for the year ended 31 December 2017 not directly comparable with the Guarantor's consolidated financial information after 1 January 2018

With effect from 1 January 2018, the Guarantor adopted HKFRS 9 and HKFRS 15 where the Guarantor is required to reclassify and adjust certain of its financial line items in its financial statements. Please refer to Note 2.1 of the audited consolidated financial statements of the Guarantor as of and for the year ended 31 December 2018 for a discussion on the impact of the adoption of HKFRS 9 and HKFRS 15. As the Guarantor has applied the transitional provisions set out in HKFRS 9 and the modified retrospective approach set out in HKFRS 15, each with the date of initial application of 1 January 2018 and without requiring any restatement of the corresponding figures of the prior period before 1 January 2018, the Guarantor's consolidated financial information as at and for the year ended 31 December 2017 may not be directly comparable against the Guarantor's consolidated financial information after 1 January 2018, including the consolidated financial information of the Guarantor as of, and for, the year ended 31 December 2018 and for the six months ended 30 June 2018 and 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2018, including the audited consolidated financial statements of the Guarantor as of, and for, the year ended 31 December 2018 and the unaudited condensed consolidated interim financial statements of the Guarantor as of, and for, the six months ended 30 June 2019 against the Guarantor's consolidated financial information prior to 1 January 2018 and when evaluating the Group's financial condition, results of operations and results.

The adoption of HKFRS 16 with effect from 1 January 2019 renders the Guarantor's consolidated financial information as at and for the years ended 31 December 2017 and 2018 not directly comparable with the Guarantor's consolidated financial information after 1 January 2019

With effect from 1 January 2019, the Guarantor has adopted HKFRS 16 where the Guarantor is required to reclassify and adjust certain of its financial line items in its financial statements. Please refer to Note 2 of the Guarantor's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 for a discussion on the impact of the adoption of HKFRS 16. As the Guarantor has adopted HKFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019 and without requiring any restatement of the corresponding figures of the prior period before 1 January 2019, the Guarantor's consolidated financial information as at and for the years ended 31 December 2017 and 2018 and as at and for the six months ended 30 June 2018 may not be directly comparable against the Guarantor's consolidated financial information after 1 January 2019, including the Guarantor's consolidated financial information for the six months ended 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2019, including the Guarantor's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 against the Guarantor's consolidated financial information prior to 1 January 2019 and when evaluating the Group's financial condition, results of operations and results.

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 an Issuer may have a lower market value than Notes that cannot be redeemed

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

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

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

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

(a) the market price of such Notes may be volatile;

(b) payment of principal or interest may occur at a different time or in a different currency than expected; and

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

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

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

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

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

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

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

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

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", including LIBOR and the Euro Interbank Offered Rate ("**EURIBOR**"), in particular with respect to certain floating rate Notes where the Reference Rate (as defined in the Terms and Conditions of the Notes) may be LIBOR, EURIBOR or another such benchmark. The relevant Pricing Supplement for Notes will specify whether LIBOR, EURIBOR or another such benchmark is applicable.

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

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of LIBOR has been questioned as result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

The elimination of the LIBOR, EURIBOR or SIBOR benchmarks or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks:

(i) discouraging 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.

Investors should consult their own independent advisers and make their own assessments 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.

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

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

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

RISKS RELATING TO THE NOTES GENERALLY

Set out below is a brief description of certain risks relating to the Notes generally:

The Notes may not be a suitable investment for all investors

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

(a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to this Offering Circular or any Pricing Supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest is different from the potential investor's currency;

(d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to 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 this 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 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 legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Guarantee provided by the Guarantor will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability

The Guarantee given by the Guarantor provides holders of Notes with a direct claim against the Guarantor in respect of the relevant Issuer's obligations under the Notes. Enforcement of the Guarantee would be subject to certain generally available defences. Local laws and defences may vary and may include those that relate to corporate benefit (*ultra vires*), fraudulent conveyance or transfer (*action pauliana*), voidable preference, financial assistance, corporate purpose, liability in tort, subordination and capital maintenance or similar laws and concepts. They may also include regulations or defences which affect the rights of creditors generally.

If a court were to find the Guarantee given by the Guarantor, or a portion thereof, void or unenforceable as a result of such local laws or defence, or to the extent that agreed limitations on guarantees apply, holders would cease to have any claim in respect of the Guarantor and would be creditors solely of the relevant Issuer and, if payment had already been made under the Guarantee, the court could require that the recipient return the payment to the Guarantor.

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of an individual Noteholder.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of the Terms and Conditions of the Notes or the Trust Deed or (ii) authorise or waive any proposed breach or breach of the Notes or the Trust Deed or (iii) the substitution of the Guarantor or any of its Subsidiaries as principal debtor under the Trust Deed and the Notes in place of the relevant Issuer, in the circumstances described in Condition 15.

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

The Terms and Conditions of the Notes will be governed by English law. 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 Tranche of Notes.

Performance of contractual obligations

The ability of the relevant Issuer and/or the Guarantor to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Principal Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, any other Paying Agent, each Transfer Agent, the relevant Registrar and/or the relevant Calculation Agent(s) of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the relevant Issuer and/or the Guarantor of their respective obligations to make payments in respect of the Notes, the relevant Issuer and/or the Guarantor may not, in such circumstances, be able to fulfil their respective obligations to the Noteholders, the Receiptholders and the Couponholders.

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

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

While the Notes are represented by one or more Global Notes, the relevant Issuer or, as the case may be, the Guarantor will discharge its payment obligations under the Notes by making payments to or to the order of the relevant Clearing System for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. Neither the relevant Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes (as the case may be).

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the respective Global Notes to take enforcement action against the relevant Issuer or the Guarantor in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

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

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

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

Payment of principal and interest thereon in relation to the Notes may be accelerated only if certain circumstances arise or conditions are satisfied. See "*Terms and Conditions of the Notes – Condition 10 (Events of Default)*" for further information.

The relevant Issuer may be unable to pay interest or redeem the Notes

On certain dates, including the occurrence of any early redemption event specified in the relevant Pricing Supplement or otherwise and at maturity of the Notes, the relevant Issuer or (failing which) the Guarantor may, and at maturity, will, be required to pay interest on, or redeem, all of the Notes. If such an event were to occur, the relevant Issuer or (failing which) the Guarantor may not have sufficient cash on hand (whether due to a serious decline in net operating cash flows or otherwise) and may not be able to arrange financing to make such payment or redeem the Notes in time, or on acceptable terms, or at all. The ability to make interest payments or redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to pay interest on the Notes or to repay, repurchase or redeem tendered Notes by the relevant Issuer or (failing which) the Guarantor would constitute an event of default under the relevant Notes, which may also constitute a default under the terms of other indebtedness of the Group.

The Trustee may request that the Noteholders provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances (including without limitation the giving of notice to the relevant Issuer and the Guarantor pursuant to Condition 10.1 and the taking of actions and/or enforcement steps or proceedings pursuant to Condition 10.2), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security, and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity or security or prefunding to it in breach of the terms of the Trust Deed constituting the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

A change in Singapore tax laws may adversely affect the Noteholders

The Notes to be issued from time to time under the Programme during the period from the date of this Offering Circular to 31 December 2023 are intended to be "**qualifying debt securities**" for the purposes of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), subject to the fulfilment of certain conditions more particularly described in the section "*Taxation – Singapore*". However, there is no assurance that the conditions for "qualifying debt securities" will be met or that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time or should the required conditions cease to be fulfilled.

RISKS RELATING TO THE MARKET GENERALLY

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

There might not be a current active trading market and Notes issued under the Programme may trade at a discount to their initial offering price and/or have limited liquidity

There may not be an established trading market for the Notes when issued, or one may never develop. If a market does develop, it may not be liquid. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the relevant Issuer and/or the Guarantor. 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. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of the Notes. Also, there can be no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes to be issued under the Programme.

The Notes may be de-listed, which may materially affect an investor's ability to resell

Any Notes that are listed on the SGX-ST or any other listing authority, stock exchange or quotation system may be de-listed. If any Notes are de-listed, the relevant Issuer shall use all reasonable endeavours to obtain and maintain a listing of such Notes on such other major stock exchange as they may decide. Although no assurance is made as to the liquidity of the Notes as a result of listing on any listing authority, stock exchange or quotation system, delisting the Notes may have a material adverse effect on a Noteholder's ability to resell the Notes in the secondary market.

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

The relevant 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.

Governmental 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.

The market value of the Notes may fluctuate

The price and trading volume of the Notes may be highly volatile. Trading prices and volume of the Notes are influenced by numerous factors, including the operating results, business and/or financial condition of the Group, political, economic, financial and any other factors that can affect the capital markets, the industry and/or the Group generally. Adverse economic developments, acts of war and health hazards in countries in which the Group operates in could have a material adverse effect on the Group's operations, operating results, business, financial position and performance which in turn result in large and sudden changes in the volume and price at which the Notes will trade. There can be 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 is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reaction to developments in one country could affect the securities markets and the securities of issuers in other countries, including Singapore. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

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.

Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments, as applicable, at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

RISKS RELATING TO RENMINBI-DENOMINATED NOTES

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") is set out below.

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

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

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

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

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross border transactions in foreign currencies were implemented by the People's Bank of China ("**PBoC**") in 2018, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the relevant Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

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

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

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

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement *Arrangements* will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of *the Renminbi* Notes.

To the extent the relevant Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the relevant Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. Recently, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which the investor the investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for the investor, as a result of any foreign currency gains resulting from any investment in the Renminbi Notes.

Investment in the Renminbi Notes is subject to interest rate risks

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 the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

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

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

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

The relevant Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

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

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

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and thus become subject to EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Terms used in this section that are not otherwise defined shall have the meanings given to them in the "Terms and Conditions of the Notes".

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

Notes to be listed on the SGX-ST will be accepted for clearance through Euroclear and Clearstream, Luxembourg and may also be accepted for clearance through the CMU Service and/or CDP and/or any other clearing system as specified in the applicable Pricing Supplement.

As of the date of this Offering Circular, Notes to be cleared through the CDP will only be issued by Shangri-La Hotel Limited.

BEARER NOTES

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

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

The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

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

In respect of a Bearer Global Note held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) and, save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons, attached upon either (i) not less than 60 days' written notice (a), in the case of Notes held by a Common Depositary for Euroclear and/or Clearstream, Luxembourg, from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein and/or (b), in the case of Notes held through the CMU Service or CDP, from the relevant account holders therein to the CMU Lodging and Paying Agent or CDP Paying Agent as described therein, respectively, or (ii) only upon the occurrence of an Exchange Event.

For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg and in the case of Notes cleared through the CMU Service, the CMU Service have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor clearing system satisfactory to the Trustee is available, and in the case of Notes cleared through CDP, CDP has closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), CDP has announced an intention to permanently cease business and no alternative clearing system is available or CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the relevant CDP application form made between the relevant Issuer and CDP and no alternative clearing system is available or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two directors of the relevant Issuer has been given to the Trustee. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes held by a Common Depositary for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) and/or, (b) in the case of Notes held through the CMU Service, the relevant account holders therein or, in either case, the Trustee may give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange and/or, (c) in the case of Notes held through CDP, the relevant account holders therein or, in either case, the Trustee may give notice to the Principal Paying Agent or, as the case may, the CDP Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange or the CDP Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent or the CDP Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

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

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

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

For the purpose of any payments made in respect of a Bearer Global Note, the relevant place of presentation shall be disregarded in the definition of "Payment Day" set out in Condition 6.6.

REGISTERED NOTES

The Registered Notes of each Tranche will initially be represented by a global note in registered form, without receipts or coupons, (a "**Registered Global Note**" and together with any Bearer Global Note, the "**Global Notes**"). Prior to expiry of the distribution compliance period (as defined in Regulation S of the Securities Act ("**Regulation S**")) applicable to each Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, the CMU Service or CDP and such Registered Global Note will bear a legend regarding such restrictions on transfer.

Registered Global Notes will (i) be deposited with, and registered in the name of a nominee of, a Common Depositary for Euroclear and Clearstream, Luxembourg, (ii) be deposited with a sub-custodian for and registered in the name of the HKMA as operator of the CMU Service or (iii) be deposited with CDP, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes at the close of business on the relevant Record Date. None of the Issuers, the Guarantor, the Trustee, the Principal Paying Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

All payments in respect of Notes represented by a Registered Global Note will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the clearing system business day (being a day on which the relevant clearing system is open for business) immediately prior to the date for payment.

Interests in a Registered Global Note will be exchangeable (without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg and, in the case of Notes cleared through the CMU Service, the CMU Service have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor clearing system satisfactory to the Trustee is available, and in the case of Notes cleared through CDP, CDP has closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), CDP has announced an intention to permanently cease business and no alternative clearing system is available or CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the relevant CDP application form made between the relevant Issuer and CDP and no alternative clearing system is available or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes registered in the name of a nominee for a Common Depositary for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) and/or, (b) in the case of Notes held through the CMU Service, the relevant account holders therein, may give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent requesting exchange and/or (c) in the case of Notes held through the CDP, the relevant account holders therein, may give notice to the Registrar or, as the case may be, the CDP Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent or the CDP Paying Agent requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or, as the case may be, the CMU Lodging and Paying Agent or the CDP Paying Agent.

DIRECT RIGHTS IN RESPECT OF NOTES CLEARED THROUGH CDP

If there shall occur any Event of Default entitling the Trustee to declare all of the Notes to be due and payable, as provided in the Terms and Conditions of the Notes, the Trustee may exercise the right to declare Notes represented by the Global Note due and payable in the circumstances described in the Terms and Conditions of the Notes by stating in a notice given to the relevant Issuer and the Guarantor (the "**default notice**") the principal amount of Notes (which may be less than the outstanding principal amount of the Global Note) which is being declared due and payable.

Following the giving of the default notice, the holder of the Notes represented by the Global Note may (subject as provided below) elect that direct rights ("**Direct Rights**") under the provisions of the CDP deed of covenant dated on or about 22 October 2018 (the "**CDP Deed of Covenant**") shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount in respect to which such default notice has been given. Such election shall be made by notice to the CDP Paying Agent and the Registrar in the case of the Registered Global Note and presentation of the Global Note, to or to the order of the CDP Paying Agent or the Registrar, as the case may be, for reduction of the nominal amount of Notes represented by the Global Note by such amount as may be stated in such notice and by endorsement of the appropriate schedule to the Global Note of the nominal amount of Notes in respect of which Direct Rights have arisen under the CDP Deed of Covenant. Upon each such notice being given, the Global Note shall become void to the extent of the nominal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Exchange Date or the date of transfer unless the holder elects in such notice that the exchange for such Notes shall no longer take place.

NOTICES

All notices regarding Notes in bearer form will be deemed to be validly given if published in a leading daily newspaper of general circulation in Asia or such other English language daily newspaper with general circulation in Asia as the Trustee may approve. It is expected that such publication will be made in the *Asian Wall Street Journal* or *The Business Times*. The relevant Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes in bearer form are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

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

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

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Notes in bearer form) or the Registrar (in the case of Notes in registered form). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, and/or, in the case of Notes lodged with the CMU Service, by delivery by such holder of such notice to the CMU Lodging and Paying Agent in Hong Kong, and/or, in the case of Notes cleared through CDP, by delivery of such holder of such notice to the CDP Paying Agent in Singapore, as the case may be, in such manner as the Principal Paying Agent, the Registrar, the CMU Lodging and Paying Agent, the CDP Paying Agent and Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and/or CDP, as the case may be, may approve for this purpose.

TRANSFER OF INTERESTS

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

GENERAL

Pursuant to the Agency Agreement (as defined in the Terms and Conditions of the Notes), the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent or the CDP Paying Agent shall, if applicable, arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CMU instrument number which are different from the common code, ISIN and CMU instrument number assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

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

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

No Noteholder, Receiptholder or Couponholder (as defined in the Terms and Conditions of the Notes) shall be entitled to proceed directly against the relevant Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the relevant Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note(s) representing such Notes is exchanged for definitive Notes. In addition, in the event that the Global Note(s) is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the relevant Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

FORM OF PRICING SUPPLEMENT

[**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. 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.]/[appropriate target market legend to be included]

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

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

Pricing Supplement dated [●]

[Shangri-La Hotel Limited/Howes Capital Limited]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
unconditionally and irrevocably guaranteed by Shangri-La Asia Limited
under the U.S.$4,000,000,000
Euro Medium Term Note Programme

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated 11 October 2019. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

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

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

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

[*The following language applies if the Notes are intended to be Qualifying Debt Securities for the purposes of the Income Tax Act, Chapter 134 of Singapore.*

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.]

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

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

1	(i)	Issuer:	[Shangri-La Hotel Limited/Howes Capital Limited]
	(ii)	Guarantor:	Shangri-La Asia Limited
2	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3	Specified Currency or Currencies:		[●]
4	Aggregate Nominal Amount:		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5	(i)	[Issue Price:	[●] per cent of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] *(in the case of fungible issues only, if applicable)*]
	(ii)	[Net Proceeds:	Approximately [●] (*Required only for listed issues*)

6	(i)	Specified Denominations[2]:	[●]
	(ii)	Calculation Amount:	[●] *(If there is only one Specified Denomination, insert the Specified Denomination.* *If there is more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8	Maturity Date:		[*Fixed rate – specify date/Floating rate –* Interest Payment Date falling in or nearest to [*specify month*]][3]
9	Interest Basis:		[[●] per cent Fixed Rate] [*specify reference rate (eg: LIBOR/EURIBOR/ HIBOR/ CNH HIBOR/SIBOR/SOR*)] +/-[●] per cent Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10	Redemption/Payment Basis:		[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
11	Change of Interest Basis or Redemption/Payment Basis:		[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
12	Put/Call Options:		[Investor Put] [Issuer Call] [(further particulars specified below)]

2 If the Specified Denomination is expressed to be C100,000 or its equivalent and multiples of a lower nominal amount (for example C1,000), insert the following: "C100,000 plus integral multiples of C1,000 in excess thereof up to and including C199,000. No Notes in definitive form will be issued with a denomination above C199,000".

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).

3 Note that for Renminbi and 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.

13	Date of [Board] approval for issuance of Notes and Guarantee obtained:	[●] [and [●], respectively]] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)*
14	Status of the Notes:	Senior
15	Listing and admission to trading:	[Singapore/*specify other*/None]
16	Method of distribution:	[Syndicated/Non-syndicated]

Provisions relating to Interest (if any) Payable

17	Fixed Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Rate[(s)] of Interest:	[●] per cent per annum [payable [annually/semi-annually/quarterly/other (*specify*)] in arrear] *(If payable other than annually, consider amending Condition 5)*
	(ii) Interest Payment Date(s):	[●] in each year up to and including the Maturity Date [*adjusted in accordance with* [*specify Business Day Convention*][4]/[*not adjusted*] [*specify other*] *(N.B.: This will need to be amended in the case of long or short coupons)*
	(iii) Fixed Coupon Amount(s): *(Applicable to Notes in definitive form)*	[●] per Calculation Amount[5]
	(iv) Broken Amount(s): *(Applicable to Notes in definitive form)*	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)[6] or [*specify other*]]
	(vi) Determination Date(s):	[●] 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]*

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

5 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 in the case of Renminbi denominated Fixed Rate Notes and to the nearest HK$0.01, HK$0.005 in the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards."

