

IMPORTANT NOTICE

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

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

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

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

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States and must not be a U.S. person (as defined in Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person (as defined in 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 that you are not located in the United States, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, you are not a U.S. person (as defined in Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person (as defined in Regulation S under the Securities Act) and that you consent to delivery of such Offering Circular by electronic transmission.

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

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the 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 Issuer and the Guarantor (each 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 Issuer, the Guarantor, DBS Bank Ltd. (the “**Arranger**”) or any person who controls the Arranger or any entity appointed by the Issuer and the Guarantor as a dealer under the Programme (together with the Arranger, the **Dealers**), any director, officer, employee nor agent of the Issuer or the Guarantor or the Arranger or the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

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.

LAI SUN MTN LIMITED

(incorporated with limited liability under the laws of Hong Kong)



LAI SUN DEVELOPMENT

unconditionally and irrevocably guaranteed by

LAI SUN DEVELOPMENT COMPANY LIMITED

麗新發展有限公司

(incorporated with limited liability under the laws of Hong Kong)

(SEHK Stock Code: 488)

U.S.\$2,000,000,000

Medium Term Note Programme

Under the U.S.\$2,000,000,000 Medium Term Note Programme described in this Offering Circular (the “**Programme**”), Lai Sun MTN Limited (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue guaranteed medium term notes (the “**Notes**”) unconditionally and irrevocably guaranteed (the “**Guarantee**”) by Lai Sun Development Company Limited 麗新發展有限公司 (the “**Guarantor**” or the “**Company**”). Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$2,000,000,000 (or its equivalent in other currencies).

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

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

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

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

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

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

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

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

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

Arranger and Dealer

DBS Bank Ltd.

Offering Circular dated 25 June 2021

IMPORTANT NOTICE

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

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

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

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

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

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

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) — Unless otherwise notified by the Issuer or the Guarantor to the Dealers, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

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

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

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

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

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

There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan and Singapore, and to persons connected therewith. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of bearer notes, delivered within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). The Notes are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on offers, sales and transfers of Notes and on the distribution of this Offering Circular, see “*Subscription and Sale*”.

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

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

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

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

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

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed U.S.\$2,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S.\$ at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “*Subscription and Sale*”.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the “Stabilisation Manager”) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and rules, over allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, 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 be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

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

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

Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arranger or any Dealer, or any director, officer, employee, agent or affiliate of any such person that any recipient, of this Offering Circular or of any such information, should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Arranger nor any Dealer or agent or affiliate of any such person undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger or any Dealer.

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

This Offering Circular incorporates by reference the most recent annual audited consolidated financial statements of the Guarantor and if more recent the most recent unaudited condensed consolidated financial statements of the Guarantor. As at the date of this Offering Circular, this comprises the audited consolidated financial statements of the Guarantor as at and for the year ended 31 July 2020 and the unaudited condensed consolidated financial statements of the Guarantor as at and for the six months ended 31 January 2021. Such financial statements were prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants. However, unaudited condensed consolidated financial statements of the Guarantor should not be relied upon to provide the same quality of information associated with information that has been subject to an audit or review. Neither the Arranger nor any Dealer has independently verified such information and thus neither the Arranger nor any Dealer can give any assurance that the information is truthful, accurate or complete. Potential investors must exercise caution when using such data to evaluate the Group’s financial condition or results of operations. Unaudited condensed consolidated financial statements as at and for the six months ended half way through a financial year should not be taken as an indication of the expected financial condition and results of operations for the Group for the relevant full financial year.

Except as otherwise indicated in this Offering Circular, all non-company specific statistics and data relating to the industry or to the economic development of for any country have been extracted or derived from publicly available information and industry publications. The information has not been independently verified by the Issuer, the Guarantor, the Arranger or any Dealer or by their respective directors and advisers, and neither the Issuer, the Guarantor, the Arranger, any Dealer nor their respective directors and advisers make any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

CERTAIN TERMS AND CONVENTIONS

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 “**sterling**”, “**pounds sterling**” and “**£**” are to the currency of the United Kingdom; all references to “**euro**” and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended; all references to “**Renminbi**” and “**RMB**” are to the currency of the PRC; all references to “**United States**” or “**U.S.**” are to the United States of America; references to “**China**”, “**Mainland China**” and the “**PRC**” in this Offering Circular mean the People’s Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; references to “**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 references to the Republic of the Philippines; and all references to “**United Kingdom**” are to the United Kingdom of Great Britain and Northern Ireland.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking in connection with the listing of the Notes on the Hong Kong Stock Exchange to the effect that, so long as any Notes remain outstanding and listed on the Hong Kong Stock Exchange, the Issuer will prepare a supplement to this Offering Circular or a new Offering Circular upon becoming aware that:

- (b) there has been a significant (as defined in the HKSE Rules) change affecting any matter contained in this Offering Circular; or
- (b) a significant (as defined in the HKSE Rules) new matter has arisen, the inclusion of information in respect of which would have been required to be in this Offering Circular if it had arisen before this Offering Circular was issued.

FORWARD LOOKING STATEMENTS

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

INFORMATION INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the most recently two published audited annual consolidated financial statements of the Guarantor, together with the auditor's report thereto, and, if published later, the most recently published unaudited condensed interim financial information of the Guarantor, together with the auditor's review report thereto;
- (b) the most recently published audited annual financial statements of the Issuer, together with the auditor's report thereto;
- (c) each relevant Pricing Supplement; and
- (d) all supplements or amendments to this Offering Circular circulated by the Issuer and the Guarantor from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

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

As at the date of this Offering Circular, the Issuer has not published any financial statements. The Guarantor has prepared the audited consolidated financial statements at and for the year ended 31 July 2020 and the unaudited condensed consolidated financial statements of the Guarantor for the six months ended 31 January 2021. These financial statements of the Guarantor were prepared in conformity with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants. See "*General Information*" for a description of the financial statements currently published by the Guarantor.

For purposes of this Offering Circular and the avoidance of doubt, "published" audited annual consolidated financial statements and/or, as the case may be, unaudited condensed interim financial information of the Guarantor shall include (but shall not be limited to) the annual consolidated financial statements and/or, as the case may be, condensed interim financial information of the Guarantor that are posted on the website of the Guarantor and/or the Hong Kong Stock Exchange (www.hkex.com.hk).

CONTENTS

| | Page |
|--|-------------|
| SUMMARY OF THE PROGRAMME | 1 |
| RISK FACTORS..... | 6 |
| FORMS OF THE NOTES | 40 |
| TERMS AND CONDITIONS OF THE NOTES..... | 42 |
| FORM OF PRICING SUPPLEMENT..... | 94 |
| SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM..... | 109 |
| USE OF PROCEEDS..... | 115 |
| CAPITALISATION AND INDEBTEDNESS | 116 |
| DESCRIPTION OF THE ISSUER | 117 |
| DESCRIPTION OF THE GUARANTOR..... | 118 |
| DIRECTORS AND COMPANY SECRETARY..... | 149 |
| SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS | 154 |
| TAXATION..... | 161 |
| SUBSCRIPTION AND SALE..... | 164 |
| GENERAL INFORMATION..... | 172 |

SUMMARY OF THE PROGRAMME

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

| | |
|---------------------------------------|---|
| Issuer | Lai Sun MTN Limited. |
| Guarantor | Lai Sun Development Company Limited 麗新發展有限公司. |
| Programme Size | Up to U.S.\$2,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer and Guarantor may increase the amount of the Programme in accordance with the terms of the Dealer Agreement. |
| Risk Factors | Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under the section “ <i>Risk Factors</i> ” below. |
| Arranger | DBS Bank Ltd. |
| Dealers | DBS Bank Ltd. and any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular Tranche of Notes. |
| Fiscal Agent and Paying Agent | The Bank of New York Mellon, London Branch. |
| Registrar and Transfer Agent.. | The Bank of New York Mellon, Hong Kong Branch. |
| CMU Lodging and Paying Agent | The Bank of New York Mellon, Hong Kong Branch. |
| Method of Issue | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement. |

Clearing Systems..... Clearstream, Luxembourg, Euroclear and/or the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Fiscal Agent (or the CMU Lodging and Paying Agent, as the case may be), and the relevant Dealer.