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

			(N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration) *(N.B.: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
18		Floating Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Specified Period(s)/ Specified Interest Payment Dates:	[●]
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]
	(iii)	Additional Business Centre(s):	[●]
	(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
	(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[●]
	(vi)	Screen Rate Determination:	[●]
		Reference Rate:	[●] *(Either LIBOR, EURIBOR, HIBOR, CNH HIBOR, SIB OR, SOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*
		Interest Determination Date(s):	[●] *(the day falling two Business Days in London for the Currency prior to the first day of such Interest Period if the Currency is not Sterling, Euro or Hong Kong Dollars or first day of each Interest Period if the Currency is Sterling or Hong Kong Dollars or the day falling two TARGET Business Days prior to the first day of such Interest Period if the Currency is Euro)*

		Relevant Screen Page:	[●] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
	(vii)	ISDA Determination:	[●]
		Floating Rate Option:	[●]
		Designated Maturity:	[●]
		Reset Date:	[●]
	(viii)	Margin(s):	[+/-] [●] per cent per annum
	(ix)	Minimum Rate of Interest:	[●] per cent per annum
	(x)	Maximum Rate of Interest:	[●] per cent per annum
	(xi)	Day Count Fraction:	[Actual/Actual or Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360, 360/360 or Bond Basis 30E/360 or Eurobond Basis 30E/360 (ISDA) Other] *(See Condition 5 for alternatives)*
	(xii)	Fall back provisions, rounding [●] provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	
19		Zero Coupon Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Accrual Yield:	[●] per cent per annum
	(ii)	Reference Price:	[●]
	(iii)	Any other formula/basis of determining amount payable:	[●]
	(iv)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Condition 7.6(c) and Condition 7.11 apply/*specify other*] *(Consider applicable day count fraction if not U.S. dollar denominated)*
20		Index Linked Interest Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

	(i)	Index/Formula:	[*give or annex details*]
	(ii)	Calculation Agent:	[●]
	(iii)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[●]
	(iv)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	*[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
	(v)	Specified Period(s)/Specified Interest Payment Dates:	[●]
	(vi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
	(vii)	Additional Business Centre(s):	[●]
	(viii)	Minimum Rate of Interest:	[●] per cent per annum
	(ix)	Maximum Rate of Interest:	[●] per cent per annum
	(x)	Day Count Fraction:	[●]
21		Dual Currency Interest Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give or annex details*]
	(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent):	[●]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	*[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

Provisions relating to Redemption

22		Issuer Call:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[the greater of (i) the principal amount of the Notes to be redeemed plus any accrued but unpaid interest; or (ii) the Make Whole Amount/[5] per Calculation Amount/*specify other*/see Appendix]
		Margin:	[●][7]
		Relevant Period:	[Quarterly/Semi-annually/Annually/*specify other*][7]
	(iii)	If redeemable in part:	[●]
	(iv)	Minimum Redemption Amount:	[●]
	(v)	Maximum Redemption Amount:	[●]
	(vi)	Notice period (if other than as set out in the Conditions):	[●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Trustee.)*
23		Investor Put:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/see Appendix]

7 Applicable for determining the Make Whole Amount.

	(iii) Notice period (if other than as set out in the Conditions):	[●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Trustee.)*
24	Final Redemption Amount:	[[●] per Calculation Amount/*specify other*/see Appendix]
25	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.6):	[[●] per Calculation Amount/*specify other*/see Appendix]

General Provisions Applicable to the Notes

26	Form of Notes:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]*] [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]*] **(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "C100,000 and integral multiples of C1,000 in excess thereof up to and including C199,000." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)* [Registered Notes: [Registered Global Note (U.S.$[●] nominal amount) [registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg/held through the CMU Service/held through CDP]]

27	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details*] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which subparagraphs 18(iii) and 20(vii) relate)*
28	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B.: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues.*]
30	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]
31	Other terms or special conditions:	[Not Applicable/*give details*]

Distribution

32	(i) If syndicated, names and addresses of Managers and underwriting commitments:	[Not Applicable/*give names and addresses and underwriting commitments*]
	(ii) Date of Subscription Agreement	[●]
	(iii) Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
33	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name and address*]
34	[Total commission and concession:	[●] per cent of the Aggregate Nominal Amount]
35	Private Banking Rebate:	[Applicable/Not Applicable]
36	U.S. Selling Restrictions:	[Reg. S Category 2; TEFRA D/TEFRA C/TEFRA not applicable]

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

Operational Information

39	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg, CMU Service or CDP and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
40	Delivery:	Delivery [against/free of] payment
41	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.$[●]]
42	[In the case of Registered Notes, specify the location of the office of the Registrar if other than New York:]	[Not Applicable/Hong Kong]
	In the case of Bearer Notes, specify the location of the office of the Principal Paying Agent if other than London]:	[Not Applicable/Hong Kong]
43	Additional Paying Agent(s) (if any):	[●]
44	Ratings:	[The Notes to be issued are unrated.]/[*insert ratings, if any*]

Other Information

45	Use of proceeds:	[As per the Offering Circular/[●]]
	ISIN:	[●]
	Common Code:	[●]
	[CMU Instrument Number:	[●]]
	(*insert here any other relevant codes*)	

Purpose of Pricing Supplement

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the U.S.$4,000,000,000 Euro Medium Term Note Programme of [Shangri-La Hotel Limited/Howes Capital Limited] unconditionally and irrevocably guaranteed by Shangri-La Asia Limited.

[**Stabilisation**

In connection with this issue, [*insert name of Stabilising Manager*] (the "**Stabilising Manager**") (or persons acting on behalf of any Stabilising Manager) 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 Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the 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 overallotment must be conducted by the relevant Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.]

Investment Considerations

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

Responsibility

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

Signed on behalf of the Issuer:	Signed on behalf of the Guarantor:
By: ______________________	By: ______________________
Duly authorised	*Duly authorised*

TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Shangri-La Hotel Limited or Howes Capital Limited (each, in relation to Notes issued by it, the "**Issuer**") constituted by an amended and restated trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 11 October 2019 made between the Issuers, Shangri-La Asia Limited (the "**Guarantor**") and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall include any successor and all persons for the time being the trustee or trustees under the Trust Deed).

References to the "**Issuer**" in these Conditions shall refer to the relevant Issuer as specified as such in the applicable Pricing Supplement unless the context otherwise requires.

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

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;

(b) any Global Note in bearer form (each a "**Bearer Global Note**");

(c) any Global Note in registered form (each a "**Registered Global Note**");

(d) any definitive Note in bearer form ("**Definitive Bearer Notes**" and, together with the Bearer Global Notes, the "**Bearer Notes**") issued in exchange for a Bearer Global Note; and

(e) any definitive Note in registered form ("**Definitive Registered Notes**" and, together with the Registered Global Notes, the "**Registered Notes**") (whether or not issued in exchange for a Registered Global Note).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 11 October 2019 and made between (1) the Issuers, (2) the Guarantor, (3) the Trustee, (4) The Bank of New York Mellon, London Branch as issuing and principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor issuing and principal paying agent under the Agency Agreement), (5) The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", which expression shall include any successor CMU lodging and paying agent), (6) The Bank of New York Mellon, Singapore Branch as CDP paying agent (the "**CDP Paying Agent**", which expression shall include any successor CDP paying agent), (7) The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar in respect of Notes cleared through Euroclear (as defined below) or Clearstream, Luxembourg (as defined below), The Bank of New York Mellon, Hong Kong Branch as registrar in respect of the Notes cleared through the CMU Service (as defined below) and The Bank of New York Mellon, Singapore Branch, as registrar in respect of Notes cleared through CDP (as defined below) (each in such capacity, the "**Registrar**", which expression shall include any successor registrar), (8) The Bank of New York Mellon SA/NV, Luxembourg Branch as transfer agent in respect of Notes cleared through Euroclear and/or Clearstream, Luxembourg, The Bank of New York Mellon, Hong Kong Branch as transfer agent in respect of the Notes cleared through the CMU Service and The Bank of New York Mellon, Singapore Branch, as transfer agent in respect of Notes cleared through CDP (together with the Registrar and the other transfer agents named therein, each in such capacity the "**Transfer Agent**", which expression shall include any additional or successor transfer agents), (9) The Bank of New York Mellon, London Branch as calculation agent in respect of Notes cleared through Euroclear and/or Clearstream, Luxembourg, The Bank of New York Mellon, Hong Kong Branch as calculation agent in respect of the Notes cleared through the CMU Service and The Bank of New York Mellon, Singapore Branch, as calculation agent in respect of Notes cleared through CDP (each in such capacity, the "**Calculation Agent**", which expression shall include any additional or successor calculation agents) and (10) the other paying agents named therein (together with the Principal Paying Agent, CMU Lodging and Paying Agent and the CDP Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents). For the purposes of these Terms and Conditions ("**Conditions**"), all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Principal Paying Agent shall, with respect to a Series of Notes to be held in the CMU Service, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly, and with respect to a Series of Notes to be held in CDP, be deemed to be a reference to the CDP Paying Agent and all such references shall be construed accordingly.

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

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

The Trustee acts for the benefit of the holders for the time being of the Notes (the "**Noteholders**", which expression shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the "**Receiptholders**") and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection upon prior written request and satisfactory proof of holdings at all reasonable times during normal business hours at the registered office for the time being of the Trustee, being at the date hereof at One Canada Square, London E14 5AL, United Kingdom and at the specified office of the Principal Paying Agent. Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of the Principal Paying Agent, save that if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

1 FORM, DENOMINATION AND TITLE

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

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

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

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

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

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or the Hong Kong Monetary Authority as operator of the Central Moneymarkets Unit Service (the "**CMU Service**") and/or The Central Depositary (Pte) Limited ("**CDP**"), each person (other than Euroclear, Clearstream, Luxembourg, the CMU Service or CDP) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the CMU Service or CDP as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the CMU Service or CDP as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

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

Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

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

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

2 TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear, Clearstream, Luxembourg, the CMU Service or CDP, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Registered Notes or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream, Luxembourg, the CMU Service or CDP, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for Euroclear, Clearstream, Luxembourg, the CMU Service or CDP shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of Euroclear, Clearstream, Luxembourg, the CMU Service or CDP or to a successor of Euroclear, Clearstream, Luxembourg, the CMU Service or CDP or such successor's nominee.

2.2 Transfers of Definitive Registered Notes

Subject as provided in Condition 2.5 and Condition 2.6 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement as Specified Denominations). In order to effect any such transfer (a) the holder or holders must (i) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (b) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to the regulations set out in Schedule 4 to the Agency Agreement, which may be changed by agreement between the Issuer, the Principal Paying Agent, the Trustee and the Registrar. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request in the form of transfer, a new Definitive Registered Note in definitive form of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Definitive Registered Note, or part of a Definitive Registered Note, called for partial redemption.

2.4 Costs of registration

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

2.5 Closed Periods

No Noteholder may require the transfer of a Definitive Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount or interest in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer pursuant to Condition 7.3, (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6.4).

2.6 Exchanges and transfers of Definitive Registered Notes generally

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

3 STATUS OF THE NOTES AND THE GUARANTEE

3.1 Status of the Notes

The Notes and any relative Receipts and Coupons constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer which (subject as aforesaid) rank and will at all times rank *pari passu* among themselves and with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as maybe preferred by mandatory provisions of law.

3.2 Status of the Guarantee

The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This guarantee (the "**Guarantee**") constitutes direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor which (subject as aforesaid) rank and will at all times rank *pari passu* with all other present and future unsubordinated and unsecured obligations of the Guarantor, save for such obligations as may be preferred by mandatory provisions of law.

4 NEGATIVE PLEDGE

So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or permit to subsist, and the Guarantor will procure that no Principal Subsidiary (as defined below) other than a Listed Subsidiary or any of the Listed Subsidiaries' Subsidiaries creates or permits to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest other than liens arising by operation of law ("**Security**") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) or to secure any guarantee of or indemnity in respect of, any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee, (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution of the Noteholders.

For the purposes of these Conditions:

"**Auditor**" means the auditor for the time being of the Guarantor or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the terms of the Trust Deed, such other firm of certified accountants of internationally recognised standing as the Guarantor may nominate and notify in writing to the Trustee for the purpose.

"**HKFRS**" means Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

"**Listed Subsidiary**" means any Subsidiary of the Guarantor the shares of which are at the relevant time listed on any stock exchange.

"**Relevant Indebtedness**" means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities which are for the time being, or are issued with the intention on the part of the Issuer or the Guarantor of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market.

"**Subsidiary**" or "**subsidiary**" of a person means any company or other business entity which at any time has its accounts consolidated with such person or which, under HKFRS from time to time, should have its accounts consolidated with such person.

"**Principal Subsidiary**" means, at any time during the subsistence of the Notes, any Subsidiary of the Guarantor:

(a) whose net assets or (in the case of a Subsidiary which itself has subsidiaries) consolidated net assets (as consolidated into the latest published audited consolidated statement of financial position of the Guarantor and its Subsidiaries) as shown by its latest audited statement of financial position exceeds 10 per cent. of the consolidated net assets of the Guarantor and its Subsidiaries as shown by the then latest published audited consolidated statement of financial position of the Guarantor and its Subsidiaries; or

(b) whose profits before taxation or (in the case of a Subsidiary which itself has subsidiaries) consolidated profit before tax, as shown by its latest audited statement of profit or loss are at least 10 per cent. of the consolidated profit before tax as shown by the latest published audited consolidated statement of profit or loss of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the profit of the Guarantor and its consolidated Subsidiaries', the profits of Subsidiaries not consolidated and the share of associates;

(c) 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, provided that, in such a case, the Subsidiary so transferring its assets and undertaking shall thereupon cease to be a Principal Subsidiary,

but excluding (i) Seanoble Assets Limited, Kerry Industrial Company Limited, Shangri-La China Limited and Shangri-La Hotels (Europe), Shangri-La Investments (Australia) Pty. Ltd and their respective successors and assigns (together, the "**Non-Material Subsidiaries**") and (ii) any other Subsidiaries which do not undertake any business other than the holding of shares or equity or other ownership interests in the other Subsidiaries of the Guarantor and any activities incidental thereto as the Guarantor shall certify in writing to the Trustee so long as in either case, such Non-Material Subsidiary or such Subsidiary (as the case may be) does not incur any indebtedness for borrowed money or create or permit to subsist any Security over its assets.

For the purpose of the above calculations, the consolidated net assets or consolidated profit before tax (as the case may be) of the Guarantor and its Subsidiaries as shown by the then latest published audited consolidated financial statements of the Guarantor and its Subsidiaries shall be prepared in conformity with HKFRS. The net assets (or consolidated net assets) or profit before tax (or consolidated profit before tax) of each Subsidiary as shown by their own audited financial statements adjusted as appropriate in conformity with HKFRS to reflect net assets (or consolidated net assets in the case of a Subsidiary which itself has subsidiaries) or profit before tax (or consolidated profit before tax in the case of a Subsidiary which itself has subsidiaries) of any company which has become or ceased to be a Subsidiary of the Guarantor after the end of the financial period to which such financial statements relate.

A report by the Auditor or a leading investment bank of international repute selected by the Guarantor, acting as expert, that, in its opinion, a Subsidiary is or is not or was or was not at any particular time a Principal Subsidiary shall be conclusive and binding on all parties concerned. References to the audited financial statements of a Subsidiary which has subsidiaries shall be construed as references to the audited consolidated financial statements of such Subsidiary and its subsidiaries, if such are required by law to be produced, or if no such financial statements is required by law to be produced, to pro forma financial statements, prepared for the purpose of such report. References to "**net assets**" and "**profit before tax**", consolidated or non-consolidated, shall include references to equivalent items in the relevant financial statements as determined by the Auditor or the investment bank.

5 INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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

As used in the Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

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

For the purposes of these Conditions:

"**Calculation Amount**" means the amount specified as such in the applicable Pricing Supplement;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with Condition 5.1:

(a) if "**Actual/Actual (ICMA)**" is specified in the applicable Pricing Supplement:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if "**30/360**" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and

(c) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

"**Determination Date**" means the date(s) specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date(s);

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

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date in the applicable Pricing Supplement; and

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

5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

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

Such interest will be payable in respect of each Interest Period.

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

(A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (I) in the case of (x) above, shall be the last day that is a Business Day in the relevant month or (II) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day. In the case of (I) and (II), each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

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

In these Conditions:

"**Business Day**" means a day which is both:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong and each Additional Business Centre specified in the applicable Pricing Supplement; and

(ii) either (A) in relation to any sum payable in a Specified Currency other than Euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than Hong Kong and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively), (B) in relation to any sum payable in Euro, a day which is a TARGET Business Day or (C) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

"**Euro**" means the currency introduced at the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (5c) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;

"**PRC**" means the People's Republic of China, excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;

"**Renminbi**" means the lawful currency for the time being of the PRC;

"**TARGET Business Day**" means any day on which the TARGET System is open for the settlement of payments in Euro; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system (known as TARGET 2) which utilises a single shared platform and which was launched on 19 November 2007.

(b) Rate of Interest

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

(i) ISDA Determination for Floating Rate Notes

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

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

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London interbank offered rate ("**LIBOR**"), on the Euro-zone interbank offered rate ("**EURIBOR**"), on the Hong Kong interbank offered rate ("**HIBOR**"), on the CNH Hong Kong Interbank Offered Rate ("**CNH HIBOR**"), on the Singapore interbank offered rate ("**SIBOR**") or on the Swap Offer Rate ("**SOR**"), the first day of that Interest Period or (II) in any other case, as specified in the applicable Pricing Supplement.

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

(ii) Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as being SIBOR or SOR

(A) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(I) the offered quotation; or

(II) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR, or Hong Kong time, in the case of HIBOR) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. (in the case of CNH HIBOR) on the Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

(B) If the Relevant Screen Page is not available or if, sub-paragraph (A)(I) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (A)(II) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall promptly inform the Issuer and the Issuer shall use all reasonable endeavours to appoint a Determination Agent and procure such Determination Agent to request each of the Reference Banks to provide its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. on the Determination Date in question, and such offered quotations shall be notified by the Determination Agent in writing to the Calculation Agent. If two or more of the Reference Banks provide such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent;

(C) If sub-paragraph (B) above applies and fewer than two Reference Banks are providing offered quotations to the Determination Agent, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as provided to the Determination Agent and communicated to the Calculation Agent by the Determination Agent quoted by major banks in, if the Reference Rate is LIBOR, London, if the Reference Rate is EURIBOR, the principal Euro-zone office of such bank, or if the reference rate is HIBOR or CNH HIBOR, at, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR at approximately 11.00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. on the relevant

Determination Date, deposits in the Relevant Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong interbank market, as the case may be; and

(D) if the Rate of Interest cannot be determined in accordance with sub-paragraphs (A), (B) and (C) of this paragraph (ii), the Rate of Interest shall be determined as at the last preceding Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period).

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

(A) For each Floating Rate Note where the Reference Rate is specified as being SIBOR (in which case such Note will be a "**SIBOR Note**") or SOR (in which case such Note will be a "**Swap Rate Note**"), the Rate of Interest payable from time to time under this Condition 5.2(c)(iii) will be determined by the Calculation Agent on the basis of the following provisions:

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

(aa) the Calculation Agent will, at approximately 11.00 a.m. (Singapore time) on the relevant Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX1 Page under the heading "SGD SIBOR" (or such other replacement page thereof or such other Relevant Screen Page);

(bb) if no such rate appears on the Reuters Screen ABSIRFIX1 Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen ABSIRFIX1 page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent shall promptly inform the Issuer and the Issuer shall use all reasonable endeavours to appoint a Determination Agent and procure such Determination Agent to request the Reference Banks to provide with the rate at which deposits in Singapore dollars are offered by it at approximately 11.00 a.m. (Singapore time) on the Determination Date to major banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate nominal amount of the relevant Floating Rate Notes, and such deposit rates shall be notified to the

Calculation Agent. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such deposit rates, as determined by the Calculation Agent;

(cc) if on any Determination Date, two but not all the Reference Banks provide such deposit rate quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with sub-paragraph (bb) above on the basis of the quotations of those Reference Banks providing such quotations; and

(dd) if on any Determination Date one only or none of the Reference Banks provides the Determination Agent with such deposit rate quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Determination Agent and communicated to the Calculation Agent at or about the Relevant Time on such Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate nominal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate or if on such Determination Date one only or none of the Reference Banks provides the Determination Agent with such quotation, the rate per annum which the Calculation Agent determines to be arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Determination Date; provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph (dd), the Rate of Interest shall be determined as at the last preceding Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period);

(II) in the case of Floating Rate Notes which are Swap Rate Notes:

(aa) the Calculation Agent will, at or about 11.00 a.m. (Singapore time) on the relevant Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX1 Page under the heading "SGD Swap Offer" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about 11.00 a.m. (Singapore time) on such Determination Date and for a period equal to the duration of such Interest Period;

(bb) if on any Determination Date no such rate is quoted on Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent shall promptly inform the Issuer and the Issuer shall use all reasonable endeavours to appoint a Determination Agent and procure such Determination Agent to determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), and such rate shall be notified to the Calculation Agent, or by such other relevant authority as the Determination Agent may select and notify to the Calculation Agent; and

(cc) if on any Determination Date the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (aa) and (bb) above, the Rate of Interest shall be determined by the Determination Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Determination Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate, or if on such day one only or none of the Reference Banks provides the Determination Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m. (Singapore time) on such Determination Date, and such rate shall be notified to the Calculation Agent; provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph (cc), the Rate of Interest shall be determined as at the last preceding Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period).

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

In these Conditions:

"**Determination Agent**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise (which shall not be the Calculation Agent) selected and appointed by (and at the expense of) the relevant Issuer for the purposes of this Condition 5 and notified in writing by the relevant Issuer to the Calculation Agent and the Trustee.

"**Euro-zone**" means the region comprised of member states of the European Union that have adopted the Euro;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of the Note and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means (i) in the case of determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone market, (iii) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, (iv) in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and (v) in the case of a determination of SIBOR or SOR, the principal Singapore office of three major banks in the Singapore inter-bank market, in each case selected by the Determination Agent or as specified hereon;

"**Reference Rate**" means the reference rate specified as such in the applicable Pricing Supplement;

"**Relevant Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified in the applicable Pricing Supplement for the purpose of providing the Reference Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate; and

"**Singapore dollars**" means the lawful currency for the time being of the Republic of Singapore.

(c) Margins, Minimum Rate of Interest and/or Maximum Rate of Interest

(i) any Margin is specified hereon (either (A) generally, or (B) in relation to one or more Interest Period(s)), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Periods, in the case of (B), calculated in accordance with Condition 5.2 above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to Condition 5.2(d)(ii) below.

(ii) If any Maximum Rate of Interest or Minimum Rate of Interest is specified hereon, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5.2(b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5.2(b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

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

The Calculation Agent, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period and notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

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

In these Conditions:

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with Condition 5.2:

(i) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(e) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and the Trustee and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth Hong Kong Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this Condition 5.2(e), the expression "**Hong Kong Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Hong Kong.

(f) ***Determination or Calculation***

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest or to calculate any Interest Amount in accordance with subparagraph (b)(i) of Condition 5.2 or subparagraph (b)(ii) of Condition 5.2 above or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with Condition 5.2(d) above, the Issuer shall appoint an agent on its behalf to make such determination or calculation and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 5.2, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement.

(g) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Calculation Agent, or, if applicable, the relevant agent of the Issuer, shall (in the absence of fraud, wilful default, gross negligence or manifest error) be binding on the Issuer, the Guarantor, the Trustee, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of fraud, wilful default, gross negligence or manifest error) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent or, if applicable, the relevant agent of the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Interest on Dual Currency Interest Notes

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

5.4 Interest on Partly Paid Notes

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

5.5 Interest on Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon:

(a) 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 (determined in accordance with Condition 7.6(c)); and

(b) 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 defined in Condition 7.6(c)).

5.6 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

6 PAYMENTS

6.1 Method of payment

Subject as provided below:

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

(b) payments in Euro will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee; and

(c) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Singapore, Hong Kong or such other location outside the PRC as specified in the applicable Pricing Supplement.

6.2 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of Instalment Amounts (if any) in respect of Definitive Bearer Notes, other than the final Instalment Amount, will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final Instalment Amount will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant Instalment Amount together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note (i) in the case of a Bearer Global Note lodged with the CMU Service, to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited as being held by the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment, or (ii) in the case of a Bearer Global Note not lodged with the CMU Service, against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States.

A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made (in the case of a Bearer Global Note not lodged with the CMU Service) on such Bearer Global Note either by the Paying Agent to which it was presented or in the records of Euroclear, Clearstream, Luxembourg and CDP, as applicable or (in the case of a Bearer Global Note lodged with the CMU Service) on withdrawal of such Bearer Global Note by the CMU Lodging and Paying Agent, and in such case, such record shall be prima facie evidence that the payment in question has been made.

6.4 Payments in respect of Registered Notes

Payments of principal (other than Instalment Amounts prior to the final Instalment Amount) in respect of each Registered Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made on the due date by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note in registered form appearing in the register of holders of the Notes in registered form maintained by the Registrar (the "**Register**") at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located and in the city where the specified office of the relevant Paying Agent is located (if applicable)) before the relevant due date.

For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and, in the case of a payment in Renminbi, means a Renminbi account maintained by or on behalf of the payee) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than Euro and Renminbi) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in Euro) any bank which processes payments in Euro and has access to the TARGET System and (in the case of a payment in Renminbi) a bank in Hong Kong.

Payments of interest and payments of Instalment Amounts (other than the final Instalment Amount) in respect of each Registered Note will be made on the due date (a) (in the case of a Specified Currency other than Renminbi) by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to and (b) (in the case of Renminbi) by transfer to the Designated Account of, the holder (or the first named of joint holders) of the Note in registered form appearing in the Register (i) where in global form, at the close of the Clearing System Business Day (where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January) immediately before the relevant due date, and (ii) where in definitive form, at the close of business on the fifth day (in the case of Renminbi whether or not such fifth day is a business day) and the fifteenth day (in the case of a currency other than Renminbi, whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder of a Note other than a Note denominated in Renminbi to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or an Instalment Amount (other than the final Instalment Amount) in respect of a Note in registered form, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and Instalment Amounts (other than the final Instalment Amount) in respect of the Notes in registered form which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Note in registered form on redemption and the final Instalment Amount will be made in the same manner as payment of the principal amount of such Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 6.4 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Note.

None of the Issuer, the Guarantor, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 General provisions applicable to payments

The holder of a Global Note (if the Global Note is not lodged with the CMU Service) or (if the Global Note is lodged with the CMU Service) the person(s) for whose account(s) interests in such Global Note are credited as being held through the CMU Service in accordance with the CMU Rules as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error), shall be the only person(s) entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note or such person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU Service, as the case may be, in respect of each amount so paid.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, the CMU Service or CDP as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg, the CMU Service or CDP, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 6.5, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

6.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

   (i) the relevant place of presentation;

   (ii) Hong Kong;

   (iii) each Additional Financial Centre specified in the applicable Pricing Supplement; and

(b) either (i) in relation to any sum payable in a Specified Currency other than Euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively), (ii) in relation to any sum payable in Euro, a day on which is a TARGET Business Day or (iii) in relation to any sum payable in Renminbi, a day on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

6.7 Interpretation of principal and interest

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

(a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.6); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6.8 Payments subject to fiscal laws

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

7 REDEMPTION AND PURCHASE

7.1 Redemption at maturity

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

7.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 8) or the Guarantor has or (if a demand was made under the Guarantee) would become obliged to pay such Additional Amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it;

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

(1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such Additional Amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee were then made; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such Additional Amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee were then made.

Prior to the publication of any notice of redemption pursuant to this Condition 7.2, the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by two directors of the Issuer who are also Authorised Signatories of the Issuer or, as the case may be, two directors of the Guarantor who are also Authorised Signatories of the Guarantor 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 or, as the case may be, the Guarantor so to redeem have occurred and an opinion of independent legal advisers or tax advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such Additional Amounts as a result of such change or amendment and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in this Condition 7.2, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given not less than 15 nor more than 30 days' notice to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s), if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or the CMU Service (as appropriate) and/or CDP (as appropriate), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Calculation Amount. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

For the purposes of this Condition 7.3:

"**Optional Redemption Amount**" means:

(a) the greater of:

  (i) the principal amount of the Notes to be redeemed plus any accrued but unpaid interest; or

  (ii) the Make Whole Amount; or

(b) the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement;

"**Make Whole Amount**" means either (i) the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or (ii) an amount determined on the fifth New York City business day before the relevant Optional Redemption Date by an investment bank of internationally recognised standing selected by the Issuer (the "**Redemption Calculation Agent**") and notified to the Trustee, the Principal Paying Agent and in the case of Registered Notes, the Registrar to be equal to the sum of:

(a) the present value of the principal amount of the Notes, assuming a scheduled repayment thereof on the Maturity Date; and

(b) the present value of the remaining scheduled payments of interest to and including the Maturity Date,

in each case discounted to the redemption date on a basis specified in the applicable Pricing Supplement (the "**Relevant Period**") (assuming a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed) at the Treasury Yield plus the Margin.

The Redemption Calculation Agent shall promptly notify each of the Issuer, the Guarantor, the Trustee, the Principal Paying Agent and, in the case of Registered Notes, the Registrar in writing of the Make Whole Amount;

"**Margin**" means the margin as specified in the applicable Pricing Supplement; and

"**Treasury Yield**" means:

(a) the yield, under the heading which represents the average for the week immediately preceding the date on which such yield is calculated, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System, available on the website of the Board of Governors Federal Reserve System at http://www.federalreserve.gov/releases/h15 or any successor site or, failing which, on Bloomberg pages PX1, PX2 and PX3 and which establishes a yield for actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", with a maturity comparable to the time period between the relevant redemption date and the Maturity Date (the "**Remaining Maturity**"), provided that if no maturity falls within three months before or after such time period, yields for the two published maturities most closely corresponding to such time period shall be determined and the Treasury Yield shall be interpolated or extrapolated from such yields on a straight-line basis, with rounding to the nearest month; or as such aforesaid yield is displayed on Reuters Page FRBCMT (or such other page which may replace that page on that service or any successor service); or

(b) in the event that such yield referred to in paragraph (a) above of this definition does not appear in such statistical release or any successor publication, site, page servicer or any successor thereto during the week preceding the date on which the Redemption Calculation Agent determines the Optional Redemption Amount (which shall be the fifth New York City business day before the relevant Optional Redemption Date), the yield shall be determined by the Redemption Calculation Agent as follows:

(i) the Redemption Calculation Agent shall select, and the Issuer shall appoint, three or more primary U.S. Government securities dealers in New York City (each, a "**Primary Treasury Dealer**") or their respective successors as reference dealer; provided, however, that if any of the foregoing ceases to be a Primary Treasury Dealer, the Issuer shall substitute therefor another Primary Treasury Dealer selected by the Redemption Calculation Agent. The Redemption Calculation Agent shall also select, and the Issuer shall also appoint, one of the reference dealers as the quotation agent;

(ii) the quotation agent will select a United States Treasury security having a maturity comparable to the Remaining Maturity, which would be used in accordance with customary financial practice to price new issues of corporate debt securities with a maturity comparable to the Remaining Maturity;

(iii) the reference dealers will provide the Redemption Calculation Agent with the bid and ask prices for that comparable United States Treasury security as at 5:00 p.m. (New York City time) on the fifth New York City business day before the relevant redemption date;

(iv) the Redemption Calculation Agent will calculate the average of the bid and ask prices provided by each reference dealer to obtain such reference dealer's quotation. The Redemption Calculation Agent will eliminate the highest and the lowest quotations and then calculate the average of the remaining quotations; provided, however, that if the Redemption Calculation Agent obtains fewer than three quotations, it will calculate the average of all of the quotations without eliminating any of them (such average as aforesaid, the "**Comparable Treasury Price**");

(v) the applicable Treasury Yield will be the Relevant Period equivalent yield to maturity of a security whose price is equal to the Comparable Treasury Price, in each case expressed as a percentage of its principal amount; and

(vi) the Redemption Calculation Agent shall promptly notify each of the Issuer, the Guarantor, the Trustee and the Principal Paying Agent in writing of the applicable Treasury Yield.

Absent any manifest error, any determination by the Redemption Calculation Agent of the Optional Redemption Amount, the Make Whole Amount or the Treasury Yield in accordance with the procedures set forth above will be final and binding.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.3 by the Redemption Calculation Agent will be binding on the Issuer, the Guarantor, the Trustee, the Agents and all of the Noteholders and (in the absence of wilful misconduct, gross negligence or manifest error) no liability to the Issuer, the Guarantor or the Noteholders shall attach to the Redemption Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretion under this Condition 7.3. For the avoidance of doubt, neither the Trustee nor any of the Agents shall have any liability or responsibility for the accuracy of any calculations performed by the Redemption Calculation Agent.

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

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer, in accordance with Condition 14, not less than 45 nor more than 60 days' notice, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement such Note on the Optional Redemption Date and at the Optional Redemption Amount, together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Registered Notes may be redeemed under this Condition 7.4 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement. Such option shall operate as set out below in Condition 7.5.

7.5 Put Notices

To exercise the right to require redemption of the Notes pursuant to Condition 7.4, the holder of this Note must, if this Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg, the CMU Service and CDP, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), at any time during the normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 7.5 and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If such Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, the CMU Service or CDP, to exercise the right to require redemption of this Note, the holder of this Note must, within the notice period, give notice to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, the CMU Service or CDP (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg, the CMU Service or CDP or any common depositary, as the case may be, for them to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means or notice being given to the CMU Lodging and Paying Agent or the CDP Paying Agent) in a form acceptable to Euroclear and Clearstream, Luxembourg or the CMU Service and the CMU Lodging and Paying Agent or CDP and the CDP Paying Agent, as the case may be, from time to time and, if this Note is represented by a Global Note held through Euroclear or Clearstream, Luxembourg, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, the CMU Service and CDP given by a holder of any Note pursuant to this Condition 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.5.

7.6 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note (other than a Zero Coupon Note, an Instalment Note and a Partly Paid Note) with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \text{ x } (1 + AY)^{y}$$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield (as specified in the applicable Pricing Supplement) expressed as a decimal; and

"**y**" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, provided that y shall not be greater than 1,

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

7.7 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.6.

7.8 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7.8 and the applicable Pricing Supplement.

7.9 Purchases

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

7.10 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.9 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, Condition 7.2, Condition 7.3 or Condition 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.6(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent, the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8 TAXATION

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

(a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(b) presented for payment by or on behalf of a holder of such Note, Receipt or Coupon who is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder thereof would have been entitled to an additional amount on presenting the same for payment on the thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6).

As used in these Conditions:

(i) "**Tax Jurisdiction**" means the British Virgin Islands or, as the case may be, Singapore (as applicable), Bermuda, or any political subdivision or any authority thereof or therein having power to tax; or if the Issuer or the Guarantor becomes subject at any time to any tax jurisdiction other than the British Virgin Islands or, as the case may be, Singapore (in the case of the Issuer) or Bermuda (in the case of the Guarantor), references in these Conditions to Tax Jurisdiction shall be construed as references to the British Virgin Islands or, as the case may be, Singapore (as applicable), Bermuda, and such other jurisdictions, as the case may be; and

(ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

Any reference in these Conditions to principal or interest shall be deemed to include any Additional Amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 or any undertaking given in addition to or in substitution of this Condition 8 pursuant to the Trust Deed.

9 PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10 EVENTS OF DEFAULT AND ENFORCEMENT

10.1 The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured and/or prefunded by the Noteholders to its satisfaction), give notice to the Issuer and the Guarantor that each Note is, and each Note shall accordingly thereby become, immediately due and repayable at its Early Redemption Amount together with accrued interest without further action or formality, if any one or more of the following events (each an "**Event of Default**") shall occur:

(a) a default is made in the payment of any principal, premium or interest due in respect of the Notes for more than ten days; or

(b) the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Conditions or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 45 days following the service by the Trustee on the Issuer and the Guarantor of written notice requiring the same to be remedied; or

(c) the Issuer, the Guarantor or any Principal Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent (which shall, for the avoidance of doubt, exclude any solvent winding up of any Principal Subsidiary (other than the Issuer)) 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 any agreement for the deferral, rescheduling (other than any rescheduling in the ordinary course of business) or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), 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

(d) (i) any other present or future indebtedness of the Issuer, the Guarantor or any of the Principal Subsidiaries 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 actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due within five business days in Hong Kong and New York (if no grace period is applicable) or (if a grace period is applicable) within any applicable grace period, or (iii) the Issuer, 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 Condition 10.1(d) have occurred equals or exceeds U.S.$50 million or its equivalent in any currency or currencies (as reasonably determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank selected by the Trustee (at the expense of the Issuer or, failing whom, the Guarantor) on the day on which the calculation falls to be made).

In computing these amounts, (i) no obligation in respect of which there is a default shall be counted more than once, by reason for instance that the person is actually liable for such obligation and another person is contingently liable for it and (ii) where any obligation is a net obligation, the net amount of such obligation shall be taken rather than the gross obligation which has been reduced to such net amount; or

(e) an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer, the Guarantor or any of the Principal Subsidiaries (unless it is a solvent winding up or reorganisation of any Principal Subsidiary other than the Issuer), or the Issuer, the Guarantor or any of the Principal Subsidiaries 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 of the Noteholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or any of the Guarantor's Subsidiaries, or (iii) in the case of any of the Guarantor's Subsidiaries, as a result of disposal on arm's length terms; or

(f) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of the Principal Subsidiaries for or in respect of indebtedness of U.S.$50 million or more (or its equivalent in any other currency or currencies) becomes enforceable against (in the opinion of the Trustee) a material part of the undertaking, property, assets or revenues of the Issuer or the Guarantor or any of the Principal Subsidiaries and any step is taken to enforce it (including the taking of possession or the appointment of a trustee, receiver, manager or other similar person) and such step is not withdrawn or discharged within 45 days of its commencement; or

(g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any Principal Subsidiary and is not discharged or stayed within 45 days (or such longer period as the Trustee may consider appropriate in relation to the jurisdiction concerned); or

(h) it is or if it will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under the Notes or the Trust Deed or any consent or approval required to make the Issuer's or the Guarantor's obligations under the Notes or the Trust Deed legally binding and enforceable is not obtained; or

(i) 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

(j) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10.1(a) to 10.1(i) (both inclusive),

provided that, in the case of each of (1) any event described in Conditions 10.1(c), 10.1(d), 10.1(e), 10.1(f), 10.1(g) and 10.1(i) (or, to the extent that the event has an analogous effect, as referred to in Condition 10.1(j), to any of the events referred to in Conditions 10.1(c), 10.1(d), 10.1(e), 10.1(f), 10.1(g) or 10.1(i)) occurring in relation to a Principal Subsidiary and (2) any event described in Conditions 10.1(d), 10.1(f) and 10.1(g) (or, to the extent that the event has an analogous effect, as referred to in paragraph 10.1(j), to any of the events referred to in Conditions 10.1(d), 10.1(f) or 10.1(g)) occurring in relation to the Issuer or the Guarantor, the Trustee shall not give notice as aforesaid unless it shall have certified in writing to the Issuer and the Guarantor that such event is in its opinion materially prejudicial to the interests of Noteholders and, in the event that any present or future indebtedness of the Issuer, the Guarantor or any Principal Subsidiary for or in respect of moneys borrowed or raised becomes capable of being declared due and payable prior to its stated maturity by reason of any potential default or the like (howsoever described) under Condition 10.1(d), such potential default is not remedied within a period of 5 days after written notice shall have been given to the Issuer and the Guarantor by the Trustee.

10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11 REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

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

12 AGENTS

The names of the initial Agents and their initial specified offices are set out below.

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

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority and the same is required by such stock exchange or regulatory authority, there will at all times be a Paying Agent (in the case of Notes in bearer form) and a Registrar and Transfer Agent (in the case of Notes in registered form) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Any variation, termination, appointment or change referred to in the preceding paragraph and/or appointment referred to in this paragraph shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

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

13 EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14 NOTICES

All notices regarding Notes in bearer form will be deemed to be validly given if published in a leading daily newspaper of general circulation in Asia or such other English language daily newspaper with general circulation in Asia as the Trustee may approve. It is expected that such publication will be made in either the *Asian Wall Street Journal* or *The Business Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes in bearer form are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

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

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

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Notes in bearer form) or the Registrar (in the case of Notes in registered form). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, and/or, in the case of Notes lodged with the CMU Service, by delivery by such holder of such notice to the CMU Lodging and Paying Agent in Hong Kong, and/or, in the case of Notes cleared through CDP, by delivery of such holder of such notice to the CDP Paying Agent in Singapore, as the case may be.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 14.

Notwithstanding the other provisions of this Condition 14, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

15 MEETINGS OF NOTEHOLDERS, MODIFICATIONS, WAIVER AND SUBSTITUTION

15.1 Meeting of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including, without limitation, the sanctioning by Extraordinary Resolution (which is defined in the Trust Deed as a resolution duly passed (a) at a meeting duly covered and held in accordance with the Trust Deed by a majority of not less than 75 per cent. of the votes cast; or (b) by a Written Resolution or (c) by an Electronic Consent)] of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee upon the request in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering the currency of payment of the Notes, the Receipts or the Coupons, amending the terms of the Guarantee or changing the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution) (each, a "**Reserved Matter**"), the quorum shall be two or more persons holding or representing not less than 66 2/3 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting two or more persons holding or representing not less than 33 1/3 per cent. in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding (a "**Written Resolution**") or (ii) where the Notes are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer, Guarantor or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes then outstanding ("**Electronic Consent**") shall, in each case for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. A Written Resolution may be contained in one document or several documents in like form, each signed by or on behalf of one or more Noteholders. A Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution or Electronic Consent and whether or not they voted in favour of the relevant resolution.

15.2 Modifications and Waivers

The Trustee may, without the consent of the Noteholders, Receiptholders or Couponholders, agree to any modification of the Notes, the Trust Deed (other than in respect of a Reserved Matter) or the Agency Agreement which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the Noteholders or any modification of the Notes, the Receipts, the Coupons, the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of any provisions of the Notes, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such modification, waiver or authorisation shall be binding on the Noteholders, the Receiptholders and the Couponholders and unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

15.3 Exercise of Trustee's Powers etc.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Trustee shall not be entitled to require on behalf of any Noteholder, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

15.4 Substitution

The Trust Deed contains provisions under which the Guarantor or any of its Subsidiaries may, without the consent of the Noteholders, assume the obligations of the Issuer as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed provided that certain conditions set out in the Trust Deed are fulfilled, including, in the case of a substitution of the Issuer by a company other than the Guarantor, a requirement that the Guarantee is fully effective in relation to the obligations of the new principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed.

No Noteholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder, except to the extent provided for in Condition 8 (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

16 INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including without limitations, provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (a) to enter into business transactions with the Issuer, the Guarantor and any of their respective related entity relating to the Issuer or the Guarantor and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor and/or any entity relating to the Issuer or the Guarantor, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely without liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders, the Couponholders or any other person on any report, confirmation or certificate from or any opinion or advice of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice, in which event such report, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Guarantor, Noteholders, Receiptholders and the Couponholders.

Whenever the Trustee is required or entitled by these terms of the Trust Deed, the Agency Agreement or the Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Noteholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders except to the extent that a court of competent jurisdiction determines that the Trustee's own gross negligence, wilful default or fraud was the direct and primary case of any such loss or liability.

None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

17 FURTHER ISSUES

The Issuer shall be at liberty, from time to time, without the consent of the Noteholders, the Receiptholders or the Couponholders and in accordance with the Trust Deed, to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

19 GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing law

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

19.2 Submission to Jurisdiction

Each of the Issuers and the Guarantor agrees, for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons) and that accordingly submits to the exclusive jurisdiction of the English courts.

Each of the Issuers and the Guarantor waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Trustee, the Noteholders, the Receiptholders and the Couponholders may take any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons) against the Issuer and the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

19.3 Appointment of Process Agent

Each of the Issuers and the Guarantor irrevocably appoints Shangri-La Hotels Pte Limited at its registered office at The Shard, Shangri-La Hotel, 31 St Thomas Street, London SE1 9QU, United Kingdom as its agent for service of process and undertakes that, in the event of Shangri-La Hotels Pte Limited ceasing so to act or ceasing to be registered in England, it will appoint another person acceptable to the Trustee as its agent for service of process in England in respect of any Proceedings and notify the Noteholders and the Trustee of such appointment. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

19.4 Other documents and the Guarantor

The Issuers and, where applicable, the Guarantor have in the Trust Deed and the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the 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.