Form of Notes Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”). Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Global Note will be deposited on or around the date with a common depository or sub-custodian for Clearstream, Luxembourg, Euroclear and/or as the case may be, the CMU and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Registered Notes will initially be represented by Registered Global Notes. Registered Global Notes representing Registered Notes will be registered in the name of a nominee for one or more of Euroclear, Clearstream, Luxembourg and the CMU.

Currencies..... Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

| | |
|--------------------------------------|--|
| Status of the Notes | The Notes constitute direct, general, unsubordinated, unconditional, and (subject to the provisions of Condition 5 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5 (<i>Negative Pledge</i>), at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations as described in “ <i>Terms and Conditions of the Notes — Status and Guarantee</i> ”. |
| Status of the Guarantee | The Guarantee of the Notes constitutes a direct, general, unsubordinated, unconditional and (subject to the provisions of Condition 5 (<i>Negative Pledge</i>)) unsecured obligation of the Guarantor. The payment obligations of the Guarantor under the Guarantee of the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5 (<i>Negative Pledge</i>) at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations as described in “ <i>Terms and Conditions of the Notes — Status and Guarantee</i> ”. |
| Issue Price | Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments. |
| Maturities | Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. |
| Redemption | Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies). |
| Optional Redemption | Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement. |

| | |
|----------------------------------|--|
| Tax Redemption | Except as described in “Optional Redemption” above, early redemption will only be permitted for tax reasons as described in Condition 9(b) (<i>Redemption and Purchase — Redemption for tax reasons</i>). |
| Interest | Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. All such information will be set out in the relevant Pricing Supplement. |
| Denominations | Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. |
| Negative Pledge | The Notes will contain a negative pledge provision as further described in Condition 5 (<i>Negative Pledge</i>). |
| Cross Default | The Notes will contain a cross default provision as further described in Condition 13 (<i>Events of Default</i>). |
| Withholding Tax | All payments in respect of Notes and the Guarantee will be made free and clear of withholding taxes of Hong Kong, as the case may be, unless the withholding is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (subject to certain customary exceptions as described in Condition 12 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or, as the case may be, the Guarantee of the Notes, had no such withholding been required. |
| Listing and Trading | <p>Application has been made to the Hong Kong Stock Exchange for the listing of the Programme for the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange (or listed, traded or quoted on or by any other competent authority, exchange or quotation system).</p> <p>Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK\$500,000 (or its equivalent in other currencies).</p> |

| | |
|--|---|
| Governing Law | The Notes, the Guarantee of the Notes and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee of the Notes will be governed by, and construed in accordance with, English law. |
| Enforcement of Notes in Global Form | In the case of Global Notes, individual investors’ rights against the Issuer will be governed by a Deed of Covenant dated 25 June 2021, a copy of which will be available for inspection at the specified office of the Fiscal Agent. |
| Selling Restrictions | For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan and Singapore, see “ <i>Subscription and Sale</i> ” below. |
| Initial Delivery of Notes | On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or deposited with a sub-custodian for the CMU or any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee or a sub-custodian for, such clearing systems. |
| Legal Entity Identifier | 254900IL4GZMMOH72N45. |

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information contained and deemed to be contained in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially adversely affected by any of these risks. The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme and the Guarantee. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the risks associated with the Notes issued under the Programme and the Guarantee are also described below.

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

Risks Relating to the Group and its Business

The performance of the Hong Kong property market

The Group derives a substantial portion of its revenue and operating profits from its Hong Kong property investment as well as property development and sales. Consequently, its revenue and operating profits depend on the state of the Hong Kong property market. Historically, the Hong Kong property market has been cyclical (for example, Hong Kong residential property prices, after reaching record highs in 1997, fell significantly as a result of the Asian economic crisis) and Hong Kong property values have been affected by supply and demand of comparable properties, the condition of the global economy, the rate of economic growth in Hong Kong, and political and economic developments in Hong Kong and the PRC, including, but not limited to, the announcements of a downgrading of Hong Kong's credit rating from "Aa2 Stable" to "Aa3 negative" by Moody's Investor Services in January 2020 and from "AA Stable" to "AA- Stable" by Fitch Ratings in April 2020. Economic developments outside Hong Kong, such as the economy in the PRC and the interest rate movements and level of economic activity in the United States, could also adversely affect the property market in Hong Kong. See also "*— The Group's business may be affected by regional and global economic factors*" below.

The overall Hong Kong property market has been adversely affected by several significant events, including the events of 11 September 2001 in the United States and the outbreak of Severe Acute Respiratory Syndrome ("**SARS**") in 2003. Following that, while the property market showed improvement during the period from 2004 to the third quarter of 2008, starting from September 2008, property prices and rental in Hong Kong were affected by the global financial turmoil. At the end of 2010, the Hong Kong Government and the Hong Kong Monetary Authority ("**HKMA**") introduced property cooling measures such as a special stamp duty and reduced loan-to-value borrowings. In October 2012, the Hong Kong Government announced a new round of property cooling measures on residential flats targeting non-resident and corporate buyers, including the introduction of buyer's stamp duty of 15.0 per cent. of the purchase price on residential properties acquired by non-Hong Kong permanent residents, the adjustment to the rate of the special stamp duty and extension of the holding period in respect of the special stamp duty from two years to three years. On 4 November

2016, the Hong Kong Government announced further cooling measures in the form of an increase to stamp duty payable on property transactions to 15.0 per cent., effective from 5 November 2016 and applying to all residential property acquisitions by individuals or companies with the exception of first time home buyers who are Hong Kong permanent residents. The new 15.0 per cent. rate replaces the maximum 8.5 per cent. double ad valorem stamp duty on non-first time home purchases by Hong Kong permanent residents that had been in place since February 2013. On 12 April 2017, this increased stamp duty was extended to apply to first-time Hong Kong permanent resident property buyers acquiring multiple properties under a single contract. On 29 June 2018, the Hong Kong Government proposed a tax on vacant first-hand private residential units at two times the annual rateable value of the units (the “**Vacancy Tax**”) to encourage developers to release residential units more quickly into the market. Under the proposal, developers of first-hand private residential units with an occupation permit issued for 12 or more months will be required to make annual returns disclosing the occupancy status of their units. Units that have not been occupied or rented out for more than six of the past 12 months will be considered vacant and subject to the Vacancy Tax, which will be collected annually. On 13 September 2019, the Hong Kong Government gazetted an amendment bill to implement the proposed Vacancy Tax at the Legislative Council. In October 2019, the Hong Kong Government introduced the amendment bill into the Legislative Council for scrutiny and a bill committee was set up in May 2020. Although the amendment bill could not be passed in the current term of the Legislative Council following the bill committee’s decision to discontinue its scrutiny work due to time constraints in June 2020, if the bill is subsequently implemented, the Vacancy Tax may present a financial burden to the Group, which may have an adverse effect on its business, operating results and financial condition. On 16 October 2019, the HKMC Insurance Limited, a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited, announced amendments to the Mortgage Insurance Programme for completed residential properties which expanded the eligibility under the Mortgage Insurance Programme. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent. loan-to-value ratio has been raised from the existing HK\$4 million to HK\$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent. loan-to-value ratio has also been raised from HK\$6 million to HK\$10 million. As the introduction of these measures is subject to policy changes reflecting domestic political or economic circumstances, there is no assurance that the Hong Kong Government will not introduce further measures in the future that may have a significant impact on the property market, which may, in turn, affect the Group’s operating results and financial conditions. Such measures adopted from time to time by the Hong Kong Government to restrict the real estate market may slow down the industry’s rate of growth or cause the real estate market to decline, which may, in turn, materially and adversely affect the Group’s business, financial condition and results of operations.

In the event of economic decline, the Group, along with other Hong Kong property companies, may experience market pressures such as those from existing tenants or prospective tenants to provide rent reductions or longer rent-free periods or reduced market prices for sale properties. Rental values are also affected by factors such as local, regional and global economic downturns, political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation. There can be no assurance that rental and property values will not decline, credit provided by banks will not be further tightened or interest rates will not rise in the future. This could have an adverse effect on the Group’s business, operating results and financial condition. The inherent volatility in Hong Kong’s property market may also affect the timing for both the acquisition of sites (or modification of land use terms) 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 and sale activities may be susceptible to significant fluctuations from year to year, which may have an impact on the Group’s balance sheet.

The performance of the PRC mainland property market

The Group has substantial property development and investment interests in the PRC through the Lai Fung Group and expects to continue to develop and invest in properties in the PRC. The property interests of the Group are therefore subject to certain risks associated with property development and investment and inherent in the ownership of, investment in and development of real estate properties in the PRC. 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 the real estate sector, 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 economies of the cities and regions in the PRC in which it conducts its business.

Historically, the PRC property market has been cyclical. The rapid expansion of the property market in certain major cities in the PRC, including Shanghai and Beijing in the early 1990s, culminated in oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. Beginning in the late 1990s, private residential property prices and the number of residential property development projects increased in major cities as a result of an increase in demand driven by domestic economic growth. In recent years, the overall demand for private residential properties in the PRC, particularly properties in a number of major PRC cities (including those in which the Group holds properties) has grown rapidly. However, the market has also experienced fluctuations in property prices during the same period. There can be no assurance that the problems of oversupply and falling property prices that occurred in the mid-1990s will not recur in the PRC property market and the recurrence of such problems could adversely affect the Group's business and financial condition. Furthermore, there have been increasing concerns over housing affordability and the sustainability of market growth.

PRC central and local governments also frequently adjust monetary and other economic policies to prevent and curtail the overheating of the national and local economies, and such economic adjustments may affect the PRC property market. For example, the PRC government has introduced additional measures over the years to cool the property market and to tighten market liquidity and curb property speculation. Further, many cities have promulgated measures to restrict the number of properties a household is allowed to purchase and similar restrictive measures could be introduced in the near future.

Since 2010, the PRC government has promulgated multiple policies and measures on the domestic residential property market to curb perceived growth in the PRC property market. For example, on 26 January 2011, the General Office of the State Council issued the Notice Concerning Further Improving the Regulation of the Real Estate Market, which, among other things, provided that the minimum down payment for second house purchases shall be at 60 per cent., with the minimum lending interest rate at 110 per cent. of the benchmark rate. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50 per cent. of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55 per cent. of such individual's monthly income. As a result of the foregoing factors, PRC banks have generally tightened mortgage lending, which has affected the demand in the property market in general. In addition, certain local governments, including, without limitation, Beijing, Shanghai, Shenzhen, Hefei and Hangzhou, have issued new property market control policies, including restoring or strengthening the restriction on purchases of residential properties and tightening credit policy. In March 2017, local governments in certain major cities such as Beijing and Hangzhou introduced further policies to restrain property purchases for specialisation purposes and refrain property prices from rising too quickly. Such policies include suspending

the provision of individual housing loans with a term of more than 25 years, raising the minimum percentage of down payment of the purchase price and strictly restricting purchasers from acquiring second (or more) residential properties. On 21 January 2021, Shanghai Municipal Housing and Urban-Rural Development Administration Commission released the Notice on Promoting the Steady and Healthy Development of the City's Real Estate Market, which increases the ownership period from two to five years before being exempt from paying a value-added tax on the sale of individual housing and, in addition, for couples who purchase commercial houses within three years from the date of their divorce, the number of homes either spouse owns shall be the number of homes they collectively owned before their divorce, as Shanghai has set a limit on the number of homes an individual can own.

Given that central and local PRC governments are expected to continue to exercise a substantial degree of control and influence over the PRC economy and property market, any form of government control or newly implemented laws and regulations, in particular, decisions taken by PRC regulators concerning economic policies or goals that are inconsistent with the Group's interests, may, depending on the nature and extent of such changes and the Group's ability to make corresponding adjustments, negatively impact the Group's future expansion plans in the PRC and have an adverse effect on the Group's business, operating results, financial condition and prospects. There is no assurance that the PRC government will not take further action, whether in the form of new austerity measures, regulations or policy adjustments, which would adversely affect the PRC property market.

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

As the Group continues to be dependent, to a significant extent, on the overall state of the PRC property sector, a decline in the performance of this property sector could adversely affect the Group's revenue. Any material adverse development with respect to the property markets in the PRC and the ensuing decline in property sales or decrease in property prices in the PRC could have a material and adverse effect on the Group's business, financial condition and results of operations.

The global economy and the property market are facing significant uncertainties and disruptions caused by COVID-19 which may negatively impact the Group's operating results

The Group's business is subject to global market fluctuations and general economic conditions in Hong Kong, the PRC and the global economy. Any prolonged downturn, recession or other condition that adversely affects the Group's business and economic environment, in particular the ongoing novel coronavirus ("COVID-19") pandemic, could materially and adversely impact its business, financial condition and results of operations.

As the situation in relation to the COVID-19 pandemic is still evolving, the heightened uncertainties surrounding the pandemic, including, but not limited to, the length of the pandemic, required lockdowns, resurgence of infection cases, development and effectiveness of vaccines or potential treatments, extent of production disruptions and restoration of business and consumer confidence, may result in a prolonged global economic crisis or recession, which may pose a negative impact on the Group's businesses, financial conditions, results of operations or growth prospects. For the year ended 31 July 2020, net loss attributable to the owners of the Guarantor was HK\$2,934.8 million (2019: net profit of HK\$4,842.9 million). For the six months ended 31 January 2021, net loss attributable to owners of the Group was approximately HK\$1,227.4 million (2020: HK\$1,109.2 million). These differences were owing to unprecedented challenges that the COVID-19 pandemic posed to all of the Group's business segments and in particular, the recognition of significant fair value losses arising from revaluation of the Group's investment properties and share of losses from joint ventures of the Group and an increase in other operating expenses as a result of impairment of certain right-of-use assets and impairment of certain property, plant and equipment of the Group.

Property sales in Hong Kong and the PRC have slowed due to the COVID-19 pandemic, though end-user demand has remained for small- to medium-sized units. The COVID-19 pandemic has also impacted both domestic and tourist spending, with the traffic flow, consumption demand and tenant sales of the Group's shopping malls in Hong Kong and the PRC being under significant pressure. In response to this, relief initiatives were offered to tenants in the Group's shopping malls, including the granting of rent concessions and waiving or deferral of lease payments. Due to the ongoing COVID-19 pandemic, the Group's hotel and serviced apartment portfolio remains vulnerable due to reduced business travel, decreased consumer spending and reduced disposable income resulting from COVID-19, with its occupancy and revenue per available room having dropped significantly. Fairmont St. Andrews resort, the Group's joint venture project in Fife, Scotland, United Kingdom, has also been required to close temporarily since 24 October 2020 due to the COVID-19 pandemic situation in the United Kingdom.

The COVID-19 pandemic likewise adversely affected the media and entertainment industry, with entertainment spending affected severely by the accompanying economic recession and social distancing measures. In particular, the box office performance of eSun Group has been severely affected by cinema closures and the delay in major blockbuster movies amidst the global COVID-19 pandemic. See “— The Group's cinema's results of operations and profitability fluctuate as a result of the timing and quality of film releases and other factors.” For the six months ended 31 January 2021, this segment recorded a turnover of HK\$61.1 million (six months ended 31 January 2020: HK\$194.6 million) and segment results of a loss of HK\$64.6 million (six months ended 31 January 2020: a loss of HK\$154.0 million). Furthermore, the extension of containment measures in Hong Kong for catering businesses has also continued to affect the performance of the Group's restaurants. Revenue of this segment of the Group has been inevitably affected by compulsory social distancing and seat restrictions, as well as restrictions on reduced dining time. For the six months ended 31 January 2021, restaurant operations contributed HK\$172.1 million to the Group's turnover (six months ended 31 January 2020: HK\$233.4 million).

The Group has exposure to the London commercial property market

The Group has property investment interests in London and expects to continue to invest in the United Kingdom. See “*Description of the Guarantor — Property Investment — Overseas Properties*”. Any real estate market downturn in London or any change in the political or legal environment in the United Kingdom in the future could adversely affect the Group’s business, profitability and prospects. The Group’s results of operations may be influenced by fluctuations of supply and demand in the commercial property market, which may, in turn, be influenced by the general state of the United Kingdom economy or national or local government policies. For example, on 31 January 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed on 17 October 2019 (“**Brexit**”). The United Kingdom and the European Union signed the Brexit trade deal on 30 December 2020 and the United Kingdom completed its separation from the European Union with effect from 1 January 2021. While the United Kingdom and the European Union had reached the trade deal, the effect of Brexit remains uncertain, and Brexit has, and may continue to create, a negative economic impact and increased volatility in the global market, as well as adversely impact the property market and the Group’s operations in the United Kingdom. Any economic downturn or oversupply of commercial properties in the United Kingdom could result in downward pressure on the Group’s income and valuation of its property portfolio.