CAPITALISATION AND INDEBTEDNESS OF THE GROUP

CAPITALISATION AND INDEBTEDNESS OF THE GROUP

As at 30 June 2019, the authorised share capital of the Guarantor was HK$5,000,000,000 divided into 5,000,000,000 shares of HK$1.00 par value each and its issued share capital was HK$3,585,525,056 consisting of 3,585,525,056 shares of HK$1.00 par value each.

The following table sets out the unaudited but reviewed consolidated capitalisation and indebtedness of the Group as at 30 June 2019:

	As at 30 June 2019
	U.S.$'000
Short-term borrowings – bank loans	489,557
Long-term borrowings – bank loans	3,890,687
Long-term borrowings – fixed rate bonds	863,157
Total borrowings	5,243,401
Total equity	6,525,943
Total capitalisation (total borrowings plus total equity)	**11,769,344**

DESCRIPTION OF HOWES CAPITAL LIMITED

GENERAL

HCL was incorporated as a limited liability company under the laws of the British Virgin Islands with company number 1692017 on 18 January 2012 as a wholly owned subsidiary of the Guarantor. The registered office of HCL is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

BUSINESS ACTIVITY

HCL was established to raise financing pursuant to the unrestricted objects and powers set out in Clause 5 of its Memorandum of Association. HCL does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a finance subsidiary of the Guarantor.

SHARE CAPITAL AND DEBT

HCL is authorised to issue a maximum of 50,000 shares of a single class each with a par value of U.S.$1.00, of which 1 ordinary share is held by the Guarantor. The register of members of HCL is maintained at its registered office in the British Virgin Islands at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. No part of the equity securities of HCL is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. As of the date of this Offering Circular, HCL has outstanding debt of U.S.$35 million in the form of fixed rate bonds.

FINANCIAL STATEMENTS

Under British Virgin Islands law, HCL is not required to publish interim or annual audited financial statements. HCL has not published, and does not propose to publish, any audited financial statements in the future. HCL is, however, required to keep proper books of account as it is necessary to give a true and fair view of the state of HCL's affairs. The Guarantor has consolidated the financial results of HCL in its published interim reviewed financial statements and annual audited consolidated financial statements since HCL became a wholly owned subsidiary of the Guarantor.

DIRECTORS

The directors of HCL as at the date of this Offering Circular are Mr. TAN Lay Beng and Mr. SEOW Chow Loong Iain and each of their business addresses is 28/F Kerry Centre, 683 King's Road, Quarry Bay, Hong Kong.

HCL does not have any employees and has no subsidiaries.

DESCRIPTION OF SHANGRI-LA HOTEL LIMITED

GENERAL

SHL was incorporated as a limited liability company under the laws of Singapore with company number 196200040E on 3 March 1962. On 7 September 1999, the Guarantor through its wholly-owned subsidiary, Perseverance Investments Limited ("**Perseverance**") acquired 89.50 per cent. of the paid-up ordinary share capital of SHL. On 22 February 2001, the Guarantor through Perseverance, acquired a further 9.61 per cent. of the paid-up ordinary share capital of SHL. The share capital reduction of SHL was confirmed by an order of the Singapore High Court and took effect on 5 March 2002 and SHL became a wholly owned subsidiary of the Guarantor (held through Perseverance). The registered office of SHL is at 22 Orange Grove Road, Singapore 258350.

BUSINESS ACTIVITY

SHL wholly owns the following assets:

- Shangri-La Hotel, Singapore;
- The Shangri-La Apartments, Singapore (a serviced apartment block for lease located alongside the hotel); and
- The Shangri-La Residences, Singapore (a four-storey condominium with premium spacious apartments for lease).

Through a wholly-owned subsidiary, SHL also owns a 100 per cent. interest in Shangri-La's Rasa Sentosa Resort & Spa, Singapore and a 75 per cent. interest in a laundry business.

Through SHL's investment in associates, SHL also owns

- a 25 per cent. interest in Shangri-La's Rasa Ria Resort & Spa, Kota Kinabalu;
- a 40 per cent. interest in Shangri-La's Tanjung Aru Resort & Spa, Kota Kinabalu;
- a 44.6 per cent. interest in Hotel Jen Tanglin Singapore;
- a 44.6 per cent. interest in Tanglin Mall, Singapore (shopping mall for lease); and
- a 44.6 per cent. interest in Tanglin Place, Singapore (office building and shopping area for lease).

SHARE CAPITAL AND DEBT

The issued share capital of SHL is S$165,433,560 consisting of 164,663,560 shares, all of which are held by the Guarantor though Perseverance. The register of members of SHL is maintained at its registered office in Singapore at 22 Orange Grove Road, Singapore 258350. The equity securities of SHL are not listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. As of 30 June 2019, SHL has outstanding debt of S$1,125 million in the form of fixed rate bonds.

FINANCIAL STATEMENTS

SHL has prepared its annual financial statements in accordance with the Singapore Financial Reporting Standards. The Guarantor has consolidated the financial results of SHL and its subsidiaries in the Guarantor's published interim reviewed and annual audited consolidated financial statements since SHL became a subsidiary of the Guarantor.

DIRECTORS

The directors of SHL as at the date of this Offering Circular are Ms. KUOK Hui Kwong (Chairman), Mdm. KUOK Oon Kwong, Ms. TEO La-Mei and Mr. CHAN Kong Leong. The address of each of the directors of SHL, in their capacity as directors of SHL, is 22 Orange Grove Road, Shangri-La Hotel, Singapore 258350.

DESCRIPTION OF THE GROUP

OVERVIEW

The Guarantor, Shangri-La Asia Limited, was incorporated in Bermuda with limited liability on 14 August 1992 (initially with the name Shangri-La China Limited which was changed to Shangri-La Asia Limited on 12 October 1992). The registered office of the Guarantor is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The Guarantor is listed on Main Board of The Stock Exchange of Hong Kong Limited with a secondary listing on the Singapore Exchange Securities Trading Limited and, as at 30 September 2019, the market capitalisation of the Guarantor was approximately HK$28.68 billion.

The principal activity of the Guarantor is investment holding. The principal activities of the Group are the development, ownership and operations of hotel properties, the provision of hotel management and related services, the development, ownership and operations of investment properties and the property development for sale. The Group operates its business under various brand names including "Shangri-La Hotels and Resorts", "Kerry Hotels", "Hotel Jen", "Traders Hotels", "Rasa", "Summer Palace", "Shang Palace" and "CHI, The Spa at Shangri-La".

The principal activities of the Group's associates are the development, ownership and operations of investment properties and the property development for sale as well as the development, ownership and operations of hotel properties.

As at 30 June 2019, the Group had equity interests in 79 hotels operating in Hong Kong, Mainland China, Singapore, Malaysia, the Philippines, Thailand, Australia, France, Fiji, Indonesia, Myanmar, Maldives, Turkey, Mongolia, Mauritius and Sri Lanka including the Portman Ritz-Carlton Hotel, Shanghai ("**Portman**"). The Shangri-La Hotel, Tokyo ("**Shangri-La Tokyo**"), Shangri-La Hotel, At the Shard, London ("**Shangri-La London**") and the Hotel Jen Orchardgateway Singapore ("**Hotel Jen Singapore**") are operating under operating lease agreements. The owned/leased hotels have approximately 36,000 available rooms. As at the date of this Offering Circular, the number of operating hotels in which the Group has an equity interest reduced by 1 to 78 as it has ceased to have any interest in the Portman.

As at 30 June 2019, with the exception of the Portman, the Group has hotel management agreements in respect of all the other 78 operating hotels in which it holds an equity interest together with Shangri-La Tokyo, Shangri-La, London and Hotel Jen Singapore. The Group also has hotel management agreements in respect of 20 operating hotels (approximately 6,400 available rooms) owned by third parties located in Mainland China, Canada, India, Sultanate of Oman, the Philippines, United Arab Emirates, Malaysia and Taiwan.

The Group's investment properties are located principally in Shanghai and Beijing and are owned by associates. The Group's subsidiaries and associates own investment properties in Mainland China, Singapore, Myanmar, Australia, Malaysia, Mongolia and Sri Lanka.

The Group opened six Group-owned hotels in Mainland China (the Songbei Shangri-La, Harbin, Hotel Jen Beijing, Shangri-La Hotel, Xiamen and Shangri-La Hotel, Jinan), Hong Kong (Kerry Hotel, Hong Kong) and Sri Lanka (Shangri-La Hotel, Colombo) in 2017 and announced the development of an urban resort in Fujian Province, China (Shangri-La Hotel, Putian) which is scheduled to open in 2020. In December 2018, the Group completed the disposal of the Hotel Jen Brisbane in Australia as requested by the local government authority to take the underlying land on which the hotel was built for redevelopment.

In terms of hotels managed for third parties, a new management agreement was signed with a third party in 2018 for the management of a Shangri-La hotel under development in Manama, Bahrain scheduled to open in 2022. During the six months ended 30 June 2019, two new management agreements with third parties for the management and operation of two hotels under development in Mainland China were also signed. The Shangri-La hotel at Shougang Park in Beijing is scheduled for completion and operation at the end of 2021 and will be designated as the official hotel of Beijing 2022 Winter Olympics. The Hotel Jen, Qianhai in Shenzhen is also scheduled for completion by end of 2021. In May 2019, the Group terminated the management agreement for the Shangri-La hotel in Doha.

The Group's consolidated revenue was U.S.$1,195.0 million for the six months ended 30 June 2019, an increase of 1.7 per cent. compared to U.S.$1,175.5 million for the six months ended 30 June 2018 and U.S.$2,517.9 million for the financial year ended 31 December 2018, an increase of 15.0 per cent. compared to U.S.$2,189.8 million for the financial year ended 31 December 2017. The consolidated profit attributable to owners of the Guarantor was U.S.$115.1 million for the six months ended 30 June 2019, a decrease of 24.7 per cent. compared to U.S.$152.9 million for the six months ended 30 June 2018, and U.S.$192.9 million for the financial year ended 31 December 2018, an increase of 22.1 per cent. compared to U.S.$158.0 million for the financial year ended 31 December 2017.

HISTORY

Through predecessor and associated entities, the Group has been active in the Singapore hotel industry since 1971, in Hong Kong since 1981 and in Mainland China since 1984. The Guarantor was incorporated in August 1992 and since then, has become the holding company of the Group. The listing of the Guarantor's Shares on the Hong Kong Stock Exchange was completed in June 1993 and the Guarantor subsequently obtained a secondary listing on the SGX-ST in September 1999. The Guarantor also established the ADR Programme (as defined below) in 2000.

Between November 1993 and July 1996, the Guarantor acquired various hotel and associated property interests in Mainland China, the Philippines, Indonesia and the Republic of Fiji from the Kuok Group. In September 1997, the Guarantor acquired the entire hotel management group owned by SLIM International from the Kuok Group. (See "*– Relationship with the Kuok Group*").

In late 1999, the Group expanded its hotel interests further by acquiring controlling interests in three listed companies, namely Shangri-La Hotel Limited, Shangri-La Hotels (Malaysia) Berhad and Shangri-La Hotel Public Company Limited, which owns interests in hotels and associates properties in Singapore, Malaysia, Thailand and Myanmar. In February 2001, Shangri-La Hotel Limited was delisted from the SGX-ST and subsequently became a wholly owned subsidiary of the Guarantor. The shares of Shangri-La Hotels (Malaysia) Berhad and Shangri-La Hotel Public Company Limited remain listed on the Bursa Malaysia Securities and the Stock Exchange of Thailand respectively.

GROUP AND SHAREHOLDING STRUCTURE

As at 30 September 2019, the Guarantor had an authorised share capital of HK$5,000,000,000 divided into 5,000,000,000 ordinary shares of HK$1.00 each and an issued and fully paid up share capital of HK$3,585,525,056 consisting of 3,585,525,056 ordinary shares of HK$1.00 each. The Guarantor has its primary listing on the Main Board of the Hong Kong Stock Exchange (stock code: 69), a secondary listing on the SGX-ST (trading name: Shang Asia 2kHK$; stock code S07) and a sponsored Level-1 American Depositary Receipt Programme (the "**ADR Programme**") for its ordinary shares (stock code: SHALY).

BUSINESS

The Group's business is organized into four main segments:

- Hotel Properties – development, ownership and operations of hotel properties (including hotels under lease);
- Hotel Management and Related Services – for Group-owned hotels and for hotels owned by third parties;
- Investment Properties – development, ownership and operations of office properties, commercial properties and serviced apartments/residences; and
- Property Development for Sale.

The Group continues to develop hotels, investment properties for rental purpose and properties for sales for the above-mentioned main business segments.

The Group currently owns and/or manages hotels under the following brands:

- Shangri-La Hotels and Resorts;
- Kerry Hotels;
- Hotel Jen; and
- Traders Hotels.

The table below sets forth the Group's consolidated revenue for the six months ended 30 June 2019 and 2018 and the years ended 31 December 2018 and 2017. The revenue figures as presented for 2018 and 2019 are prepared in accordance with the accounting standard HKFRS 15 effective on 1 January 2018 while those of 2017 are not restated.

	Six months ended 30 June		Year ended 31 December	
	2019	**2018**	**2018**	**2017**
	U.S.$ Million			
Hotel properties				
Revenue from rooms	534.0	560.7	1,143.3	1,042.5
Food and beverage sales	432.8	458.5	941.3	861.1
Rendering of ancillary services	58.8	61.7	122.3	114.4
Sub-total of hotel properties	1,025.6	1,080.9	2,206.9	2,018.0
Hotel management and related services	52.9	49.6	100.1	65.3
Sub-total hotel operations	1,078.5	1,130.5	2,307.0	2,083.3
Investment properties	43.6	40.4	82.6	73.0
Property development for sale	70.5	4.6	127.7	33.5
Other business	2.4	–	0.6	–
Consolidated revenue	1,195.0	1,175.5	2,517.9	2,189.8

Hotel Properties

The tables below set forth details of the hotels owned and operated by the Group as at 31 December 2018:

	Group's equity interest	Available rooms
(A) Hotels owned by the Group		
Hong Kong		
Kowloon Shangri-La, Hong Kong	100%	682
Island Shangri-La, Hong Kong	80%	565
Hotel Jen Hong Kong	30%	283
Kerry Hotel, Hong Kong	100%	546
Mainland China		
Shangri-La Hotel, Beijing	38%	670
China World Hotel, Beijing	50%	584
China World Summit Wing, Beijing	40.32%	278
Hotel Jen Beijing	40.32%	450
Kerry Hotel, Beijing	23.75%	486
Pudong Shangri-La, East Shanghai	100%	946
Jing An Shangri-La, West Shanghai	49%	508

	Group's equity interest	Available rooms
Kerry Hotel Pudong, Shanghai	23.2%	574
Portman Ritz-Carlton Hotel, Shanghai	30%	593
Shangri-La Hotel, Shenzhen	72%	522
Futian Shangri-La, Shenzhen	100%	528
Shangri-La Hotel, Xian	100%	393
Shangri-La Hotel, Hangzhou	45%	380
Shangri-La Hotel, Beihai	100%	362
Shangri-La Hotel, Changchun	100%	382
Hotel Jen Shenyang	100%	407
Shangri-La Hotel, Shenyang	25%	383
Shangri-La Hotel, Qingdao	100%	702
Shangri-La Hotel, Dalian	100%	560
Shangri-La Hotel, Wuhan	92%	442
Shangri-La Hotel, Harbin	100%	403
Shangri-La Hotel, Fuzhou	100%	414
Shangri-La Hotel, Guangzhou	80%	690
Shangri-La Hotel, Chengdu	80%	593
Shangri-La Hotel, Wenzhou	75%	409
Shangri-La Hotel, Ningbo	95%	562
Shangri-La Hotel, Guilin	100%	439
Shangri-La Hotel, Baotou	100%	360
Shangri-La Hotel, Huhhot	100%	365
Shangri-La Hotel, Manzhouli	100%	235
Shangri-La Hotel, Yangzhou	100%	360
Shangri-La Hotel, Qufu	100%	322
Shangri-La Hotel, Lhasa	100%	289
Shangri-La's Sanya Resort & Spa, Hainan	100%	496
Shangri-La Hotel, Nanjing	55%	450
Shangri-La Hotel, Qinhuangdao	100%	328
Shangri-La Hotel, Hefei	100%	400
Shangri-La Resort, Shangri-La	100%	228
Shangri-La Hotel, Tianjin	20%	304
Shangri-La Hotel, Nanchang	20%	473
Shangri-La Hotel, Tangshan	35%	301
Midtown Shangri-La, Hangzhou	25%	414
Songbei Shangri-La, Harbin	100%	344
Shangri-La Hotel, Xiamen	100%	325
Shangri-La Hotel, Jinan	45%	364
Singapore		
Shangri-La Hotel, Singapore	100%	792
Shangri-La's Rasa Sentosa Resort & Spa, Singapore	100%	454
Hotel Jen Tanglin Singapore	44.6%	565
Malaysia		
Shangri-La Hotel, Kuala Lumpur	52.78%	655
Shangri-La's Rasa Sayang Resort & Spa, Penang	52.78%	303
Golden Sands Resort, Penang	52.78%	387
Hotel Jen Penang	31.67%	443
Shangri-La's Rasa Ria Resort & Spa, Kota Kinabalu	64.59%	499
Shangri-La's Tanjung Aru Resort & Spa, Kota Kinabalu	40%	492
The Philippines		
Makati Shangri-La, Manila	100%	696
Edsa Shangri-La, Manila	100%	630
Shangri-La's Mactan Resort & Spa, Cebu	93.95%	530

	Group's equity interest	Available rooms
Shangri-La's Boracay Resort & Spa	100%	219
Shangri-La at the Fort, Manila	40%	576
Thailand		
Shangri-La Hotel, Bangkok	73.61%	802
Shangri-La Hotel, Chiang Mai	73.61%	277
Australia		
Shangri-La Hotel, Sydney	100%	565
Shangri-La Hotel, The Marina, Cairns	100%	255
France		
Shangri-La Hotel, Paris	100%	100
Maldives		
Shangri-La's Villingili Resort & Spa, Maldives	70%	132
Hotel Jen Malé, Maldives	100%	114
Other areas		
Shangri-La Bosphorus, Istanbul, Turkey	50%	186
Shangri-La's Fijian Resort & Spa, Yanuca, Fiji	71.64%	442
Sule Shangri-La, Yangon, Myanmar	59.16%	474
Shangri-La Hotel, Jakarta, Indonesia	25%	619
Shangri-La Hotel, Surabaya, Indonesia	11.34%	365
Shangri-La Hotel, Ulaanbaatar, Mongolia	51%	290
Shangri-La's Le Touessrok Resort & Spa, Mauritius	26%	203
Shangri-La's Hambantota Golf Resort & Spa, Sri Lanka	90%	274
Shangri-La Hotel, Colombo, Sri Lanka	90%	500
Total of 79 owned hotels		**34,933**
(B) Hotels under operating lease agreements		
Shangri-La Hotel, Tokyo, Japan		200
Shangri-La Hotel, At The Shard, London, United Kingdom		202
Hotel Jen Orchardgateway Singapore		499
Total of 3 leased hotels		901
Grand total		**35,834**

Note: Except for the Portman Ritz-Carlton Hotel, Shanghai which the Group has ceased to have any interest in, there have been no additions or other disposals of hotels in the period from 1 January 2019 to the date of this Offering Circular.

Consolidated revenue from rooms for the year ended 31 December 2018 was U.S.$1,143.4 million, an increase of 9.7 per cent., compared to U.S.$1,042.5 million for the year ended 31 December 2017. The increase was primarily driven by the carry-over impact from new hotels opened in 2017 (including the re-opening of the Tower Wing of Shangri-La Hotel, Singapore in May 2017 after the completion of its major renovation) and the general improvement in the hotels' revenue per available room ("**RevPAR**") in most of the locations, such as Hong Kong, Mainland China, Malaysia, Singapore and Sri Lanka.

Consolidated revenue from food and beverage sales for the year ended 31 December 2018 were U.S.$941.3 million, an increase of 9.3 per cent. compared to U.S.$861.1 million for the year ended 31 December 2017.