Political and legal developments in Hong Kong and the PRC may affect the Group’s business

A majority of the Group’s assets are located in, and a majority of the Group’s revenue is derived from, Hong Kong and the PRC. As a result, the general state of the political and legal situation in Hong Kong or the PRC may have a significant impact on the Group’s operating results and financial condition. If there were any change in the political or legal environment in Hong Kong or the PRC, the Group’s business, results of operations and financial condition might be adversely affected.

Throughout 2019 and 2020, there were protests and disruptions to businesses and transportation in various parts of Hong Kong. Protests, demonstrations or rioting causing mass disruption to businesses, commercial activities and transportation may result in a decrease in consumer spending. Consumers may avoid areas affected by social upheaval or may be unable to reach these areas due to a disruption in transportation or an outbreak of violence, and local businesses may be affected. There is no assurance that there will not be any unforeseeable interruptions to the business and operations of the Group’s properties, and inbound tourism may also be affected by such events, with fewer tourists travelling to Hong Kong, which may, in turn negatively affect the Hong Kong retail market and hospitality industry. Civil unrest is outside the control of the Group and there can be no assurance that further large-scale protests will not occur in the future or as to the authorities’ reactions to any such protests if they recur and the effect on the stability of the political and economic conditions in the region, which may, in turn, have an adverse impact on residential and commercial property prices.

On 30 June 2020, the Standing Committee of the PRC National People’s Congress passed the Law of the People’s Republic of China on Safeguarding National Security in the HKSAR (the “**HK National Security Law**”). The law defines the duties and the government bodies of the HKSAR for the safeguarding of national security, categories of offences and their corresponding penalties. On 14 July 2020, President Donald Trump signed into law the Hong Kong Autonomy Act (the “**HKAA**”), authorising the US administration to impose blocking sanctions against individuals and entities determined to “materially contribute” to the erosion of Hong Kong’s autonomy. The HKAA further authorises secondary sanctions, including the imposition of blocking sanctions, against foreign financial institutions that knowingly conduct a significant transaction with foreign persons

sanctioned under this authority. On the same day, President Donald Trump also issued Executive Order 13936, The President's Executive Order on Hong Kong Normalization (“**EO 13936**”). Under EO 13936, amongst other things, existing licence exceptions and preferential status for Hong Kong under relevant US export control laws and regulations are revoked. The combined effect of the HK National Security Law, the HKAA and the EO 13936 have caused, and may continue to cause, substantial market uncertainties, and certain other foreign governments and organisations have also taken actions in response to, or expressed concern regarding, these laws. There is a risk that actions that have been, or may be, taken in this regard will have a detrimental effect, either directly or indirectly, on Hong Kong and therefore, on the Group. There can be no assurance that the political and legal environment in Hong Kong will remain favourable to the Group's business in future.

In addition, starting in April 2018, there have been ongoing trade tensions and disputes between the PRC and the United States involving the mutual introduction of tariffs on certain imported products. Although the United States and the PRC entered into “Phase One” of an economic and trade agreement in January 2020 as an initial step towards resolving the trade disputes between them, the effect of such an agreement and the amicable resolution of such a trade war remain elusive, and the lasting impact that any trade war may have on the global economy and the industries that the Group operates in remains uncertain. There remains considerable uncertainty as to the timeline and outcome of the trade negotiations between the United States and the PRC. Failure of trade negotiations between the United States and the PRC may have an adverse impact on the future economic development of the two countries. In addition, against the backdrop of the trade conflict between the US and the PRC, which has brought uncertainty to the global markets and impacted business and financial market sentiments, the US Government has also taken actions beyond tariffs. For example, the US Department of Defense maintains a list of Chinese companies under the National Defense Authorization Act for Fiscal Year 1999, asserting that these companies are Communist Chinese military companies. While the Group is not affected by the list, any trade or investment sanctions developed or promulgated by governments around the world in the future imposing similar effective restrictive measures may affect the market for the Group's securities or impair the Group's ability to gain access to the US capital markets. The adoption and expansion of trade restrictions, the occurrence and escalation of a trade war, or any other government actions related to tariffs, trade agreements or policies have the potential to adversely impact the global credit and financial markets and the property market, which may, in turn, materially and adversely affect the Group's business, financial condition and results of operations.

There can be no assurance that the Group's business, results of operations and financial condition will not be affected by any similar future political and legal developments in Hong Kong or the PRC.

The Group's business may be affected by local, regional and global economic factors

Local, regional and global economic developments could adversely affect the property, hotel and retail sectors in the places in which the Group's operations are located, which in turn may, in turn, negatively impact the Group's business, property portfolio and prospects. For example, the tightening of liquidity in global credit and financial markets coupled with the withdrawal or potential withdrawal of existing monetary and fiscal stimuli measures put in place by various governments, such as austerity measures undertaken to reduce public spending, have in recent years affected the availability of credit and led to an increase in the cost of financing. On the other hand, economic indicators in developed markets have gradually been improving. Such incremental recuperation, however, has been offset by various factors, including, but not limited to, the COVID-19 pandemic, the US fiscal and economic policy, the uncertainty caused by Brexit, the civil unrest in Hong Kong, the trade tensions between the US and the PRC and other events in emerging markets which increase global economic uncertainty. These and other related events have had, and may continue to have, a significant adverse impact 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.

Terrorist attacks may contribute to volatility in the global economy and the United Kingdom commercial property market

Terrorist attacks, such as those that recently occurred in Westminster, London on 14 August 2018, at London Bridge on 29 November 2019 and in Streatham, London on 2 February 2020, have resulted in volatility in the European financial markets. Any further terrorist attacks could have a negative impact on the overall level of business and leisure travel to the United Kingdom, thereby adversely affecting property prices and rentals and the Group's investments in commercial properties in London.

There can be no assurance that the Group's diversification and international strategies will be successful

To balance and mitigate the inherent risks associated with the cyclical nature of property development and the property markets, and concentration risk, given the Group's property portfolio's focus in Hong Kong and the PRC, the Group has sought to balance and strengthen its business portfolio through diversification and internationalisation, such as by expanding into restaurant, hospitality, cinema as well as media and entertainment businesses and increasing its portfolio of prime commercial properties in London. The Group will explore ways to create new sources of revenue by making ventures into new business sectors and geographical regions, if appropriate. However, there can be no assurance that the Group will implement its diversification and globalisation strategies successfully or that its strategies will be able to deliver the results as anticipated. Also, expansion into new sectors and markets may expose the Group to new uncertainties, including, but not limited to, risks relating to insufficient operating experience in certain sectors and markets, changes in governmental policies and regulations and other adverse developments affecting such sectors and markets. There can also be no assurance that all investors would favour the new ventures that may be made by the Group. The failure to implement its diversification strategies successfully could have a material adverse effect on the Group's business, financial condition, results of operations and growth prospects.

The Group is dependent on rental income from its investment property portfolio

Leasing of the Group's commercial investment properties provides steady recurrent income stream in turnover. For the year ended 31 July 2020, the Group's rental operations recorded a turnover of HK\$1,299.4 million (2019: HK\$1,356.8 million), comprising turnover of HK\$557.9 million, HK\$108.0 million and HK\$633.5 million from rental properties in Hong Kong, London and the PRC, respectively. For the six months ended 31 January 2021, the Group's rental operations recorded a turnover of HK\$660.9 million (2019: HK\$669.6 million), comprising turnover of HK\$265.6 million, HK\$55.9 million and HK\$339.4 million from rental properties in Hong Kong, London and Mainland China, respectively.

As at 31 January 2021, the Group maintained a property portfolio comprising, in GFA (excluding car-parking spaces and ancillary facilities), completed properties held for rental of approximately 3,739,029 square feet, completed hotel properties and serviced apartments of approximately 1,254,210 square feet, properties under development of approximately 3,255,214 square feet and completed properties held for sale of approximately 1,151,403 square feet. The Group is subject to risks incidental to the ownership and operation of office and retail properties, including, among other things, changes in market rental levels, competition for tenants and an inability to collect rental from tenants or renew leases with tenants due to bankruptcy, insolvency or other financial difficulties. In addition, the Group may not be able to renew leases with its tenants on terms acceptable to it, or at all, upon the expiration of the existing terms. Furthermore, any downturn in the market for rental properties could negatively affect the demand for its rental properties and the amount of rental income it earns, which may have a material adverse effect on the Group's business, results of operations and financial position.

The Group may not be able to continue to attract and retain quality tenants

The Group's commercial investment properties compete for tenants with other properties on, among other things, location, quality, maintenance, property management, rental rates and other lease terms. The Group cannot assure prospective investors that existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with the Group's properties would increase the competition for tenants and, as a result, it may have to reduce rent or incur additional costs to make its properties more attractive.

If the Group is not able to retain its existing tenants or attract new tenants to replace those leaving or to attract tenants to lease its new properties, its occupancy rates may decline. If the Group fails to attract well-known brands as its tenants or keep its existing tenants, its investment properties may become less attractive and competitive. This, in turn, could have a material adverse effect on its brand, business, results of operations and financial position.

The Group's profit level and margin are affected by its turnover mix and it may not be able to sustain its existing level of profit

The Group recorded gross profit margins of approximately 35.5 per cent., 31.2 per cent. and 22.5 per cent. for each of the two years ended 31 July 2019 and 2020 and the six months ended 31 January 2021, respectively. Factors which may reduce its gross profit margin include:

- a change in the mix of its revenue sources, for example, rental income from its investment properties and income from the sale of its trading properties;
- increased market competition; and
- a failure to achieve sales targets.

The Group cannot assure investors that it can always maintain or increase its gross profit margin. In the event that it is unable to maintain or increase its gross profit margin, its profitability may be materially and adversely affected.

The Group is subject to risks incidental to the ownership and development of real estate properties

Investment in property is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash or for alternative uses 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 cannot predict whether it will be able to sell any of its properties for the price, or on the terms, set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. The Group also cannot predict the length of time needed to find a purchaser and to close a sale in respect of a property. Such illiquidity also limits the Group's ability to manage its portfolio in response to changes in economic or other conditions. Moreover, it may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquidity.

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

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

In addition, the Group's business and results of operations are dependent, in part, on the availability of land suitable for development and the Group's ability to replenish its land bank at favourable cost. For example, the limited supply of land in Hong Kong has made it difficult to replenish land there at economical prices for development. Furthermore, the properties owned or invested in by the Group comprise real estate used for office, residential and commercial projects and their operations are subject to general and local economic conditions, the performance of the Group, competition, desirability of their locations and other factors relating to the operation of the properties. The success of such properties is dependent upon their ability to compete on the basis of accessibility, location and quality of tenants.

The Group may not be able to complete or deliver its property development projects on time, on budget or at all

The progress and costs of a development project can be adversely affected by many factors, including:

- delays in obtaining the necessary licences, permits or approvals from government;
- delays in obtaining the necessary financing;
- shortages or a delay in delivery of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- natural catastrophes and adverse weather conditions;
- changes in government policies or relevant laws or regulations; and
- economic conditions.

Construction delays or the failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may affect its results of operations and financial position and may also adversely affect its reputation. The Group cannot assure prospective investors that it will not experience any significant delays in the completion or delivery of its projects, or that it will not be subject to any liabilities to, or claims for damages from, its tenants, any purchasers (for example, under the pre-sale contracts entered into with them) or relevant government authorities for any such delays. Liabilities arising from any delays in the completion or delivery of its projects could have a material adverse effect on its business, results of operations and financial position.

The Group's business and results from operations are dependent on the availability of land for property development and investment

The Group's business and results from operations are dependent, in part, on the availability of land, buildings and hotels suitable for development, re-development or investment and the Group's ability to replenish its land bank at favourable costs. For example, while the Hong Kong Government has expressed its desire to increase land supply, the amount of land offered by the Hong Kong Government by auction is nevertheless still fairly limited. The limited supply of land has made it increasingly difficult to locate suitable property to acquire at economical prices for profitable development. Government policies seeking to increase land supply and increases in borrowing costs could affect the Group's ability to maintain past operating margin levels, and profits from property development activities could be adversely affected. These factors could have an adverse effect on the Group's business, operating results and financial condition.

Property revaluations may have an adverse impact on the Group's financial results and positioning

In accordance with HKFRS, the Group values its investment properties at the end of each reporting period at their open market value by referring to the valuation performed by an external professional valuer. Any change in the valuation is charged or credited, as the case may be, to the income statement in the same reporting period. The fair value of each of the Group's investment properties is likely to fluctuate in the future, and the Group's historic results, including fair value gains or losses, should not be regarded as an indicator of its future results. There is no assurance that the fair value of the Group's investment properties will not decrease in the future. Any decrease in the fair value of the Group's investment properties will reduce its profit and equity for that year and increase the gearing ratio of the Group. The Group may not be able to obtain financing on favourable terms. These factors could have an adverse effect on the Group's business, operating results, financial condition and prospects.

The Group's businesses require substantial capital investment

The Group has historically acquired, and expects that it will in the future require, additional financing to fund working capital and capital expenditures, to support the future growth of its businesses and/or to refinance existing debt obligations. The Group's core businesses will require substantial capital investment, particularly for its property development, which is capital intensive. The Group has historically relied on, and expects to continue to rely on, external financing to fund its working capital and capital expenditure requirements in the future. The Group's ability to arrange external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, success of its businesses, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital and political and economic conditions in the markets where the Group operates. If major commercial banks decline to provide additional loans to the Group or to refinance its existing loans when they mature as a result of the Group's credit risk and the Group fails to raise adequate financing through other channels, the Group's financial condition, cash flow position and business prospects may be materially and adversely affected. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be available or, if available, that such financing will be obtained on favourable terms. Any increase in interest rates would increase the cost of borrowing and will adversely affect the Group's results of operations.

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

The Group engages independent third-party contractors and sub-contractors to provide various services, including construction, piling and foundations, building and property fitting-out work, interior decoration, installation of air conditioning units and elevators, and transportation of materials by air, sea and road. There is no assurance that the services rendered by any independent third-party contractor or sub-contractor engaged by the Group will be satisfactory. The Group is also exposed to the risk that its contractors and sub-contractors may require additional capital to complete an engagement in excess of the price originally tendered and the Group may have to bear additional costs as a result. Furthermore, there is the 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, terrorist acts, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, and interruption of, and 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 results of operations of the Group.

The Group's profit margin is sensitive to fluctuations in the costs of construction materials

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

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

Increases in the cost of labour may have an adverse impact on its results of operations

If the costs of labour increase significantly, and it cannot offset such increase by reducing other costs or cannot pass on such increase to the buyers or tenants of its properties, its business, results of operations and financial position may be materially and adversely affected.

The Group's success depends on the continued services of key management personnel

The Group's success is, to a certain extent, dependent upon the expertise and experience of its key management personnel, including the managing director of the Guarantor and members of the senior management. Unless terminated in accordance with the terms provided therein, all of the service contracts are renewable by mutual agreement upon expiration. If any of its key management personnel ceases to participate in the Group's management in the future, it might have an adverse effect on the Group's business operation and profitability.

The Group's lease renewals will be affected by timing and the condition of the rental market

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

Changes to local, regional and global economic conditions may cause companies to downsize and even close their operations in Hong Kong, London and the PRC, as a result of which the demand and rental rates of prime office buildings and retail properties may be greatly reduced. A weak economic environment may also contribute to a more conservative attitude towards increasing the Group's portfolio of investment properties and raising rental rates upon renewal of commercial tenancies, which could have an adverse effect on the Group's business, operating results and financial condition.

The Group's business is subject to various laws and regulations

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

From time to time, changes in law and regulations or the implementation thereof may require the Group to obtain additional approvals and licences from the relevant authorities for the conduct of its operations. In such event, the Group may incur additional expenses to comply with such requirements. This will, in turn, affect the Group's financial performance as its business costs will increase. There can be no assurance that such approvals or licences will be granted to the Group promptly or at all. If the Group experiences delays in obtaining, or is unable to obtain, such required approvals or licences, it may have a material adverse impact on the business, financial condition or results of operations of the Group.