The consolidated revenue from rooms for the six months ended 30 June 2019 was U.S.$534.0 million, a decrease of 4.8 per cent., compared to U.S.$560.7 million for the corresponding period in 2018. The consolidated revenue from food and beverage sales for the six months ended 30 June 2019 were U.S.$432.8 million, a decrease of 5.6 per cent., compared to U.S.$458.5 million for the corresponding period in 2018. These decreases were driven by a number of factors, including a generally challenging hotel business environment due to geopolitical and local-specific events and unfavourable exchange rates, with a strong U.S. dollar against the Group's operating currencies. Key performance indicators of the hotels on an unconsolidated basis are:

	Six months ended 30 June 2019 Weighted Average			Six months ended 30 June 2018 Weighted Average			Year ended 31 December 2018 Weighted Average			Year ended 31 December 2017 Weighted Average		
Country	**Occupancy**	**Room Rate**	**RevPAR**	**Occupancy**	**Room Rate**	**RevPAR**	**Occupancy**	**Room Rate**	**RevPAR**	**Occupancy**	**Room Rate**	**RevPAR**
	(%)	*(U.S.$)*	*(U.S.$)*	*(%)*	*(U.S.$)*	*(U.S.$)*	*(%)*	*(U.S.$)*	*(U.S.$)*	*(%)*	*(U.S.$)*	*(U.S.$)*
The People's Republic of China												
Hong Kong	82	290	237	83	287	238	84	295	249	77	290	222
Mainland China	64	122	79	65	131	85	67	126	85	67	123	82
Singapore	78	215	168	77	222	172	80	220	175	68	208	142
Malaysia	72	132	95	75	138	103	75	139	104	73	127	93
The Philippines	69	201	139	68	186	127	67	182	121	67	183	123
Japan	79	615	485	85	594	506	86	586	502	87	538	466
Thailand	68	173	117	71	169	120	71	163	116	69	152	105
France	54	1,220	663	59	1,271	751	63	1,293	816	58	1,139	663
Australia	85	232	198	81	232	187	79	227	180	91	220	199
United Kingdom	77	558	429	73	527	384	79	548	435	79	517	407
Mongolia	35	186	66	23	215	50	30	219	66	24	231	54
Sri Lanka	33	165	54	40	165	67	42	161	68	39	145	56
Other countries	49	188	92	47	204	96	52	193	100	54	186	99
Weighted Average	66	167	110	67	172	114	68	169	115	67	162	109

The performance of these hotels by geography is set out below:

The People's Republic of China

Hong Kong

For the year ended 31 December 2018

The occupancy rate for the Group's hotels in Hong Kong was 84 per cent. for the year ended 31 December 2018, an increase of 7 percentage points, compared to 77 per cent. for the year ended 31 December 2017. The RevPAR was U.S.$249 for the year ended 31 December 2018, an increase of 12 per cent., compared to U.S.$222 for the year ended 31 December 2017. During the year ended 31 December 2018, the hotels benefited from a 4.9 per cent. increase in overall overnight visitors to Hong Kong, mainly driven by a 7.4 per cent. increase in overnight visitor arrivals from Mainland China. Kerry Hotel, Hong Kong, which opened in April 2017, also experienced improved occupancy and revenue. Total revenue from the Hong Kong hotel properties for the year ended 31 December 2018 increased by 18.4 per cent. to U.S.$370.1 million, compared to U.S.$312.5 million for the year ended 31 December 2017.

For the six months ended 30 June 2019

The occupancy rate for hotels in Hong Kong was 82 per cent. for the six months ended 30 June 2019, a decrease of 1 percentage point, compared to 83 per cent. for the six months ended 30 June 2018. The RevPAR was U.S.$237 for the six months ended 30 June 2019, largely unchanged compared to U.S.$238 for the six months ended 30 June 2018. During this period, one of the Group's flagship hotels was negatively impacted by the political events in Hong Kong but this was partially offset by a continued improving performance of the Kerry Hotel, Hong Kong. Total revenue from the Hong Kong hotel properties for the six months ended 30 June 2019 decreased by 1.5 per cent. to U.S.$175.0 million, compared to U.S.$177.7 million for the corresponding period in 2018.

Mainland China

For the year ended 31 December 2018

The Group had equity interests in 45 operating hotels in Mainland China as at 31 December 2018.

For the Group's hotels in Mainland China, the occupancy rate was 67 per cent. for the year ended 31 December 2018 and remained largely unchanged compared to 67 per cent. for the year ended 31 December 2017. The RevPAR was U.S.$85 for the year ended 31 December 2018, an increase of 4 per cent., compared to U.S.$82 for the year ended 31 December 2017. The hotel market in Mainland China remained largely stable in the year where there was continued demand growth outstripping that of supply in Tier 1 and Tier 2 cities, where approximately 75 per cent. of the Group's inventory is based. The performance in the year was also helped by the recent opening of the Shangri-La Hotel, Jinan; Hotel Jen Beijing; Shangri-La Hotel, Xiamen and Songbei Shangri-La, Harbin.

The below sets out the performance of the Group's hotels in different tier cities:

- In Tier 1 cities, the occupancy rate was 79 per cent. for the year ended 31 December 2018, an increase of 2 percentage points, compared to 77 per cent. for the year ended 31 December 2017. The RevPAR was U.S.$137 for the year ended 31 December 2018, an increase of 5 per cent., compared to U.S.$130 for the year ended 31 December 2017. If adjusted for the exchange rate impact, the RevPAR would have been U.S.$135 for the year ended 31 December 2018, an increase of 4 per cent., compared to U.S.$130 for the year ended 31 December 2017.

- In Tier 2 cities, the occupancy rate was 67 per cent. for the year ended 31 December 2018, an increase of 1 percentage point, compared to 66 per cent. for the year ended 31 December 2017. The RevPAR was U.S.$67 for the year ended 31 December 2018, an increase of 4 per cent., compared to U.S.$64 for the year ended 31 December 2017. If adjusted for the exchange rate impact, the RevPAR would have been U.S.$66 for the year ended 31 December 2018, an increase of 3 per cent., compared to U.S.$64 for the year ended 31 December 2017.

- In Tier 3 and Tier 4 cities, the occupancy rate was 52 per cent. for the year ended 31 December 2018, a decrease of 2 percentage points, compared to 54 per cent. for the year ended 31 December 2017. The RevPAR was U.S.$48 for the year ended 31 December 2018, largely unchanged compared to U.S.$48 for the year ended 31 December 2017. If adjusted for the exchange rate impact, the RevPAR would have been U.S.$47 for the year ended 31 December 2018, a decrease of 1 per cent., compared to U.S.$48 for the year ended 31 December 2017.

Total revenue from Mainland China hotel properties for the year ended 31 December 2018 increased by 6.0 per cent. to U.S.$842.1 million, compared to U.S.$794.9 million the year ended 31 December 2017.

For the six months ended 30 June 2019

For the Group's hotels in Mainland China, the occupancy rate was 64 per cent. for the six months ended 30 June 2019, a decrease of 1 percentage point, compared to 65 per cent. for the six months ended 30 June 2018. The RevPAR was U.S.$79 for the six months ended 30 June 2019, a decrease of 8 per cent., compared to U.S.$85 for the six months ended 30 June 2018. The Group experienced a challenging market in Mainland China in this period due to uncertainties in trade negotiations between China and the U.S. and was also impacted by currency fluctuations as the Renminbi depreciated approximately 6 per cent. against the U.S. dollar compared to the corresponding six month period in 2018.

Total revenue from Mainland China hotel properties for the six months ended 30 June 2019 decreased by 8.4 per cent. to U.S.$380.4 million compared to the corresponding six month period in 2018.

Singapore

For the year ended 31 December 2018

For the Group's hotels in Singapore, the occupancy rate was 80 per cent. for the year ended 31 December 2018, an increase of 12 percentage points, compared to 68 per cent. for the year ended 31 December 2017. The RevPAR was U.S.$175 for the year ended 31 December 2018, an increase of 24 per cent. compared to U.S.$142 for the year ended 31 December 2017. This was largely driven by the successful re-opening of Tower Wing at the Group's flagship Shangri-La Hotel, Singapore, following a major eight-month renovation in 2017. Total revenue from Singapore hotel properties for the year ended 31 December 2018 increased by 28.4 per cent. to U.S.$237.0 million, compared to U.S.$184.6 million for the year ended 31 December 2017.

For the six months ended 30 June 2019

For the Group's hotels in Singapore, the occupancy rate was 78 per cent. for the six months ended 30 June 2019, an increase of 1 percentage point, compared to 77 per cent. for the six months ended 30 June 2018. The RevPAR was U.S.$168 for the six months ended 30 June 2019, a decrease of 2 per cent., compared to U.S.$172 for the six months ended 30 June 2018. These decreases were mainly due to an approximate 2 per cent. depreciation of the Singapore dollar against the U.S. dollar compared to the corresponding six month period in 2018 and a one-off significant U.S.-North Korea political event that was held in Singapore in June 2018 that drove performance temporarily. Total revenue from Singapore hotel properties for the six months ended 30 June 2019 decreased by 2.5 per cent. to U.S.$111.0 million, compared to the corresponding period in 2018.

Malaysia

For the year ended 31 December 2018

For the Group's hotels in Malaysia, the occupancy rate was 75 per cent. for the year ended 31 December 2018, an increase of 2 percentage points, compared to 73 per cent. for the year ended 31 December 2017. The RevPAR was U.S.$104 for the year ended 31 December 2018, an increase of 12 per cent. compared to U.S.$93 for the year ended 31 December 2017. Total revenue from the hotel properties in Malaysia for the year ended 31 December 2018 increased by 6.6 per cent. to U.S.$129.3 million, compared to U.S.$121.3 million for the year ended 31 December 2017.

For the six months ended 30 June 2019

For the Group's hotels in Malaysia, the occupancy rate was 72 per cent. for the six months ended 30 June 2019, a decrease of 3 percentage points, compared to 75 per cent. for the six months ended 30 June 2018. The RevPAR was U.S.$95 for the six months ended 30 June 2019, a decrease of 8 per cent., compared to U.S.$103 for the six months ended 30 June 2018. This was mainly due to an approximate 4 per cent. depreciation of the Malaysian Ringgit against the U.S. dollar compared to the corresponding six month period in 2018, as well as a weak economic environment due to political uncertainties surrounding elections. Total revenue from hotel properties in Malaysia for the six months ended 30 June 2019 decreased by 8.6 per cent. to U.S.$58.7 million, compared to the corresponding period in 2018.

The Philippines

For the year ended 31 December 2018

For the Group's hotels in the Philippines, the occupancy rate was 67 per cent. for the year ended 31 December 2018 and remained largely unchanged compared to 67 per cent. for the year ended 31 December 2017. The RevPAR was U.S.$121 for the year ended 31 December 2018, a decrease of 2 per cent., compared to U.S.$123 for the year ended 31 December 2017. Performance of the Group's resort in

Boracay was significantly affected by the government's order to completely close down the Boracay Island for six months commencing 26 April 2018 for environmental rehabilitation. Total revenue from the hotel properties in the Philippines for the year ended 31 December 2018 decreased by 7.1 per cent. to U.S.$171.7 million, compared to U.S.$184.9 million in the year ended 31 December 2017.

For the six months ended 30 June 2019

For the Group's hotels in the Philippines, the occupancy rate was 69 per cent. for the six months ended 30 June 2019, an increase of 1 percentage point, compared to 68 per cent. for the six months ended 30 June 2018. The RevPAR was U.S.$139 for the six months ended 30 June 2019, an increase of 9 per cent., compared to U.S.$127 for the six months ended 30 June 2018. These increases were mainly driven by the reopening of the resort in Boracay in late October 2018 after the six-month island-wide closure for environmental rehabilitation requested by the government. Total revenue from the hotel properties in the Philippines for the six months ended 30 June 2019 increased by 4.6 per cent. to U.S.$92.6 million, compared to the same period in 2018.

Australia

For the year ended 31 December 2018

For the Group's hotels in Australia, the occupancy was 79 per cent. for the year ended 31 December 2018, a decrease of 12 percentage points, compared to 91 per cent. for the year ended 31 December 2017. The RevPAR was U.S.$180 for the year ended 31 December 2018, a decrease of 10 per cent., compared to U.S.$199 for the year ended 31 December 2017. These decreases were mainly due to a general weakness in the economy across the country as shown by the property market and PMI indicators. The decrease in the hotels' performance was exacerbated by the adverse impact of the start of the phased guestroom renovation of Shangri-La Hotel, The Marina, Cairns in April 2018. Total revenue from hotel properties in Australia for the year ended 31 December 2018 decreased by 9.5 per cent. to U.S.$92.2 million, compared with U.S.$101.9 million for the year ended 31 December 2017.

For the six months ended 30 June 2019

For the Group's hotels in Australia, the occupancy rate was 85 per cent. for the six months ended 30 June 2019, an increase of 4 percentage points, compared to 81 per cent. for the six months ended 30 June 2018. The RevPAR was U.S.$198 for the six months ended 30 June 2019, an increase of 6 per cent. compared to U.S.$187 for the six months ended 30 June 2018. The improved performance of the Shangri-La Hotel, The Marina, Cairns following guestroom renovations was offset by the weak performance of the Shangri-La Hotel, Sydney mainly due to political uncertainties during elections. In addition, the weakening Australian dollar against the U.S. dollar, where it depreciated by roughly 8 per cent. compared to the corresponding six month period in 2018, affected the hotels' results presented in U.S. dollars. Total revenue from hotel properties in Australia for the six months ended 30 June 2019 decreased by 13.3 per cent. to U.S.$41.1 million compared to the corresponding period in 2018, with more than half of the decline as a result of the closure of Hotel Jen Brisbane in December 2018.

Sri Lanka

For the year ended 31 December 2018

For the Group's hotels in Sri Lanka, the occupancy rate was 42 per cent. for the year ended 31 December 2018, an increase of 3 percentage points, compared to 39 per cent. for the year ended 31 December 2017. The RevPAR was U.S.$68 for the year ended 31 December 2018, an increase of 21 per cent., compared to U.S.$56 for the year ended 31 December 2017. The increase was primarily attributable to the improved performance of the Shangri-La Hotel, Colombo which opened on 16 November 2017. Total revenue from hotel properties in Sri Lanka for the year ended 31 December 2018 increased by 219.0 per cent. to U.S.$40.2 million, compared to U.S.$12.6 million for the year ended 31 December 2017.

For the six months ended 30 June 2019

For the Group's hotels in Sri Lanka, the occupancy rate was 33 per cent. for the six months ended 30 June 2019, a decrease of 7 percentage points, compared to 40 per cent. for the six months ended 30 June 2018. The RevPAR was U.S.$54 for the six months ended 30 June 2019, a decrease of 19 per cent., compared to U.S.$67 for the six months ended 30 June 2018. This was mainly due to a roughly 12 per cent. depreciation of the Sri Lankan rupee against the U.S. dollar compared to the corresponding six month period in 2018, as well as bomb blast incident in the country during the Easter weekend which resulted in the closure of the hotel until 15 June 2019. Total revenue from the hotel properties in Sri Lanka for the six months ended 30 June 2019 decreased by 26.6 per cent. to U.S.$13.8 million compared to the corresponding period in 2018.

Hotel Management and Related Services

SLIM comprise the management arm of the Group. SLIM provides hotel management and/or technical consultation services for different phases of a hotel's development, including the project development, pre-opening and opening phases, and also an on-going basis once hotels are operational.

SLIM is responsible for managing the operations of each of the operating hotels under its management. The board of directors of the individual hotels, however, retains control over policy matters (such as rate setting and budgeting) and the right to approve substantially all capital expenditures. Each of the hotels has a management agreement with SLIM under which management fees are payable by reference to certain percentages of the gross revenue and/or gross operating profit of the hotel and some management agreements also include an incentive fee based on profit levels. The hotels also reimburse at cost, certain expenses incurred by SLIM in performing its services under the management agreements.

SLIM also enters into project management consultancy and technical service agreements which cover the pre-opening phase of the hotel and are structured to provide the hotel owners with the SLIM's recommendations on the design of the hotel and its facilities so as to conform to SLIM's design guidelines and quality standards.

In addition to managing the operations and providing technical consultation services to the hotels, SLIM also makes available the services of its affiliated sales offices around the world for marketing hotels and assists in areas such as technical services for food and beverages, accounting, budgeting, purchasing, maintenance, advertising, public relations, training and personnel.

SLIM has a dedicated sales and marketing team with offices in key cities, namely Guangzhou, Shanghai, Beijing, Hong Kong, Singapore, Sydney, London, Frankfurt, Paris, New York, Los Angeles, Tokyo, Seoul and Dubai, providing a network of sales professionals in these key business markets.

The Group's Golden Circle guest loyalty programme, is an international programme which allows both staying and non-staying guests to earn and redeem Golden Circle awards points for enjoying a wide range of rewards including free room nights, instant redemption in over 500 restaurants and bars globally or whilst relaxing at Chi, The Spa. In March 2017, the Group launched "Warmer Welcomes", the first hotel-to-hotel loyalty programmes between Shangri-La Hotels and Resorts and Taj Hotels Palaces Resorts Safaris.

As at 30 June 2019, SLIM managed a total of 101 hotels and resorts:

- 78 Group-owned hotels (Portman Ritz-Carlton Hotel, Shanghai is the only exception);
- 3 hotels under lease agreements; and
- 20 hotels owned by third parties.

The 20 operating hotels (6,419 available rooms) owned by third parties are located in the following cities:

- Canada: Toronto and Vancouver;
- The Philippines: Manila;
- Oman: Muscat (2 hotels);
- UAE: Abu Dhabi (2 hotels) and Dubai;
- Malaysia: Johor and Kuala Lumpur;
- India: New Delhi and Bengaluru;
- Taiwan: Taipei and Tainan; and
- Mainland China: Changzhou (2 hotels), Haikou, Suzhou (2 hotels) and Yiwu.

During the six months ended 30 June 2019, SLIM signed two new management agreements with third parties for the management and operation of two hotels under development in Mainland China. The Shangri-La hotel at Shougang Park in Beijing is scheduled for completion and operation at the end of 2021. This hotel will be designated as the official hotel of Beijing 2022 Winter Olympics. The Hotel Jen, Qianhai in Shenzhen is also scheduled for completion by end of 2021. On 1 May 2019, SLIM terminated the management agreement for the Shangri-La hotel in Doha. As at 30 June 2019, SLIM had management agreements for ten new hotel projects which are owned by third parties.

For the year ended 31 December 2018

For the year ended 31 December 2018, the overall weighted average occupancy of the hotels under third-party hotel management agreements remained largely flat at 64 per cent.. The RevPAR was U.S.$94 for the year ended 31 December 2018, an increase of 2 per cent. compared to U.S.$92 for the year ended 31 December 2017. SLIM generated gross revenues of U.S.$229.9 million for the year ended 31 December 2018, an increase of 44.0 per cent. compared to U.S.$159.7 million for the year ended 31 December 2017. After eliminating inter-segment revenue with subsidiaries, the net revenues generated by SLIM was U.S.$100.1 million for the year ended 31 December 2018, an increase of 53.3 per cent. (or U.S.$34.8 million) compared to U.S.$65.3 million for the year ended 31 December 2017. This increase in revenue was mainly driven by changes in accounting standards to HKFRS 15 relating to the treatment of revenue from contracts with customers. This included a recognition of U.S.$34.3 million in Golden Circle fees and U.S.$5.2 million from the Brand Fund for the year ended 31 December 2018, compared to U.S.$3.9 million and nil, respectively, for the year ended 31 December 2017.

For the six months ended 30 June 2019

The overall weighted average occupancy of the hotels under third-party hotel management agreements was 64 per cent. for the six months ended 30 June 2019, an increase of 1 percentage point, compared to 63 per cent. for the six months ended 30 June 2018. The RevPAR was U.S.$92 for the six months ended 30 June 2019, a decrease of 3 per cent., compared to U.S.$95 for the six months ended 30 June 2018. SLIM generated gross revenues of U.S.$115.7 million for the six months ended 30 June 2019, an increase of 2.3 per cent. (or U.S.$2.6 million) compared to U.S.$113.1 million for the six months ended 30 June 2018. After eliminating inter-segment revenue with the Group's subsidiaries, SLIM generated net revenues of U.S.$52.9 million for the six months ended 30 June 2019, an increase of 6.7 per cent. (or U.S.$3.3 million) compared to U.S.$49.6 million for the six months ended 30 June 2018. This increase in revenue was mainly driven by an increased recognition of Golden Circle fees from the Group's hotels as the Group increased efforts to promote the loyalty program.

Investment Properties

The Group owns investment properties for property rentals.

The following table summarises the total Gross Floor Area ("**GFA**") of the operating investment properties owned by the Group's subsidiaries and associates as at 30 June 2019:

	Total GFA of operating investment properties as at 30 June 2019		
	Office spaces	**Commercial spaces**	**Serviced apartments**
	(in thousand square metres)		
Mainland China	895.4	590.9	317.4
Malaysia	45.2	8.5	17.4
Singapore	3.3	22.9	24.7
Australia	0.5	11.4	–
Mongolia	41.4	21.2	19.6
Myanmar	37.6	11.8	56.8
Total	**1,023.4**	**666.7**	**435.9**

For the year ended 31 December 2018

Mainland China

Revenue generated from the investment properties in Mainland China for the year ended 31 December 2018 increased by 18.1 per cent. to U.S.$20.2 million. This was mainly driven by the opening of Phase II of Shangri-La Residences, Dalian, which brought the average number of serviced apartments available for Shangri-La Residences, Dalian to 341 for the year ended 31 December 2018 from 213 for the year ended 31 December 2017. The Group also saw an improvement in occupancy rates of the offices available in Shangri-La Centre, Qingdao and Shangri-La Centre, Chengdu.

Singapore

Revenue generated from the serviced apartments in Singapore for the year ended 31 December 2018 increased by 2.3 per cent. to U.S.$13.6 million. This was mainly driven by an improvement in occupancy rates for Shangri-La Apartments and Shangri-La Residences.

Malaysia

Revenue generated from the subsidiary investment properties in Malaysia for the year ended 31 December 2018 increased by 5.1 per cent. to U.S.$6.2 million. This was mainly driven by the improvement in occupancy rates for the commercial spaces in UBN Tower.

Mongolia

Revenue generated from the subsidiary investment properties in Mongolia for the year ended 31 December 2018 increased by 35.5 per cent. to U.S.$16.8 million. This was mainly driven by the improved performance of the Shangri-La Centre, Ulaanbaatar, which opened for business in July 2016.