The Group's operations are subject to external risks

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

Certain of the Group's business activities are conducted through joint ventures

Co-operation and agreement among the Group and its joint venture partners on its existing or any future projects are an important factor for the smooth operation and financial success of such projects. The Group's joint ventures may involve risks associated with the possibility that the joint venture partners may: (i) have economic or business interests or goals that are inconsistent with those of the Group; (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements; and/or (iii) experience financial or other difficulties. Further, the Group may not be able to control the decision-making process of the joint ventures without reference to the joint venture partners and, in some cases, it may not have majority control of the joint venture. The Group's joint ventures are normally governed by a joint venture agreement; such joint venture agreements typically contain clauses which provide that, as the Group is not in default, it will enjoy or retain a certain degree of control or influence over material decisions. Although the Group does not currently experience any significant problems with its joint venture partners, no assurance can be given that disputes among the Group and its joint venture partners or among the partners will not arise in the future that could adversely affect such projects.

The Group's financing agreements may contain certain covenants that limit its flexibility in operating its business

The terms of the Group's financing agreements may require compliance with a number of restrictive as well as financial covenants, which limit flexibility in the Group's operations. Any breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness and the acceleration of repayment of such indebtedness, which, in turn, may have a material adverse impact on the Group's business, financial condition and results of operations.

The Group's profit and results of operations are subject to changes in interest rates and foreign exchange rates

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars, United States dollars, Pound Sterling and Renminbi. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. As Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. The interest rates of all of its outstanding HK\$ denominated borrowings are benchmarked to the Hong Kong interbank offered rates for HK\$. Changes in interest rates have affected, and will continue to affect, its financing costs and, ultimately, its results of operations. It cannot assure prospective investors that these benchmark interest rates will remain unchanged or that they will not increase. The Group cannot assure prospective investors that the Hong Kong interbank offered rates for HK\$ loans will not fluctuate significantly.

The Group's investments in London were substantially financed by onshore bank borrowings denominated in Sterling. These investments were primarily financed by bank borrowings denominated in Pound Sterling in order to minimise the net foreign exchange exposure. The Lai Fung Group has a net exchange exposure to Renminbi as its assets are principally located in Mainland China and the revenues are predominantly in Renminbi. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Euro, Malaysian Ringgit and Vietnamese Dong, which were also insignificant as compared with the Group's total assets and liabilities. Any increase in these interest rates will increase its financing cost and may materially and adversely affect its business, financial condition and results of operations.

The Group may not have adequate insurance coverage and may suffer losses arising from uninsured risks

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

Furthermore, while the Group and its employees have set up systems and policies and taken care in the selection and supervision of its independent contractors, accidents and other incidents, such as theft, may occur from time to time. Such accidents or incidents may expose the Group to liability or other claims by customers and other third parties. Although the Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents or incidents could occur which are not covered by these arrangements. The occurrence of any such accidents or incidents which are not covered by insurance could lead to litigation or otherwise adversely affect the reputation, business, financial condition and results of operations of the Group. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors and sub-contractors.

Where insurance is taken out in relation to properties which are owned by jointly controlled entities, the Group cannot guarantee that such properties are insured in accordance with the same standards which it applies when taking out insurance in respect of its own properties. If it suffers from any losses, damage or liabilities in the course of its operations arising from events for which the Group does not have any or adequate insurance cover, it may not have sufficient funds to cover any such losses, damage or liabilities or to replace any property that has been destroyed. The occurrence of any of the above events and the resulting payment it makes to cover any losses, damage or liabilities may have a material adverse effect on its business, results of operations and financial position.

The Group may face significant risks before realising any benefits from property development

The Group's primary business includes the development of properties for investment and sale. Property development typically requires substantial capital outlay during the land acquisition and construction phases and may take a number of years before positive cash flows may be generated from a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for a number of years. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which, in turn, may affect the profitability of the project, which could have a material adverse effect on its business, results of operations and financial position.

In addition, factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and poor leasing markets for the properties. The revenue generated by, and value of, a property development project may be adversely affected by a number of factors, including, but not limited to, the international, regional and local economic climate, local real estate conditions, perceptions of tenants, retailers or shoppers as to the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable leases and increased business and operating costs. If any of the property development risks described above materialises, its returns on investments may be lower than originally expected and its business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group may not be able to generate adequate returns on its properties held for long-term investment purposes

The completed property developments held by the Group are generally intended to be held for long-term investment. Property investment is subject to varying degrees of risks. The investment returns available from real estate depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for long-term investment also depends to a large extent on active ongoing management and maintenance of the properties. The ability to dispose of investment properties eventually also depends on market conditions and levels of liquidity, which may be limited or subject to significant fluctuations in the case of certain types of commercial properties. The revenue derived from completed investment properties and the value of property investments may be adversely affected by a number of factors, including, but not limited to, changes in rental levels at comparable properties, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and re-letting. If the Group's property investment business is unable to generate adequate returns, its business, financial condition, results of operations and prospects may be adversely affected.

A deterioration in the value of the Group's brand or the loss of the right to use the Group's trademarks could have a negative impact on its business

The Group relies to a certain extent on its brand image and the presence of its major tenants to attract potential tenants to its investment properties and buyers for its properties for sale. Any negative publicity concerning the Group or its properties could adversely affect its reputation and business prospects. In addition, the Group's brand may be misused by third parties and it may have to incur expenses in protecting its brand. Demand for its properties could diminish and the Group's business could be negatively impacted if the quality of its brand is not preserved.

Any unauthorised use of its brands, trademarks and other intellectual property rights could harm the Group's competitive advantages and business. Monitoring and preventing unauthorised use is difficult. The measures the Group takes to protect its intellectual property rights may not be adequate. If its brand trademarks and other intellectual property rights are not adequately protected, the Group may lose these rights and its business may suffer materially.

The occurrence of contagious diseases could affect the Group's business, financial condition or results of operations

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

There have been sporadic outbreaks of the H5N1 virus or “Avian Influenza A” among birds and in particular poultry, as well as some isolated cases of transmission of the virus to humans. In 2009 there were a large number of confirmed cases among humans of the influenza A/H1N1 virus globally. In 2010, the World Health Organisation announced that the H1N1 influenza virus had moved from the pandemic into the post-pandemic period. However, localised outbreaks of various magnitudes are likely to continue. There can be no assurance that there will not be a serious outbreak of influenza A/H1N1 or another contagious disease in Hong Kong or the PRC in the future. If such an outbreak were to occur, it may have a material adverse impact on the business, financial condition or results of operations of the Group.

For details of the impact of the COVID-19 pandemic on the Group, see “— *The global economy and the property market are facing significant uncertainties and disruptions caused by COVID-19*” above.

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

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

Each project the Group develops in the places in which the Group’s operations are located may be required under applicable laws and regulations to undergo environmental 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 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.

The financial performance of the Group's hospitality business is dependent on the conditions of the hospitality industry

The hotel and serviced apartment operation segment of the Group includes the Group's operation of the Ocean Park Marriott Hotel in Hong Kong and the Caravelle Hotel in Ho Chi Minh City, Vietnam, as well as the Lai Fung Group's hotel and serviced apartment operation in Shanghai, Mainland China. In December 2019, the Group had further expanded its hotel portfolio with the acquisition of a 50 per cent. interest in Fairmont St. Andrews resort in Fife, Scotland, United Kingdom. The hotel project in Phuket, Thailand that the Group invested in June 2017 is at the planning stage.

As a result, the results of the operations of the Group's hotel and serviced apartments business depend, to a large extent, on the performance of those economies and their real estate market conditions. Historically, the hotel industry has been cyclical and affected by a number of factors, including the following:

- any changes in the domestic, regional and global economies which are affected by factors, including, but not limited to, the political landscape, environmental conditions, viral epidemics such as human avian flu and SARS and global pandemics such as COVID-19;
- any increased threat of terrorism, terrorist events, airline strikes, hostilities between countries or increased risk of natural disasters that may affect travel patterns and reduce the number of business and commercial travellers and tourists;
- any length of a traveller's stay which is dependent on business and commercial travel, leisure travel and tourism;
- any changes in governmental laws and regulations, fiscal policies and zoning ordinances and increases in operating costs and occurrence of unanticipated costs due to various reasons, including inflation, labour costs, workers' compensation and health-care related costs, utility and energy costs, property tax, advertising and promotion expenses, insurance, environmental damage and acts of nature and their consequences; and
- any adverse effects of any downturn in the hospitality industry.

An economic decline generally, or a decline in hotel industry conditions, could have an adverse effect on the Group's hospitality business and therefore on the Group's results of operations and financial condition.