Other countries

Revenue generated from the subsidiary investment properties in other countries for the year ended 31 December 2018 increased by 6.2 per cent. to U.S.$25.8 million. This was mainly driven by an improvement in the occupancy rate of offices in Sule Square, Yangon (Myanmar), where a multinational telecom company rented three floors in the fourth quarter of 2018.

For the six months ended 30 June 2019

For the six months ended 30 June 2019, the Group continued to see the benefits of the continuously improving performance of the Shangri-La Centre, Ulaanbaatar which opened for business in July 2016. As a result, revenue generated from the Group's subsidiary investment properties in Mongolia for the six months ended 30 June 2019 increased by 39.7 per cent. to U.S.$10.9 million. This was partly offset by the Group's investment properties in Mainland China, which experienced a decrease in revenue of 9.6 per cent. to U.S.$9.4 million for the six months ended 30 June 2019 compared to the corresponding period in 2018. This was mainly due to a fall in occupancy at the serviced apartments in Shangri-La Residences, Dalian, as the contract with a corporate account ended at the end of 2018. Revenues from other geographies remained largely stable during the period.

Revenue from the Group's consolidated investment properties for the six months ended 30 June 2019 was U.S.$43.7 million, an increase of 8.2 per cent. (or U.S.$3.3 million), compared to U.S.$40.4 million for the six months ended 30 June 2018.

Property Development for Sale

For the year ended 31 December 2018

Property development for sale by subsidiaries for the year ended 31 December 2018 were U.S.$127.7 million, an increase of 281.2 per cent. compared to U.S.$33.5 million for the year ended 31 December 2017. During 2018, the Group began recognising sales of residential units of One Galle Face, Colombo (Sri Lanka), as well as continuing to recognise sales of residential units of the Yangzhou Lakeview Residence and the residential tower of the Shangri-La Hotel, Dalian Phase II project (Yavis), both in Mainland China.

All of the remaining residential units of Yangzhou Lakeview Residence were sold in 2017 and the last unit was handed over to the buyer in early 2018. In 2018, 14 units of Yavis were sold and a total 13 units (including 3 units sold in 2017) have been handed over to the buyers.

One Galle Face, Colombo (Sri Lanka) comprises of 390 apartments (372 for sale and 18 for rental purpose) with a total gross floor area of approximately 93,500 sqm. As at 31 December 2018, a total of 282 apartments (76 per cent. of the total number of apartments) had been sold, of which 111 sold apartments (39 per cent. of the total number sold) had already been handed over to the buyers and recognised as revenue.

For the six months ended 30 June 2019

Property development for sale by subsidiaries for the six months ended 30 June 2019 stood at U.S.$70.5 million, an increase of 1,432.6 per cent. compared to U.S.$4.6 million for the six months ended 30 June 2018.

During the six months ended 30 June 2019, the Group continued to recognise the sales of residential units of One Galle Face, Colombo (Sri Lanka), as well as sales of residential units of residential tower of the Shangri-La Hotel, Dalian Phase II project (Yavis), Mainland China. 10 sold units of Yavis were handed over to the buyers during this period and as at 30 June 2019 Yavis had a remaining inventory of 74 units.

In the first half of 2019, the Group handed over 64 pre-sold apartments of One Galle Face, Colombo to buyers and recognised U.S.$66.1 million in revenue. As at 30 June 2019, One Galle Face, Colombo had 89 apartments remaining for sale and 108 units sold but not handed over.

EBITDA and Aggregate Effective Share of EBITDA

For the year ended 31 December 2018

The following table summarises information related to the EBITDA of the Guarantor and its subsidiaries and the aggregate effective share of EBITDA of the Guarantor, subsidiaries and associates by geographical areas and by business segments for the years ended 31 December 2018 and 2017. EBITDA is defined as the earnings before finance costs, tax, depreciation and amortisation and non-recurring items such as gain/loss on disposal of fixed assets and interest in investee companies; fair value gains/losses on investment properties and financial assets; and impairment losses on fixed assets. Effective share of EBITDA is the aggregate total of the Guarantor's EBITDA and the Group's share of EBITDA of subsidiaries and associates based on percentage of equity interests.

		EBITDA of the Guarantor and its subsidiaries		Effective share of EBITDA of the Guarantor and its subsidiaries		Effective share of EBITDA of associates		Aggregate effective share of EBITDA	
		2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
		(in U.S.$ million)							
Hotel Properties	Hong Kong	120.0	102.5	109.0	91.5	1.5	1.1	110.5	92.6
	Mainland China	232.6	217.7	213.6	199.7	66.7	62.3	280.3	262.0
	Singapore	67.1	38.9	67.1	38.9	6.1	6.0	73.2	44.9
	Malaysia	39.0	40.2	22.1	22.7	7.9	6.2	30.0	28.9
	The Philippines	47.3	52.6	46.0	51.5	9.3	7.1	55.3	58.6
	Japan	4.6	1.9	4.6	1.9	–	–	4.6	1.9
	Thailand	31.3	27.8	23.1	20.5	–	–	23.1	20.5
	France	2.4	0.4	2.4	0.4	–	–	2.4	0.4
	Australia	16.6	24.1	16.6	24.1	–	–	16.6	24.1
	United Kingdom	(6.3)	(4.9)	(6.3)	(4.9)	–	–	(6.3)	(4.9)
	Mongolia	3.0	(3.3)	1.6	(1.7)	–	–	1.6	(1.7)
	Sri Lanka	7.0	(3.1)	6.3	(2.8)	–	–	6.3	(2.8)
	Other countries	(0.7)	5.4	(0.8)	3.2	7.5	6.9	6.7	10.1
		563.9	500.2	505.3	445.0	99.0	89.6	604.3	534.6
Hotel Management and Related Services		21.4	46.5	21.4	46.5	–	–	21.4	46.5
Sub-total Hotel Operations		585.3	546.7	526.7	491.5	99.0	89.6	625.7	581.1

		EBITDA of the Guarantor and its subsidiaries		Effective share of EBITDA of the Guarantor and its subsidiaries		Effective share of EBITDA of associates		Aggregate effective share of EBITDA	
		2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
					(in U.S.$ million)				
Investment Properties .	Mainland China	8.9	7.5	8.1	6.9	213.9	192.3	222.0	199.2
	Singapore	6.7	4.9	6.7	4.9	4.7	4.7	11.4	9.6
	Malaysia	4.1	3.9	2.1	2.0	–	–	2.1	2.0
	Mongolia	7.8	3.2	4.0	1.7	–	–	4.0	1.7
	Other countries	11.9	11.5	7.0	6.6	–	–	7.0	6.6
Sub-total Investment Properties		39.4	31.0	27.9	22.1	218.6	197.0	246.5	219.1
Property Development for Sale & Other Business		69.3	(0.6)	62.4	(0.6)	37.0	41.1	99.4	40.5
Sub-total		694.0	577.1	617.0	513.0	354.6	327.7	971.6	840.7
Corporate and pre-opening expenses		(29.5)	(41.2)	(29.7)	(40.6)	(1.0)	(5.4)	(30.7)	(46.0)
Grand total		**664.5**	**535.9**	**587.3**	**472.4**	**353.6**	**322.3**	**940.9**	**794.7**

The aggregate effective share of EBITDA was U.S.$940.9 million for the year ended 31 December 2018, an increase of 18.4 per cent. (or U.S.$146.2 million), compared to U.S.$794.7 million for the year ended 31 December 2017. The contribution of each business segment is set out below:

- The effective share of EBITDA from Hotel Properties business for the year ended 31 December 2018 was U.S.$604.3 million, an increase of 13.0 per cent. (or U.S.$69.7 million), compared to U.S.$534.6 million for the year ended 31 December 2017;

- The effective share of EBITDA from Investment Properties business for the year ended 31 December 2018 was U.S.$246.5 million, an increase of 12.5 per cent. (or U.S.$27.4 million), compared to U.S.$219.1 million for the year ended 31 December 2017. Effective share of EBITDA from the Group's subsidiary investment properties increased by 26.2 per cent. to U.S.$27.9 million and the effective share of EBITDA from the Group's associated investment properties grew 11.0 per cent. to U.S.$218.6 million;

- The effective share of EBITDA from Property Development for Sale & Other Business for the year ended 31 December 2018 was U.S.$99.4 million, an increase of 145.4 per cent. (or U.S.$58.9 million), compared to U.S.$40.5 million for the year ended 31 December 2017;

- Corporate and pre-opening expenses for the year ended 31 December 2018 were U.S.$30.7 million, a decrease of 33.3 per cent. (or U.S.$15.3 million), compared to U.S.$46.0 million for the year ended 31 December 2017. The decrease in expenses was mainly due to the fact there were no new openings in 2018 in comparison to the six new hotels opened in 2017.

For the six months ended 30 June 2019

The following table summarises information related to the EBITDA of the Guarantor and its subsidiaries and the aggregate effective share of EBITDA of the Guarantor, subsidiaries and associates for the six months ended 30 June 2019 and 2018 by geographical areas and by business segments. All the numbers presented below are prepared in accordance with the former accounting standard HKAS 17 without adopting the new accounting standard HKFRS 16 Leases:

		EBITDA of the Guarantor and its subsidiaries		Effective share of EBITDA of the Guarantor and its subsidiaries		Effective share of EBITDA of associates		Aggregate effective share of EBITDA	
		2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
		(in U.S.$ million)							
Hotel Properties	Hong Kong	52.8	60.5	48.2	54.6	0.6	0.7	48.8	55.3
	Mainland China	94.3	115.7	85.5	105.4	28.9	36.2	114.4	141.6
	Singapore	26.0	32.6	26.1	32.6	2.5	3.0	28.6	35.6
	Malaysia	16.3	21.1	9.3	11.8	4.0	4.1	13.3	15.9
	The Philippines	28.9	28.2	28.2	27.5	5.3	4.8	33.5	32.3
	Japan	0.5	1.8	0.5	1.8	–	–	0.5	1.8
	Thailand	14.9	17.2	11.0	12.7	–	–	11.0	12.7
	France	(0.8)	1.3	(0.8)	1.3	–	–	(0.8)	1.3
	Australia	7.8	10.0	7.8	10.0	–	–	7.8	10.0
	United Kingdom	(3.4)	(5.8)	(3.4)	(5.8)	–	–	(3.4)	(5.8)
	Mongolia	1.4	(0.5)	0.7	(0.2)	–	–	0.7	(0.2)
	Sri Lanka	(0.4)	1.9	(0.4)	1.7	–	–	(0.4)	1.7
	Other countries	(1.9)	(0.7)	(1.3)	(0.7)	2.7	3.2	1.4	2.5
		236.4	283.3	211.4	252.7	44.0	52.0	255.4	304.7
Hotel Management and Related Services		(8.5)	17.0	(8.5)	17.0	–	–	(8.5)	17.0
Sub-total Hotel Operations		227.9	300.3	202.9	269.7	44.0	52.0	246.9	321.7
Investment Properties	Mainland China	3.9	4.1	3.6	3.7	118.1	113.5	121.7	117.2
	Singapore	2.7	3.2	2.7	3.2	2.2	2.4	4.9	5.6
	Malaysia	2.1	2.1	1.1	1.1	–	–	1.1	1.1
	Mongolia	5.9	2.1	3.0	1.1	–	–	3.0	1.1
	Other countries	7.5	5.6	4.4	3.2	–	–	4.4	3.2
Sub-total Investment Properties		22.1	17.1	14.8	12.3	120.3	115.9	135.1	128.2
Property Development for Sale & Other Business.		38.9	0.3	35.0	0.3	19.8	18.7	54.8	19.0
Sub-total		288.9	317.7	252.7	282.3	184.1	186.6	436.8	468.9
Corporate and pre-opening expenses		(14.9)	(16.2)	(14.4)	(16.2)	(0.2)	(0.4)	(14.6)	(16.6)
Grand total		274.0	301.5	238.3	266.1	183.9	186.2	422.2	452.3

The aggregate effective share of EBITDA was U.S.$422.2 million for the six months ended 30 June 2019, a decrease of 6.7 per cent. (or U.S.$30.1 million), compared to U.S.$452.3 million for the six months ended 30 June 2018. The contribution of each business segment is set out below:

- Effective share of EBITDA from Hotel Properties business for the six months ended 30 June 2019 was U.S.$255.4 million, a decrease of 16.2 per cent. (or U.S.$49.3 million), compared to U.S.$304.7 million for the six months ended 30 June 2018;

- Effective share of EBITDA from Hotel Management and Related Services for the six months ended 30 June 2019 was a loss of U.S.$8.5 million, a decrease of U.S.$25.5 million, compared to U.S.$17.0 million for the six months ended 30 June 2018;

- Effective share of EBITDA from Investment Properties business for the six months ended 30 June 2019 was U.S.$135.1 million, an increase of 5.4 per cent. (or U.S.$6.9 million), compared to U.S.$128.2 million for the six months ended 30 June 2018;

- Effective share of EBITDA from Property Development for Sale & Other Business for the six months ended 30 June 2019 was U.S.$54.8 million, an increase of 188.4 per cent. (or U.S.$35.8 million) compared to U.S.$19.0 million for the six months ended 30 June 2018.

Consolidated Profit Attributable to Owners of the Guarantor

The following table summarises information related to the consolidated profit attributable to owners of the Guarantor before and after non-operating items by geographical areas and by business segments for the years ended 31 December 2018 and 2017 and for the six months ended 30 June 2019 and 2018. All the numbers presented below are prepared in accordance with the former accounting standard HKAS 17 without adopting the new accounting standard HKFRS 16 Leases.

		For the year ended 31 December		**For the six months ended 30 June**	
		2018	**2017**	**2019**	**2018**
		(in U.S. million)			
Hotel Properties	Hong Kong	58.7	55.0	27.7	29.8
	Mainland China	19.9	17.1	(5.7)	9.8
	Singapore	35.3	16.3	11.8	16.2
	Malaysia	17.1	13.9	6.7	8.2
	The Philippines	9.6	7.2	8.5	7.6
	Japan	3.5	1.5	–	1.6
	Thailand	14.2	10.7	6.3	8.0
	France	(13.4)	(16.1)	(7.0)	(7.3)
	Australia	0.6	4.3	0.7	0.8
	United Kingdom	(16.0)	(15.2)	(5.3)	(10.7)
	Mongolia	(7.7)	(4.5)	(2.9)	(4.8)
	Sri Lanka	(18.8)	(12.0)	(6.6)	(8.3)
	Other countries	(13.1)	(9.7)	(5.0)	(7.3)
		89.9	68.5	29.2	43.6
Hotel Management and Related Services		8.4	32.7	(15.4)	9.2
Sub-total Hotel Operations		98.3	101.2	13.8	52.8
Investment Properties	Mainland China	142.9	125.8	79.6	75.2
	Singapore	9.1	8.0	3.9	4.7
	Malaysia	1.7	1.5	0.8	0.9
	Mongolia	(3.2)	(2.5)	1.1	(2.1)
	Other countries	3.7	3.9	3.1	1.7

	For the year ended 31 December		For the six months ended 30 June	
	2018	2017	2019	2018
	(in U.S. million)			
Sub-total Investment Properties	154.2	136.7	88.5	80.4
Property Development for Sale	84.2	31.1	46.5	11.9
Other Business	(0.2)	(0.2)	(0.1)	0.1
Total	**336.5**	**268.8**	**148.7**	**145.2**
Net corporate finance costs (including foreign exchange gains and losses)	(104.2)	(77.5)	(63.7)	(46.9)
Land cost amortisation & pre-opening expenses for projects & corporate expenses	(35.0)	(50.6)	(16.8)	(17.9)
Consolidated profit attributable to owners of the Guarantor before non-operating items	197.3	140.7	68.2	80.4
Non-operating items	(4.4)	17.3	50.9	72.5
Consolidated profit attributable to owners of the Guarantor after non-operating items	**192.9**	**158.0**	**119.1**	**152.9**

For the year ended 31 December 2018

Consolidated profit attributable to owners of the Guarantor after non-operating items was U.S.$192.9 million for the year ended 31 December 2018, an increase of 22.1 per cent. (or U.S.$34.9 million), compared to U.S.$158.0 million for the year ended 31 December 2017. A breakdown for each business segment is set out below:

- Hotel Properties' profit for the year ended 31 December 2018 was U.S.$89.9 million, an increase of 31.2 per cent. (or U.S.$21.4 million), compared to U.S.$68.5 million for the year ended 31 December 2017;

- SLIM's profit for hotel management and related services for the year ended 31 December 2018 was U.S.$8.4 million, a decrease of 74.3 per cent. (or U.S.$24.3 million) compared to U.S.$32.7 million for the year ended 31 December 2017;

- Investment Properties' profit was U.S.$154.2 million for the year ended 31 December 2018, an increase of 12.8 per cent. (or U.S.$17.5 million) compared to U.S.$136.7 million for the year ended 31 December 2017;

- Property Development for Sale & Other Business profit for the year ended 31 December 2018 was U.S.$84.0 million, an increase of 171.8 per cent. (or U.S.$53.1 million) compared to U.S.$30.9 million for the year ended 31 December 2017.

Non-operating items for the year ended 31 December 2018 totalled a net charge of U.S.$4.4 million compared to a net credit of U.S.$17.3 million for the year ended 31 December 2017. Major components included:

- Effective share of net fair value gains on investment properties was U.S.$111.1 million for the year ended 31 December 2018, primarily attributable to:

  - o Fair value gains for the investment properties in Mainland China of U.S.$121.7 million as a result of the general increase in rental rates, as well as the opening of Phase IIIB and a new wing of China World Trade Center, and Jinan Enterprise Square; and

  - o Fair value losses of Shangri-La Centre, Ulaanbaatar (Mongolia) of U.S.$3.4 million (a valuation loss of U.S.$15.2 million was reported for the year ended 31 December 2017);

- Impairment losses for hotels Shangri-La Hotel, At the Shard, London, Shangri-La Resort, Shangri-La and Shangri-La Hotel, Ulaanbaatar totalled U.S.$112.9 million for the year ended 31 December 2018 compared to a nil balance for the year ended 31 December 2017;

- Net fair value losses on financial assets amounted to U.S.$3.5 million for the year ended 31 December 2018 compared to gains of U.S.$8.6 million for the year ended 31 December 2017; and

- A gain of U.S.$2.9 million on the disposal of Hotel Jen Brisbane (Australia) recognised for the year ended 31 December 2018 compared to a total gain of U.S.$14.9 million on the disposal of interests in a subsidiary and an associate for the year ended 31 December 2017.

For the six months ended 30 June 2019

Consolidated profit attributable to owners of the Guarantor after non-operating items was U.S.$119.1 million for the six months ended 30 June 2019, a decrease of 22.1 per cent. (or U.S.$33.8 million), compared to U.S.$152.9 million for the six months ended 30 June 2018. A breakdown for each business segment is set out below:

- Hotel Properties profit for the six months ended 30 June 2019 was U.S.$29.2 million, a decrease of 33.0 per cent., compared to U.S.$43.6 million for the six months ended 30 June 2018;

- Hotel Management and Related Services loss for the six months ended 30 June 2019 was U.S.$15.4 million, a decrease of U.S.$24.6 million, compared to a profit of U.S.$9.2 million for the six months ended 30 June 2018;

- Investment Properties profit for the six months ended 30 June 2019 was U.S.$88.5 million, an increase of 10.1 per cent. (or U.S.$8.1 million), compared to U.S.$80.4 million for the six months ended 30 June 2018;

- Property Development for Sale & Other Business profit for the six months ended 30 June 2019 was U.S.$46.4 million, an increase of 286.7 per cent. (or U.S.$34.4 million), compared to U.S.$12.0 million for the six months ended 30 June 2018;

- Net corporate finance cost for the six months ended 30 June 2019 was U.S.$61.8 million, an increase of 35.8 per cent. (or U.S.$16.8 million) compared to U.S.$45.1 million for the six months ended 30 June 2018;

- Non-operating items for the six months ended 30 June 2019 was U.S.$50.9 million, a decrease of 29.8 per cent. (or U.S.$21.6 million), compared to U.S.$72.5 million for the six months ended 30 June 2018. The decrease was mainly due to lower net fair value gains on investment properties for the period of U.S.$48.8 million, a decrease of 30.3 per cent. (or U.S.$21.2 million) compared to U.S.$70.0 million recognised for the six months ended 30 June 2018.

DEVELOPMENT PROGRAMMES

During the six months ended 30 June 2019, the Group has acquired land sites in Bangkok of Thailand and Kyoto of Japan for the development of hotels.