Any significant liability claims or complaints from its customers or adverse publicity involving the Group's restaurant services could adversely affect the Group's business and operations

The Group operates a number of restaurants in Hong Kong. Operating in the food and beverage industry, the Group faces an inherent risk of food contamination and liability claims. Food quality in the Group's restaurants depends in part on the quality of the food ingredients provided by its suppliers and the Group may not be able to detect all defects in its supplies. There is also the risk that certain of its employees may not adhere to the Group's mandated procedures and requirements when preparing food. Any failure to detect defective food supplies, poor hygiene or cleanliness standards in operations, or other failure to observe its requirements or standards, whether or not due to its fault, could adversely affect the quality of the food served in one or more of the Group's restaurants, which could lead to liability claims, complaints or related adverse publicity and could result in the imposition of penalties by relevant authorities or compensation awarded by courts against the Group. Although the Group maintains public liability insurance for all its restaurants in Hong Kong, the Group would be required to pay compensation with its own funds if found to be liable for any liability claim with respect to the Group's restaurants without public liability insurance coverage or outside the scope of coverage under its existing public liability insurance policies.

Potential investors should not place undue reliance on the financial information that is not audited and/or reviewed

This Offering Circular contains the Guarantor's unaudited condensed consolidated financial statements as at and for the six months ended 31 January 2021. Such unaudited condensed consolidated financial statements should not be relied upon to provide the same quality of information associated with information that has been subject to an audit or a review. Potential investors should exercise caution when using such data to evaluate the Group's financial condition or results of operations, which should not be taken as an indication of the expected financial condition or results of operations of the Group for the relevant full financial year. The Dealers have not independently verified such information and can give no assurance that the information is truthful, accurate or complete.

The Group's cinemas are subject to competition and if the Group is unable to compete with its competitors, its business, results of operation or financial condition may be adversely affected.

The Group's cinemas are subject to varying degrees of competition in Hong Kong and Mainland China. Competitors may be national, regional or independent cinema operators and may have more resources with which to compete. The Group also competes with other, smaller multiplex operators and independent operators. Competition among cinema operators are affected by a number of factors, including attracting customers, acquiring attractive cinema sites, acquiring cinemas and licensing films. If the Group is unable to compete with its competitors for any of the above or other reasons, its business, results of operations or financial condition may be materially adversely affected.

The Group's cinema's results of operations and profitability fluctuate as a result of the timing and quality of film releases and other factors.

The Group's results of operations have historically fluctuated with the timing of releases of films by the major film distributors. Generally, the most commercially successful films have been released during holiday periods, especially the summer and around the Christmas holidays. The unexpected emergence of a commercially successful film during other periods or the failure of an expected success at a key time could alter this trend. The timing of film releases can have a significant effect on the Group's results of operations, and the results of one period are not necessarily indicative of results for the next period or for the same period in the following year. In addition, title-by-title success of films at the box office can be highly unpredictable and unexpected results may disrupt the Group's projected cash flow significantly.

The Group expects fluctuations due to the variable nature of film production and release, but unexpected events can have a significant impact on its cash flow, as the Group is subject to events beyond its control, such as distribution release schedules, weather conditions, competing events, as well as social, political, cultural or other events. For example, the box office performance of eSun Group has been severely affected by cinema closures and the delay in major blockbuster movies amidst the global COVID-19 pandemic. For the six months ended 31 January 2021, this segment recorded a turnover of HK\$61.1 million (six months ended 31 January 2020: HK\$194.6 million) and segment results of a loss of HK\$64.6 million (six months ended 31 January 2020: a loss of HK\$154.0 million).

Furthermore, as the Group seeks to expand its portfolio of cinemas in Hong Kong and Mainland China through acquisitions and developments, there can be no assurance that it will be able to generate sufficient cash flow from such acquisitions or developments to service any indebtedness incurred to finance such acquisitions or developments or realize any other anticipated benefits. Nor can there be any assurance that the Group's profitability will be improved by any one or more acquisitions or developments or that the benefits that it anticipates from these acquisitions or developments will be realized. Risks relating to the Notes issued under the Programme

The Notes may not be a suitable investment for all investors

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to the Offering Circular or any Pricing Supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce 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.

Modification and waivers are binding on all Noteholders

The 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.

The Conditions of the Notes also provide that the parties to the Agency Agreement dated 25 June 2021 (the "**Agency Agreement**") may agree to modify any provision of the Agency Agreement, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer and the Guarantor, not materially prejudicial to the interests of the Noteholders.

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

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

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

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg, or lodged with CMU (each of Euroclear, Clearstream, Luxembourg, and CMU, 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 Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the relevant Clearing Systems 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 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.

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.

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

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

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

If the Issuer or the Guarantors are unable to comply with the restrictions and covenants contained in its debt agreements, including the Notes, an event of default could occur under the terms of such agreements, which could cause repayment of such debt to be accelerated.

If the Issuer or the Guarantor is unable to comply with its current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer or the Guarantor, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, whichever the case may be. Furthermore, some of the Issuer's or the Guarantor's debt agreements may contain cross-acceleration or cross-default provisions. As a result, the Issuer's or the Guarantor's default under one debt agreement may cause the acceleration of debt, including the Notes, or result in a default under other debt agreements of the Issuer or the Guarantor. If any of these events occur, there can be no assurance that the Issuer's or the Guarantor's assets and cashflow will be sufficient to repay in full all of its indebtedness, or that the Issuer or the Guarantor will be able to find alternative financing. Even if the Issuer or the Guarantor can obtain alternative financing, there can be no assurance that such financing would be on terms that are favourable or acceptable to the Issuer or the Guarantor. The Issuer may issue additional Notes in the future. The Issuer may, from time to time, and without prior consultation of the holders of the Notes create and issue further Notes (See "*Terms and Conditions of the Notes — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

Risks relating to the structure of a particular issue of Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Certain benchmark rates, including LIBOR and EURIBOR, may be discontinued or reformed in the future — including phasing-out of LIBOR after 31 December 2021 or 30 June 2023

The London Interbank Offered Rate (“**LIBOR**”), the Euro Interbank Offered Rate (“**EURIBOR**”) and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Regulation (EU) No. 2016/1011 (the “**EU Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Benchmarks Regulation**”) applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to LIBOR, EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmark Regulation or UK Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks,” trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the discontinuance or unavailability of quotes of certain “benchmarks”.

As an example of such benchmark reforms, the UK Financial Conduct Authority announced on 27 July 2017 that it would no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and confirmed on 5 March 2021 that most LIBOR benchmark tenors would cease or cease to be representative benchmarks from 31 December 2021 or (in the case of certain tenors of USD LIBOR only) from 30 June 2023. On 5 March 2021, the administrator for LIBOR (the ICE Benchmark Administration or IBA) similarly announced that it would cease the publication of the relevant LIBOR settings on 31 December 2021 or 30 June 2023, unless the FCA exercises its proposed new powers (which are included in the current UK Financial Services Bill as proposed amendments to the UK Benchmarks Regulation) to require the IBA to continue

publishing such LIBOR settings using a changed methodology (also known as a “**synthetic**” basis). Such announcements indicate that LIBOR will not continue in its current form and the UK Financial Conduct Authority announcement of 5 March 2021 indicated that it is currently contemplating that any “synthetic” basis, if adopted, would be limited to a small number of currencies and settings. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk-free rates had been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“**SONIA**”) over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

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

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7(e)(iii) (*Benchmark Discontinuation*) or Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The “*Terms and Conditions of the Notes*” provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

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

The market continues to develop in relation to SOFR as a reference rate for Floating Rate Notes

Investors should be aware that the market continues to develop in relation to the Secured Overnight Financing Rate (“SOFR”) as a reference rate in the capital markets and its adoption as an alternative to U.S. Dollar LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SOFR, including term SOFR reference rates (which seek to measure the market’s forward expectation of an average SOFR rate over a designated term). The continued development of SOFR rates as an interest reference rate for the Eurobond markets, as well as continued development of SOFR based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The use of SOFR as a reference rate for Eurobonds continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing SOFR. In particular, investors should be aware that several different SOFR methodologies have been used in SOFR linked notes issued to date and no assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance.

The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Terms and Conditions as applicable to the Notes. Furthermore, the Issuer may in future issue Notes referencing SOFR that differ materially in terms of interest determination when compared with the Notes. In addition, the manner of adoption or application of SOFR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Noteholders should carefully consider how any mismatch between the adoption of SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SOFR.