Construction work on the following projects is on-going:

(a) Hotel Developments

	Group's Equity Interest	Hotel Rooms	Long Stay Apartments	Projected Opening
Hotels in Mainland China				
Shangri-La Hotel, Zhoushan	100%	204	–	Q4 2019
Shangri-La Hotel, Putian.	40%	253	4	2020
Traders Hotel, Kunming	45%	279	–	2021
Shangri-La Hotel, Kunming.	45%	81	–	TBD
Shangri-La Hotel, Zhengzhou	45%	211	–	2023

TBD: To be determined

(b) Composite Developments and Investment Property Developments

	Total gross floor area upon completion (excluding hotel component) (approximate in square metres)				
	Group's Equity Interest	Residential	Office	Commercial	Scheduled Completion
In Mainland China					
Phase II of Shangri-La Hotel, Wuhan. . .	92%	–	38,389	9,652	2H 2019
Shenyang Kerry Centre – Phase II	25%	36,149	–	2,283	1H 2020
Kunming City Project.	45%	21,141	–	–	2021
Phase II of Shangri-La Hotel, Fuzhou . .	100%	–	35,112	31,888	2022
Shenyang Kerry Centre – Phase III	25%	308,113	85,201	65,501	2022 onwards*
Composite development project in Zhengzhou	45%	94,222	58,946	3,993	2022 onwards*
In other countries					
One Galle Face, Colombo, Sri Lanka. . .	90%	–	59,866	79,518	2H 2019
Total		**459,625**	**277,514**	**192,835**	

* Being developed in phases

The Group is currently reviewing the development plans of the following projects:

Hotel development:

- Wolong Bay in Dalian, Mainland China (wholly-owned by the Group);
- Rome, Italy (wholly-owned by the Group); and
- Lakeside Shangri-La, Yangon, Myanmar (55.86 per cent. equity interest owned by the Group).

Composite development:

- Nanchang city project – Phase II, Mainland China (20 per cent. equity interest owned by the Group);
- Tianjin Kerry Centre – Phase II, Mainland China (20 per cent. equity interest owned by the Group); and
- Accra, the Republic of Ghana (45 per cent. equity interest owned by the Group).

The Group continues to review its asset portfolio and may sell assets that it considers non-core at an acceptable price and introduce strategic investors for some of its operating assets/development projects. The Group adjusts its development plans and investment strategy from time to time in response to changing market conditions and in order to improve the financial position of the Group.

LIQUIDITY AND BORROWINGS

For the six months ended 30 June 2019, the Group executed a seven-year unsecured corporate loan agreement of HK$1,170 million to refinance maturing loans.

The Group issued the following fixed rate bonds in order to reduce the refinancing cycle of its bank borrowings and to hedge its medium term borrowing interest rate:

- a 5-year term principal amount of S$135.0 million at 3.70% per annum; and
- a 8-year term principal amount of S$165.0 million at 4.10% per annum.

At the subsidiary level, the Group also executed the following bank loan agreements during the six months ended 30 June 2019 for refinancing maturing loans as well as securing funding for project financing:

- two 3-year local bank loan agreements totalling RMB358.0 million;
- a 4-year bank loan agreement of RMB120.0 million; and
- a 7-year bank loan agreement of EUR75.0 million.

The Group has not encountered any difficulty when drawing loans from committed banking facilities. None of the banking facilities were cancelled by the banks during or after the six months ended 30 June 2019.

The Group's net borrowings (total bank loans and fixed rate bonds less cash and bank balances and short-term fund placements) to total equity ratio, i.e. the gearing ratio, increased to 66.1 per cent. as at 30 June 2019 from 61.0 per cent. as at 31 December 2018. This increase was mainly driven by the decrease of total equity due to the adoption of the new accounting standard HKFRS16 and the increase of net borrowings during the six months ended 30 June 2019. If the former accounting standard HKAS 17 was adopted, the Group's net borrowings to total equity ratio as at 30 June 2019 would be adjusted to 65.1 per cent.

The Group has complied with all covenants under its borrowing agreements.

The breakdown of borrowings outstanding as at 30 June 2019 and 31 December 2018 is as follows:

	Maturities of Borrowings Contracted as at 30 June 2019					Maturities of Borrowings Contracted as at 31 December 2018				
	Repayment					Repayment				
	Within 1 year	In the 2nd year	In the 3rd year to 5th year	After 5 years	Total	Within 1 year	In the 2nd year	In the 3rd year to 5th year	After 5 years	Total
	(U.S.$ million)									
Borrowings										
Corporate borrowings										
– unsecured bank loans . .	59.9	1,242.0	1,452.7	151.0	2,905.6	–	720.1	2,271.4	–	2,991.5
– fixed rate bonds	–	–	99.8	763.4	863.2	–	–	–	636.9	636.9
Bank loans of subsidiaries .										
– secured	67.6	7.1	7.1	–	81.8	91.0	7.2	10.8	–	109.0
– unsecured	362.1	304.1	583.1	143.5	1,392.8	340.2	329.2	658.6	69.4	1,397.4
Total outstanding balance	**489.6**	**1,553.2**	**2,142.7**	**1,057.9**	**5,243.4**	**431.2**	**1,056.5**	**2,940.8**	**706.3**	**5,134.8**
Undrawn but committed facilities										
Bank loans and overdrafts	**25.7**	**454.8**	**420.6**	**2.1**	**903.2**	**21.8**	**318.3**	**590.4**	**38.8**	**969.3**

The currency mix of borrowings and cash and bank balances (including the short-term fund placements) as at 30 June 2019 and 31 December 2018 is as follows:

	As at 30 June 2019		As at 31 December 2018	
	Borrowings	Cash and Bank Balances	Borrowings	Cash and Bank Balances
	(U.S.$ million)			
In United States dollars	2,152.8	192.5	2,218.8	189.2
In Hong Kong dollars	1,457.8	78.2	1,513.3	97.4
In Renminbi	472.0	340.5	442.8	401.3
In Euros	220.3	6.1	225.3	4.4
In Australian dollars	60.5	13.5	83.8	44.6
In Singapore dollars	828.5	106.2	602.3	100.1
In British pounds	–	5.5	–	3.1
In Japanese yen	46.4	24.5	45.6	7.5
In Philippines pesos	–	23.1	–	14.6
In Thai baht	–	54.8	–	109.7
In Malaysian ringgit	–	65.0	–	57.8
In Fiji dollars	5.1	0.7	2.9	1.0
In Mongolian tugrik	–	2.5	–	1.3
In Sri Lankan rupee	–	12.7	–	25.2
In Myanmar kyat	–	0.4	–	1.6
In Maldivian rufiyaa	–	0.2	–	0.3
In other currencies	–	0.8	–	0.3
Total	**5,243.4**	**927.2**	**5,134.8**	**1,059.4**

Except for the fixed rate bonds and the bank loans in Renminbi, which carry interest at rates specified by the People's Bank of China from time to time, all borrowings are generally at floating interest rates.

RELATIONSHIP WITH THE KUOK GROUP

The Guarantor is a member of the Kuok Group. Since the listing of the ordinary shares of the Guarantor on the Main Board of the Hong Kong Stock Exchange in June 1993, Kerry Group Limited, a member of the Kuok Group has been the single largest shareholding group of the Guarantor. As at 30 June 2019, Kerry Group Limited was deemed to be interested in approximately 50.81 per cent of the total issued share capital of the Guarantor, as reported under the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**").

From time to time in the normal course of business, the Guarantor and its subsidiaries have entered into various commercial transactions with certain members of the Kuok Group. The Group may enter into new transactions with members of the Kuok Group in the future. Where required, the Guarantor will comply with the relevant rules relating to connected transactions.

EMPLOYEES

As at 30 September 2019, the Guarantor and its subsidiaries had approximately 29,000 employees and the headcount of all the Group's managed hotels and resorts including those of associates and those managed for third parties totalled approximately 45,000. Salaries and benefits, including provident fund contributions, insurance and medical coverage, housing and share option schemes have been maintained at competitive levels. Bonuses were awarded based on individual performance as well as the financial performance of business units.

EMPLOYEE SHARE OPTION SCHEME

A share option scheme of the Guarantor was adopted by its shareholders on 28 May 2012. The purpose of the scheme is to motivate eligible participants of the scheme to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The Guarantor may from time to time, as the board of directors (the "**Board**") may think fit, seek approval from shareholders to refresh the limit of the maximum number of Shares which may be issued under exercise of all options to be granted under the scheme (and under any other share option scheme) to not more than 10 per cent. of the Shares in issue as at the date of shareholders' resolution which refreshes such limit. Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme (and under any other share option scheme) shall not exceed 30 per cent. of the Shares in issue from time to time.

As at 30 September 2019, the right to subscribe for a total of 299,969,679 Shares (representing approximately 8.37 per cent. of the issued Shares thereby) were available for grant under the scheme.

SHARE AWARD SCHEME

A share award scheme (the "**Award Scheme**") of the Guarantor was adopted by its shareholders on 28 May 2012 (and amended on 10 August 2012 and 31 May 2018) which allows Shares of the Guarantor to be granted to qualified participants of the scheme including directors, employees or an officer of any member of the Group. The purpose of the Award Scheme is to support the long-term growth of the Group and enhance its reputation as an employer-of-choice in the industry. In particular, the Award Scheme is intended to attract suitable personnel for the further development of the Group, to recognise contributions by qualified participants and incentivise them to continue making contributions to the Group and to retain talent. The Award Scheme is also intended to help to align the interests of Directors and senior management of the Group with the Group's long-term performance. The awarded Shares can either be existing Shares purchased on the open market on the HKSE or, as of 31 May 2018, new Shares allotted and issued by the Guarantor subject to certain conditions. The Award Scheme shall remain valid and effective for an initial term of 10 years from its date of adoption (28 May 2022) and shall be automatically extended by 7 successive extended terms of 10 years each.

During the six months ended 30 June 2019, a total of 3,775,884 shares and 675,000 shares were granted and vested to the qualified awardees, respectively.

ENVIRONMENTAL

The Guarantor believes that the Group is in compliance in all material respects with applicable environmental regulations in the jurisdictions in which it operates. The Guarantor is not aware of any material environment proceedings or investigations to which it is or might become a party and which may have a material adverse effect on its properties and operations.

COMPETITION

Competition in the hotel industry in the markets where the Group's hotels operate has been at times intense. Competition is based primarily on room rates, quality of accommodation, brand recognition, service level, convenience of location and the quality and scope of other amenities. The Group's hotels generally compete with other hotels in the high end of the market in the cities where the hotels are located. The Group believes that its hotels have a competitive advantage due to the reputation of its brands. In addition, the Group believes that its familiarity with the complex governmental approval process associated with the development of new hotels in Mainland China gives it a competitive advantage over potential competitors who are new to the Mainland China market.

INSURANCE

The Group and its associates are covered by insurance policies which cover crime, fire, flood, explosion, riot, strike, malicious damage, natural disasters and other accidental damage to property, business interruption and public liability. The Group believes that its properties are covered with adequate insurance provided by reputable insurance companies in the relevant jurisdictions and with commercially reasonable deductibles and limits on coverage, which are normal for the type and location of the properties to which they relate. Notwithstanding such insurance coverage, damage to the buildings, facilities, equipment, or other properties and business interruptions as a result of any threat of war, terrorism, nuclear crisis, political crisis, natural disaster, outbreak of disease or epidemic may potentially have a material adverse effect on the Group's financial condition and/or result of operations.

GOVERNMENT REGULATIONS

The operations of the Group and its associates are subject to various laws and regulations in the jurisdiction in which it operates. See "*Risk Factors – The Group is subject to numerous laws and regulations in the markets in which it operates*". The properties of the Group and its associates are subject to routine inspections by government officials with regard to various safety and environmental issues. The Group believes that the Group is in compliance in all material aspects with government regulations in effect in the jurisdictions in which it operates. Neither the Guarantor nor its subsidiaries has experienced significant problems with government regulations in relation to the operations which could materially and adversely affect its properties or operations, nor it is aware of any pending government legislation that might have a material adverse effect on its properties or operations.

LEGAL PROCEEDINGS

As at 30 September 2019, neither the Issuer nor the Guarantor nor any of the Guarantor's subsidiaries or associates is involved in any litigation which could have a material adverse effect on the financial position of the Group.

SUBSIDIARIES AND ASSOCIATES

Note 41 to the Guarantor's consolidated financial statements for the year ended 31 December 2018 sets out the subsidiaries and associates of the Group as at 31 December 2018 which, in the opinion of the Directors, principally affected the results for the year or form a substantial proportion of the net assets of the Group for the year, to which such financial statements relate.

DIRECTORS

The members of the board of directors of the Guarantor as at the date of this Offering Circular are as follows:

Name	Position
KUOK Hui Kwong	Chairman
LIM Beng Chee	Chief Executive Officer
HO Kian Guan	Non-Executive Director
HO Chung Tao	Alternate Director to HO Kian Guan
LI Kwok Cheung Arthur	Independent Non-Executive Director
YAP Chee Keong	Independent Non-Executive Director
LI Xiaodong Forrest	Independent Non-Executive Director

The following are particulars of the qualifications, if any, and experience of the Directors of the Guarantor:

EXECUTIVE DIRECTORS

Ms. KUOK Hui Kwong was a Non-Executive Director of the Guarantor from October 2014 to June 2016. She was appointed an Executive Director and the Deputy Chairman of the Guarantor in June 2016 and assumed the position of Chairman of the Guarantor in January 2017. She is also a director of China World Trade Center Company Limited (listed on the Shanghai Stock Exchange) and the governor of Kerry Group Kuok Foundation (Hong Kong) Limited, a charitable organisation. Ms. KUOK is also a director of Kerry Group Limited ("**KGL**") and Kerry Holdings Limited ("**KHL**") (both of which are substantial shareholders of the Guarantor) and has a deemed interest of more than 5 per cent. of the share capital of KGL. She also has a deemed interest of less than 5 per cent. in Kuok Brothers Sdn Berhad and Kuok (Singapore) Limited (both major shareholders of the Guarantor) respectively. Ms. KUOK holds a Bachelor's degree in East Asian Studies from Harvard University, United States. Ms. KUOK is also the Chairman of the Nomination Committee and the Executive Committee and a member of the Remuneration Committee of the Guarantor.

Mr. LIM Beng Chee was a Non-Executive Director of the Guarantor from September 2016 to December 2016. He was appointed an Executive Director and the Chief Executive Officer of the Guarantor in January 2017. He was also appointed an executive director and the chairman of China World Trade Center Company Limited (listed on the Shanghai Stock Exchange) in April 2018. He was an independent director of Raffles Medical Group Limited (listed on the SGX-ST) and the chief executive officer of CapitaLand Mall Asia Limited (formerly known as CapitaMalls Asia Limited). Mr. LIM has more than 15 years of experience in retail real estate investment, development, mall operations, asset management and fund management in Asia. Mr. LIM holds a Bachelor's degree in Physics from the University of Oxford, United Kingdom and an MBA (Accountancy) from Nanyang Technological University, Singapore. Mr. LIM is also a member of the Executive Committee of the Guarantor.

NON-EXECUTIVE DIRECTORS

Mr. HO Kian Guan was appointed a Non-Executive Director of the Guarantor in May 1993. He is the executive chairman of Keck Seng (Malaysia) Berhad (listed on the Bursa Malaysia Securities Berhad (the "**Malaysia-SE**") and Keck Seng Investments (Hong Kong) Limited (listed on the Hong Kong Stock Exchange). Mr. HO is also the chairman and an independent director of Parkway Life REIT (listed on the SGX-ST). Mr. HO holds a Bachelor's degree in Business Administration and Commerce from Nanyang University, Singapore. He is also a member of the Audit & Risk Committee of the Guarantor. He is the father of Mr. HO Chung Tao (his alternate).

Mr. HO Chung Tao (alternate to Mr. HO Kian Guan) was appointed an alternate Director to Mr. HO Kian Guan in October 2016. He is an executive director of Keck Seng Investments (Hong Kong) Limited (listed on the Hong Kong Stock Exchange) and an alternate director of Keck Seng (Malaysia) Berhad (listed on the Malaysia-SE). Mr. HO holds a Bachelor's degree in Hotel Administration from Cornell University, United States. He is the son of Mr. HO Kian Guan.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor LI Kwok Cheung Arthur was appointed an Independent Non-Executive Director of the Guarantor in March 2011. He is also a non-executive deputy chairman of The Bank of East Asia, Limited (listed on the Hong Kong Stock Exchange) and an independent non-executive director of Nature Home Holding Company Limited (listed on the Hong Kong Stock Exchange). Professor LI is a member of the Executive Council of the Hong Kong Special Administrative Region, chairman of the Council for Sustainable Development of the Government of the Hong Kong Special Administrative Region, emeritus professor of surgery of the Chinese University of Hong Kong and the council chairman of the University of Hong Kong. Professor LI obtained his medical degree from the University of Cambridge, United Kingdom in 1969 and assumed various senior roles in the medical profession of the academia. Professor LI was the vice-chancellor (president) of the Chinese University of Hong Kong. In 2002, Professor LI became the Secretary for Education and Manpower of Education and Manpower Bureau of the Hong Kong Special Administrative Region, and his term ended in June 2007. He ceased to be a member of the National Committee of the Chinese People's Political Consultative Conference in March 2018. Professor LI is also the chairman of the Remuneration Committee and a member of the Audit & Risk Committee and the Nomination Committee of the Guarantor.

Mr. YAP Chee Keong was appointed an Independent Non-Executive Director of the Guarantor in December 2017. He is an independent non-executive director of Olam International Limited (listed on the SGX-ST) and Sembcorp Industries Limited (listed on the SGX-ST). He served as an independent non-executive director of InterOil Corporation (delisted from the New York Stock Exchange in February 2017) from March 2015 to February 2017, a non-executive director of ARA Asset Management Limited (delisted from the SGX-ST in April 2017) from January 2014 to April 2017, an independent non-executive director of The Straits Trading Company Limited (listed on the SGX-ST) from May 2009 to April 2018, and an independent non-executive director of Malaysia Smelting Corporation Berhad (listed on both the Malaysia-SE and the SGX-ST) from May 2016 to May 2018. Mr. YAP is also an independent non-executive director of Citibank Singapore Limited, Certis CISCO Security Pte Limited and MediaCorp Pte Limited. He previously served as an executive director of The Straits Trading Company Limited and the chief financial officer of Singapore Power Limited. Mr. YAP holds a Bachelor's degree in Accountancy from the National University of Singapore. He is a fellow of CPA, Australia and a fellow of the Institute of Singapore Chartered Accountants. Mr. YAP is also the chairman of the Audit & Risk Committee and a member of the Remuneration Committee of the Guarantor.

Mr. LI Xiaodong Forrest was appointed an Independent Non-Executive Director of the Guarantor in May 2019. He is the chairman and group chief executive officer of Sea Limited (listed on the New York Stock Exchange). He previously held positions at Viacom Media Networks, Corning Inc and Motorola and served as a member of Singapore's Committee on the Future Economy from January 2016 to February 2017. Mr. LI holds a bachelor's degree in Engineering from Shanghai Jiao Tong University and an MBA degree from Stanford University's Graduate School of Business. Mr. LI is also a member of the Nomination Committee of the Guarantor.

THE BOARD OF DIRECTORS OF THE GUARANTOR

The board of directors of the Guarantor has appointed board committees to oversee particular aspects of the Guarantor's affairs. Each board committee is appointed with written terms of reference.

EXECUTIVE COMMITTEE

The Guarantor set up an executive committee (the "**Executive Committee**") on 21 June 1993. The Executive Committee shall, among other things, be delegated with power and authorities to oversee the Group's ordinary business and transactions, except that decisions relating to the following matters are explicitly reserved to the board of directors:

- constitution and share capital;
- corporate objectives and strategy;
- corporate policies relating to securities transactions by Directors of the Guarantor and senior management;
- interim and annual results;
- significant investments;
- major financings, borrowings and guarantees other than those of ordinary terms and for the ordinary operation or for general working capital requirement of the Group;
- corporate governance and internal controls;
- risk management;
- major acquisitions and disposals;
- material contracts;
- board members;
- auditors; and
- any other significant matters that will affect the operations of the Group as a whole.

The Executive Committee currently comprises two Executive Directors of the Guarantor. The current members are Ms. KUOK Hui Kwong (who acts as Chairman of the Executive Committee) and Mr. LIM Beng Chee.

AUDIT & RISK COMMITTEE

The Guarantor set up an audit & risk committee (the "**Audit & Risk Committee**") on 25 August 1998. The Audit & Risk Committee shall, among other things, supervise the financial reporting and the internal control of the Group.

The Audit & Risk Committee currently comprises three Independent Non-Executive Directors of the Guarantor. The current members are Mr. YAP Chee Keong (who acts as Chairman of the Audit & Risk Committee), Mr. HO Kian Guan and Professor LI Kwok Cheung Arthur.

REMUNERATION COMMITTEE

The Guarantor set up a remuneration committee (the "**Remuneration Committee**") on 17 October 1997. The Remuneration Committee shall, among other things, review, endorse and/or approve the remuneration of each Director of the Guarantor and each senior management member of the Group in accordance with the remuneration policy of the Group.

The Remuneration Committee currently comprises three members including the Chairman and two Independent Non-Executive Directors of the Guarantor. The current members are Professor LI Kwok Cheung Arthur (who acts as Chairman of the Remuneration Committee), Ms. KUOK Hui Kwong and Mr YAP Chee Keong.

NOMINATION COMMITTEE

The Guarantor set up a nomination committee (the "**Nomination Committee**") on 19 March 2012. The Nomination Committee shall, among other things, consider any proposed change to members or composition of the board and/or evaluate the performance of Directors of the Guarantor in accordance with the nomination policy of the Guarantor.

The Nomination Committee currently comprises three members including the Chairman and two Independent Non-Executive Directors of the Guarantor. The current members are Ms. KUOK Hui Kwong (who acts as Chairman of the Nomination Committee), Professor LI Kwok Cheung Arthur and Mr. LI Xiaodong Forrest.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2019, the interests and short positions of those persons (other than the Directors of the Guarantor) in the Shares and underlying Shares in the Guarantor as recorded in the register required to be kept by the Guarantor under Section 336 of the SFO or as ascertained by the Guarantor after reasonable enquiry were as follows:

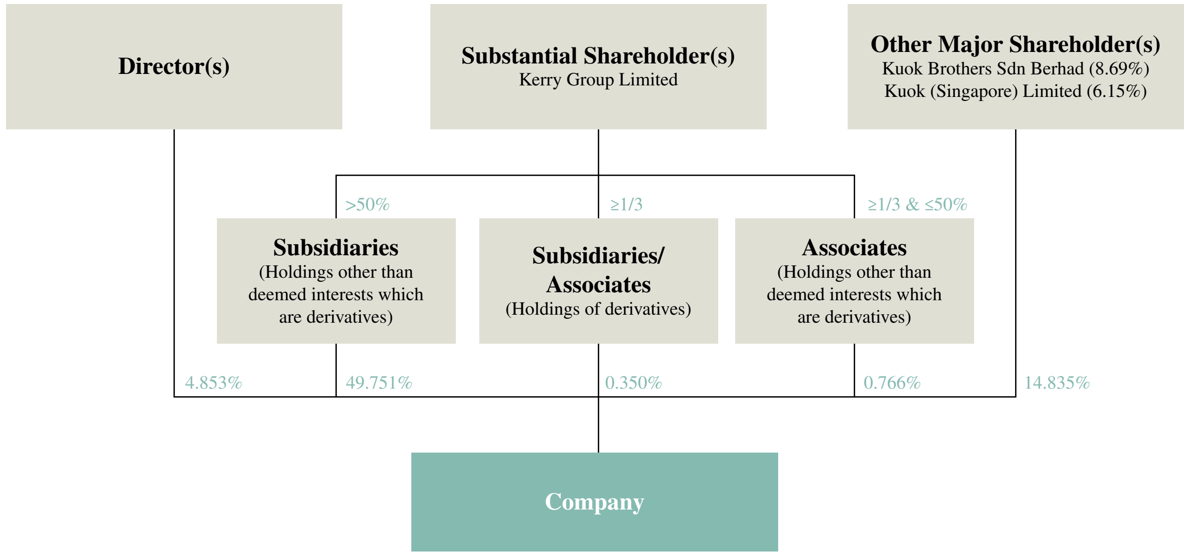
Name	Capacity	Number of ordinary shares held	Approximate % of total issued share of the Guarantor
Substantial shareholders			
Kerry Group Limited ("**KGL**") *(Note 1)*	Interest of controlled corporation(s)	1,821,906,276	50.81
Kerry Holdings Limited ("**KHL**") *(Notes 1 and 2)*	Beneficial owner	87,237,052	2.43
	Interest of controlled corporation(s)	1,555,263,039	43.38
Caninco Investments Limited ("**Caninco**") *(Note 2)*	Beneficial owner	568,568,684	15.86
	Interest of controlled corporation(s)	157,280,233	4.39
Paruni Limited ("**Paruni**") *(Note 2)*	Beneficial owner	382,904,547	10.68
	Interest of controlled corporation(s)	36,667,449	1.02
Other major shareholders			
Darmex Holdings Limited ("**Darmex**") *(Note 2)*	Beneficial owner	267,068,070	7.45
Kuok Brothers Sdn Berhad	Beneficial owner	84,441,251	2.36
	Interest of controlled corporation(s)	227,043,761	6.33
Kuok (Singapore) Limited ("**KSL**") *(Note 3)*	Interest of controlled corporation(s)	220,444,907	6.15
Baylite Company Limited ("**Baylite**") *(Note 3)*	Beneficial owner	220,444,907	6.15

(1) KHL is a wholly owned subsidiary of KGL and accordingly, the shares in which KHL is shown as interested are also included in the shares in which KGL is shown as interested. The number of shares shown were the holdings as at 30 June 2019 and might be different from the latest public record having been filed by the relevant shareholder(s) before 30 June 2019 as required under SFO.

(2) Caninco, Paruni and Darmex are wholly owned subsidiaries of KHL and accordingly, the shares in which Caninco, Paruni and Darmex are shown as interested are also included in the shares in which KHL is shown as interested. The number of shares shown were the holdings as at 30 June 2019 and might be different from the latest public record having been filed by the relevant shareholder(s) before 30 June 2019 as required under SFO.

(3) Baylite is a wholly owned subsidiary of KSL and accordingly, the shares in which Baylite is shown as interested are also included in the shares in which KSL is shown as interested.

As at 31 December 2018, the deemed interests of the director(s), substantial shareholder(s) and other major shareholder(s) in the Guarantor were as follows:



DIRECTORS' INTERESTS

As at 30 June 2019, the interests and short positions of the Directors of the Guarantor in the Shares, underlying Shares and debentures in/of the Guarantor and its associated corporations (within the meaning of Part XV of the SFO) ("**Associated Corporations**") as recorded in the register required to be kept by the Guarantor under Section 352 of the SFO or as otherwise notified to the Guarantor and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long positions in Shares in the Guarantor and Associated Corporations

				Number of shares held				
Name of company	**Name of director**	**Class of shares**	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**	**Approximate % of total issued shares in the relevant company**
The Guarantor	KUOK Hui Kwong	Ordinary	578,833[1]	1,038,000[2]	2,000,000[3]	36,930,170[4]	40,547,003	1.131
	LIM Beng Chee	Ordinary	614,000	–	–	–	614,000	0.017
	HO Kian Guan	Ordinary	1,301,116	–	145,887,718[5]	–	147,188,834	4.105

(1) 32,000 shares were held jointly by Ms KUOK Hui Kwong and her spouse.

(2) These shares were the deemed interest of Ms KUOK Hui Kwong's spouse.

(3) These shares were held through the company which was owned by Ms KUOK Hui Kwong.

(4) These shares were held through discretionary trusts of which Ms KUOK Hui Kwong is a discretionary beneficiary.

(5) 106,620,788 shares were held through companies that were owned as to 33.33% by Mr HO Kian Guan.

39,266,930 shares were held through companies that were owned as to 6.79% by Mr HO Kian Guan.

Long positions in underlying Shares in the Guarantor and Associated Corporations

As at 30 June 2019, details and movements of share options granted by the Guarantor under the Guarantor's option scheme adopted by the Guarantor's shareholders on 28 May 2012 were as follows:

Grantees	Date of grant	Held as at 1 Jan 2019	Number of option shares: Granted during the period	Transferred from other category during the period	Transferred to other category during the period	Exercised during the period	Lapsed during the period	Held as at 30 Jun 2019	Exercise price per option share	Exercise period
									(HK$)	
1. Directors										
LUI Man Shing *(Note 2)*	23 Aug 2013	350,000	–	–	(350,000)	–	–	–	12.11	23 Aug 2013 – 22 Aug 2023
Alexander Reid HAMILTON *(Note 3)*	23 Aug 2013	100,000	–	–	(100,000)	–	–	–	12.11	23 Aug 2013 – 22 Aug 2023
LI Kwok Cheung Arthur	23 Aug 2013	100,000	–	–	–	–	–	100,000	12.11	23 Aug 2013 – 22 Aug 2023
2. Employees	23 Aug 2013	5,088,000	–	–	(120,000)	–	(550,000)	4,418,000	12.11	23 Aug 2013 – 22 Aug 2023
3. Other participants . . .	23 Aug 2013	2,550,000	–	570,000	–	–	–	3,120,000	12.11	23 Aug 2013 – 22 Aug 2023
Total		8,188,000	–	570,000	(570,000)	–	(550,000)	7,638,000		

(1) No options were cancelled during the six months ended 30 June 2019.

(2) Mr LUI Man Shing retired as an Executive Director of the Guarantor on 5 June 2019 and his option has been re-categorised.

(3) Mr Alexander Reid HAMILTON retired as an Independent Non-Executive Director of the Guarantor on 5 June 2019 and his option has been re-categorised.

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, Luxembourg, the CMU Service and CDP (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable, but none of the Issuers, the Guarantor, the Trustee, any Agent, 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. None of the Issuers, the Guarantor or 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 CLEARING SYSTEMS

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

EUROCLEAR AND CLEARSTREAM, LUXEMBOURG

Euroclear and Clearstream, Luxembourg 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, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg 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, Luxembourg 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, Luxembourg participant, either directly or indirectly.

Distributions of amounts payable with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by any paying agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant Clearing System's rules and procedures.

CMU

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

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

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European clearing systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, CMU Instruments. Instead, the HKMA advises the CMU Lodging and Paying Agent (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the CMU Lodging and Paying Agent (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

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

CDP

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the "**CDP System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP. CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP (the "**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the CDP System may only be effected through certain corporate depositors (the "**Depository Agents**") approved by CDP under the Companies Act, Chapter 50 of Singapore, to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the CDP System must be held in securities sub-accounts with Depository Agents. Depositors holding Notes in direct securities accounts with CDP, and who wish to trade Notes through the CDP System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

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

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

BOOK-ENTRY OWNERSHIP

Bearer Notes

The relevant Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The relevant Issuer may also apply to have Bearer Notes accepted for clearance through. as applicable, the CMU Service or CDP. In respect of Bearer Notes, a Temporary Bearer Global Note and/or a Permanent Bearer Global Note will be deposited with a common depositary for Euroclear and/pr Clearstream, Luxembourg or a sub-custodian for the CMU Service or with CDP. Transfers of interests in a Temporary Bearer Global Note or a Permanent Bearer Global Note will be made in accordance with the normal Euromarket debt securities operating procedures of the CMU Service, CDP, Euroclear and Clearstream, Luxembourg.

Registered Notes

The relevant Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Registered Global Note. Each Series of Registered Notes will have an International Securities Identification Number ("**ISIN**") and a Common Code. Investors in Notes of such Series may hold their interests in a Registered Global Note through Euroclear and/or Clearstream, Luxembourg. Registered Global Notes may also be deposited with a sub-custodian for the HKMA as operator of the CMU Service or CDP, as the case may be.

Transfers of interests in Global Notes within the CMU Service, CDP, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system. In the case of Registered Global Notes to be cleared through the CMU Service, CDP, Euroclear or Clearstream, Luxembourg, transfers may be made at any time by a holder of an interest in a Global Note in accordance with the relevant rules and regulations of the applicable clearing systems.

The CMU Service, CDP, Euroclear and Clearstream, Luxembourg each have published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of the CMU Service, CDP, Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the Guarantor, any Agent, the Arranger or any Dealer will be responsible for any performance by the CMU Service, CDP, Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Definitive Registered Notes

Registration of title to Registered Global Notes in a name other than a depositary or its nominee for Euroclear and Clearstream, Luxembourg, the CMU Service or CDP will be permitted only in the circumstances set forth in "*Summary of Provisions Relating to the Notes while in Global Form – Exchange*". In such circumstances, the relevant Issuer will cause sufficient individual Definitive Registered Notes to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Note 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 Registered Notes.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Notes. It is emphasised that none of the Issuers, the Guarantor nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

BERMUDA

Tax

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Guarantor or by the Guarantor's shareholders in respect of the Guarantor's shares. The Guarantor has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to the Guarantor or to any of our operations or to our shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by the Guarantor in respect of real property owned or leased by the Guarantor in Bermuda.

Stamp Duty

The Guarantor is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies).

British Virgin Islands

Howes Capital Limited, as a company incorporated under the BVI Business Companies Act, is exempt from all provisions of the Income Tax Act of the British Virgin Islands (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by Howes Capital Limited to persons who are not persons resident in the British Virgin Islands).

Capital gains realised with respect to any shares, debt obligations or other securities of a company by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of Howes Capital Limited.

Singapore

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore ("**IRAS**") and MAS in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealing in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders or prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuers, the Guarantor, the Arranger, the Dealers nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the acquisition, ownership or disposal of the Notes.*

Interest and Other Payments

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

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

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals or a Hindu joint family) is currently 17.0 per cent. The applicable rate for non-resident individuals or a Hindu joint family is currently 22.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

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

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

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

Qualifying Debt Securities Scheme

As the Programme as a whole is arranged solely by DBS Bank Ltd., which is a Financial Sector Incentive (Standard Tier) Company and Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at such time, any tranche of the Notes ("**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Offering Circular to 31 December 2023 would be, pursuant to the ITA, qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the relevant Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain prescribed conditions having been fulfilled (including the furnishing by the relevant Issuer, or such other person as the MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes paid by the relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

   (i) the relevant Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

   (ii) the furnishing by the Issuer, or such other person as the MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

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

Notwithstanding the foregoing:

(a) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, such Relevant Notes would not qualify as QDS; and

(b) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the relevant Issuer, Qualifying Income derived from such Relevant Notes held by:

   (i) any related party of the relevant Issuer; or

   (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the relevant Issuer,

   shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

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

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

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

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

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

All foreign-sourced income received in Singapore on or after 1 January 2004 by Singapore tax-resident individuals will be exempt from income tax, provided such foreign-sourced income is not received through a partnership in Singapore.

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

CAPITAL GAINS

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

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

ADOPTION OF FRS 39, FRS 109 OR SFRS(I) 9 FOR SINGAPORE INCOME TAX PURPOSES

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

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

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

ESTATE DUTY

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

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

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

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

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

FATCA WITHHOLDING

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of these rules 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. However, if additional notes (as described under Condition 17) 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. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUERS, THE NOTES AND THE NOTEHOLDERS, IS UNCERTAIN AT THIS TIME, EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH NOTEHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

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.

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

CURRENT ACCOUNT ITEMS

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

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

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

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

Capital Account Items

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

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

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

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

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor ("**RQFII**") regime and the China Interbank Bond Market ("**CIBM**"), have been further liberalised for foreign investors. PBoC has relaxed the quota control for RQFII, and has also expanded the list of eligible foreign investors in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Interbank foreign exchange market is also opening-up. In January 2016, CFETS set forth qualifications, application materials and procedure for foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

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

SUBSCRIPTION AND SALE

SUMMARY OF PROGRAMME AGREEMENT

The Dealers have, in an amended and restated programme agreement dated 11 October 2019 as amended and/or supplemented from time to time (the "**Programme Agreement**"), agreed with the Issuers and the Guarantor a basis on which they or any of them may from time to time agree to purchase Notes. Under the terms of the Programme Agreement, the relevant Issuer (failing which, the Guarantor) will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The relevant Issuer (failing which, the Guarantor) have agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and any future update of the Programme and the Dealer for certain of their activities in connection with the Programme. The Issuers (failing which the Guarantor has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

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 (as defined in the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented, warranted and agreed that it has offered and sold any Notes, and will offer and sell any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and certified as provided below, only in accordance with Rule 903 of Regulation S under the Securities Act. Each Dealer who has subscribed for Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and certify to the Principal Paying Agent the completion of the distribution of the Notes of such Tranche. On the basis of such notification or notifications, the Principal Paying Agent has agreed to notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Tranche. Each Dealer also agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (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 (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this paragraph 1.1 have the meanings given to them by Regulation S.

1.2 Each Dealer has represented, warranted and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

1.3 In addition, in respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement:

(a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the "**D Rules**"), each Dealer has (i) represented, warranted and agreed that it has not offered or sold, and warranted and agreed that during the 40-day restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) represented that it has not delivered and warranted and agreed that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(b) each Dealer has represented, warranted and agreed that it has and has warranted and agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, each Dealer has represented, warranted and agreed that it is acquiring Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section l.163-5(c)(2)(i)(D)(6); and

(d) with respect to each affiliate of such Dealer that acquires Notes in bearer form from such Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer has repeated and confirmed the representations and agreements contained in paragraphs 1.3(a), 1.3(b) and 1.3(c) on such affiliate's behalf.

Terms used in this paragraph 1.3 have the meanings given to them by the U.S. Internal Revenue Code 1986 and regulations thereunder, including the D Rules.

1.4 In respect of Bearer Notes where TEFRA C is specified in the applicable Pricing Supplement, such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented, warranted and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance.

Further, each Dealer has represented, warranted and agreed in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes. Terms used in this paragraph 1.4 have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including U.S. Reg § 1 1.163-5(c)(2)(i)(C).

1.5 Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. The relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restriction under the Prospectus Regulation

2.1 Unless the applicable 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 the Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

2.1.1 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 Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

2.1.2 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.

2.2 If the applicable Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area, each Dealer has represented, 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:

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

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Notes referred to in Clause (b) to (d) above shall require the relevant 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.

United Kingdom

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

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

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

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" (as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in 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**") and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (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.

The People's Republic of China

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 offer of 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 Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC or Taiwan), except as conducted pursuant to the applicable securities laws of the PRC.

Singapore

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time (together, the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where 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 defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulation 2018.

Bermuda

No offer or invitation whether directly or indirectly has been made or will be made to the public or any person in Bermuda to subscribe for the Notes.

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold, and will not offer or sell, any Notes to the public or any person in Bermuda and will procure that any purchaser of the Notes from the each Dealer will comply with such prescription.

British Virgin Islands

No offer or invitation whether directly or indirectly has been made or will be made to the public or any person in the British Virgin Islands to subscribe for the Notes.

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold, and will not offer or sell, any Notes to the public or any person in the British Virgin Islands and will procure that any purchaser of the Notes from the each Dealer will comply with such prescription.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and any applicable Pricing Supplement and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the relevant Issuer, the Guarantor, the Trustee and any other Dealer shall have any responsibility therefor.

None of the relevant Issuer, the Guarantor, the Trustee and the relevant Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

The Dealers and certain of their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, any of the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuers, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

Each of the Dealers and its affiliates may also have performed certain investment banking and advisory services for the Issuers, the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuers, the Guarantors and/or their respective affiliates in the ordinary course of their business and receive fees for so acting. In addition to the transactions noted above, each Dealer and its affiliates may engage in other transactions with, and perform services for, the Issuers, the Guarantor or their affiliates in the ordinary course of their business. While each Dealer and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause a Dealer or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Dealer may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes. In addition, certain of the Dealers or certain of their affiliates are lenders under financing agreements with members of the Group.

The Dealers and/or their respective affiliates which are lenders and/or agents under the financing arrangements or other existing debt instruments of the Group routinely hedge their credit exposure to the Group consistent with their customary risk management policies. Typically, the Dealers and their respective 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 the Group's securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes.

GENERAL INFORMATION

1. The establishment and update of the Programme was duly authorised by a resolution of the Board of Directors of HCL passed on 19 October 2018 and a resolution of the Board of Directors of SHL passed on 19 October 2018. The giving of the Guarantee was authorised by a resolution of the Board of Directors of the Guarantor on 19 October 2018.

2. Save as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position of the Guarantor or of the Group since 30 June 2019.

3. Save as disclosed in this Offering Circular, none of the Issuers, the Guarantor or any subsidiary of the Guarantor is involved in any litigation or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the financial position of the Issuers, the Guarantor or the Group nor is the Issuers or the Guarantor aware that any such proceedings are pending or threatened.

4. Each Bearer Note which has an original maturity of more than 365 days, and each Receipt, Coupon and Talon relating to such a Note will bear the following legend: "Any United States person (as defined in the Internal Revenue Code of the United States) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code".

5. Approval in-principle has been granted for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List.

6. Admission to the Official List and any quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuers, the Guarantor, the Programme or the Notes. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuers shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, for so long as such Notes are listed on the SGX-ST, an announcement of such exchange will be made by or on behalf of the Issuers through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

7. For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, at all reasonable times during normal business hours on any weekday (Saturdays and public holidays excepted), for inspection from the specified offices of the Issuers:

   (i) the constitutional documents of the Issuers and the Guarantor;

   (ii) the audited consolidated financial statements of the Guarantor in respect of the financial year ended 31 December 2018;

   (iii) the unaudited but reviewed condensed consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2019;

   (iv) the most recently published audited annual consolidated financial statements of the Guarantor and the most recently published unaudited interim consolidated financial statements of the Guarantor (if any) from time to time; and

(v) a copy of this Offering Circular together with any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular and any other documents incorporated herein or therein by reference.

8. For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, at all reasonable times during normal business hours on any weekday (Saturdays and public holidays excepted), for inspection from the specified office of the Principal Paying Agent:

   (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Notes, the Coupons, the Receipts and the Talons);

   (ii) the Trust Deed; and

   (iii) any Pricing Supplements (save that a Pricing Supplement relating to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the relevant Issuer, the Guarantor or the relevant Paying Agent as to its holding of Notes and identity).

9. The relevant common code and ISIN for each Tranche of Notes allocated by CDP, Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. The Issuers may also apply to have Notes accepted for clearance through the CMU Service. The relevant CMU Instrument Number will be specified in the applicable Pricing Supplement. If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

10. The Legal Entity Identifier ("**LEI**") code of HCL is 254900PH2Z9DZGW40 102 and the LEI code of SHL is 254900YGB17P2RB1TT59.

11. The audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2018 have been audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

12. The condensed consolidated financial statements of the Guarantor for the six months ended 30 June 2019 have been unaudited but reviewed by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

13. The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors (as defined in the Trust Deed) or any other person in accordance with the provisions of the Trust Deed as sufficient evidence of the facts stated therein whether or not called for by or addressed to the Trustee and whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or such other person in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person. However, the Trustee will have no recourse to the Auditors or such other person in respect of such certificates or reports unless the Auditors or such other person have agreed to address such certificates or reports to the Trustee.

ISSUERS

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