SOFR differs from LIBOR in a number of material respects and has a limited history

SOFR differs from LIBOR in a number of material respects, including that SOFR is a backwards-looking, compounded, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that LIBOR and SOFR may behave materially differently as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to LIBOR which is an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Publication of SOFR in their current form began in April 2018 and although the New York Federal Reserve has also begun publishing historical indicative SOFR going back to 2014, such historical indicative data inherently involves assumptions, estimates and approximations. Therefore, such risk-free rates have a limited performance history and the future performance of SOFR may be difficult to predict. The level of SOFR during the term of the Notes may bear little or no relation to the historical level of SOFR. Prior observed patterns, if any, in the behaviour of market variables and their relation to SOFR such as correlations, may change in the future.

Furthermore, the Interest Rate is only capable of being determined at the end of the relevant Reference Period and immediately prior to the relevant Interest Payment Date. It may be difficult for Noteholders to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes. Further, in contrast to LIBOR-based Notes, if the Notes become due and payable as a result of an Event of Default under Condition 13 (Events of Default), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Interest Rate payable in respect of the Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable.

The administrator of SOFR may make changes that could change the value of SOFR or discontinue SOFR

The New York Federal Reserve (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SOFR.

Risks relating to the market generally

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes will, to varying degrees, be influenced by economic, political, social and market conditions in other markets, especially those in Asia.

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

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

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). 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 Issuer. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances, investors may not be able to sell their Notes at all or at their fair market value. Although applications have been made to the Hong Kong Stock Exchange for the Notes issued under the Programme to be admitted to listing on the Hong Kong Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

The liquidity and price of Notes issued under the Programme may be volatile

The price and trading volume of Notes issued under the Programme may be highly volatile. Factors such as variations in the Group's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to the department store industry and general economic conditions nationally or internationally could cause the price of Notes issued under the Programme to change. Any such developments may result in large and sudden changes in the trading volume and price of Notes issued under the Programme. There is no assurance that these developments will not occur in the future.

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

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

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

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

Risks relating to Renminbi-denominated Notes

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

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

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

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

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

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

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

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBoC has entered into agreements (the “**Settlement Arrangements**”) on the clearing of Renminbi business with financial institutions (the “**Renminbi Clearing Banks**”) in a number of financial centres and cities, including but not limited to Hong Kong and 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. Following the implementation of the circular (中國人民銀行國家外匯管理局公告[2015]第40號) issued jointly by PBoC and SAFE in December 2015, which permits eligible overseas participating banks to enter into inter-bank foreign exchange market, in January and July 2016, China Foreign Exchange Trading System (“**CFETS**”) issued another two circulars on access of overseas participating banks conducting Renminbi purchase and sale business to the inter-bank foreign exchange market (中國外匯交易中心關於人民幣購售業務境外參加行進入銀行間外匯市場有關事項的公告 and 中國外匯交易中心關於加強境外金融機構進入銀行間外匯市場開展人民幣購售業務宏觀審慎管理有關事項的通知), which, among other things, list the eligibility conditions, application materials and procedures. Multiple Renminbi participating banks have already entered in this market. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

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

Investment in the Renminbi Notes is subject to exchange rate risks

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

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

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

Remittance of proceeds in Renminbi into or out of the PRC is subject to risks

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future. There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the PRC Government will not impose any interim or long-term restrictions on capital inflow or outflow which may restrict cross-border Renminbi remittances, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

FORMS OF THE NOTES

BEARER NOTES

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

REGISTERED NOTES

The Issuer may make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Notes represented by a Global Certificate accepted for clearance through the CMU. Each Global Registered Note will have an ISIN and a Common Code or a CMU Instrument Number. Investors in Notes of such Series may hold their interests in a Global Registered Note only through Euroclear or Clearstream, Luxembourg or the CMU, as the case may be.

INDIVIDUAL CERTIFICATES

Registration of title to Registered Notes in a name other than a depository or its nominee for Euroclear and Clearstream, Luxembourg or the CMU will be permitted only in the circumstances set forth in “*Summary of Provisions Relating to the Notes while in Global Form — Exchange — Permanent Global Notes*”. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates.

CLEARANCE AND SETTLEMENT

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

THE 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 principal 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 system's rules and procedures.

CMU

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

The CMU is only available to CMU Notes issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and “*authorized 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 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, the CMU Notes. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Notes are credited, whereupon the lodging CMU Member (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 will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

TERMS AND CONDITIONS OF THE NOTES

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

1. Introduction

- (a) *Programme:* Lai Sun MTN Limited (the “**Issuer**”) has established a Medium Term Note Programme (the “**Programme**”) for the issuance of up to U.S.\$2,000,000,000 in aggregate principal amount of notes (the “**Notes**”) unconditionally and irrevocably guaranteed by Lai Sun Development Company Limited 麗新發展有限公司 (the “**Guarantor**”).
- (b) *Pricing Supplement:* Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of a pricing supplement (the “**Pricing Supplement**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of a fiscal agency agreement dated 25 June 2021 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent (the “**CMU Lodging and Paying Agent**”, which expression includes any successor CMU lodging and paying agent appointed from time to time in connection with the Notes), The Bank of New York Mellon, Hong Kong Branch as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent and the CMU Lodging and Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrars, the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions, references to the “**Agents**” are to the Paying Agents, the Calculation Agent (as defined below) and the Transfer Agents and any reference to an “**Agent**” is to any one of them. For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU (as defined below), be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

- (d) *Deed of Guarantee*: The Notes are the subject of a deed of guarantee dated 25 June 2021 (as amended and/or supplemented from time to time, the “**Deed of Guarantee**”) entered into by the Guarantor.
- (e) *Deed of Covenant*: The Notes may be issued in bearer form (“**Bearer Notes**”), or in registered form (“**Registered Notes**”). Registered Notes issued by the Issuer are constituted by a deed of covenant dated 25 June 2021 (the “**Deed of Covenant**”).
- (f) *The Notes*: All subsequent references in these Conditions to “Notes” are to the Notes which are the subject of the relevant Pricing Supplement issued by the Issuer. Copies of the relevant Pricing Supplement are available for viewing by prior written notice, during normal business hours (being between 9.00 a.m. and 3.00 p.m. at the Specified Offices of the Paying Agents and upon satisfactory proof of holding and may be obtained from the Specified Office of the Paying Agents.
- (g) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee and are subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”) and the holders of the related interest coupons, if any, (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee applicable to them. Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection by Noteholders during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the Specified Offices of the Paying Agents as set out below, following prior written request and proof of holding and identity to the satisfaction of the Paying Agents.

2. Interpretation

- (a) *Definitions*: In these Conditions the following expressions have the following meanings:
 - “**Accrual Yield**” has the meaning given in the relevant Pricing Supplement;
 - “**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Pricing Supplement;
 - “**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Pricing Supplement;
 - “**Business Day**” means (other than in respect of Notes for which the Reference Rate is specified as SOFR in the relevant Pricing Supplement):
 - (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
 - (b) in relation to any sum payable in Renminbi, a day (other than a Sunday or a Saturday) on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law or executive order to be closed; and

- (c) in relation to any sum payable in a currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

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

- (a) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day, save in respect of Notes for which the Reference Rate is SOFR, for which the final Interest Payment Date will not be postponed and interest on that payment will not accrue during the period from and after the scheduled final Interest Payment Date;
- (c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (e) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

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

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

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

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

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

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

- (v) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (vi) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

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

“**Guarantee**” means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation):

- (a) any obligation to purchase such indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such indebtedness; and
- (d) any other agreement to be responsible for such indebtedness;

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

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

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

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

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

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

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

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

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

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

“ISDA Definitions” means the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement)) as published by the International Swaps and Derivatives Association, Inc. including, if specified in the relevant Pricing Supplement, the ISDA Benchmark Supplement or (if specified in relevant Pricing Supplement) the 2021 Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement)) published by the International Swaps and Derivatives Association, Inc. or any successor definitional booklet for interest rate derivatives published from time to time;

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

“Listed Subsidiaries” means any of the Guarantor’s Subsidiaries which, from time to time, are listed on The Stock Exchange of Hong Kong Limited or any other equivalent stock exchange (including any of their Subsidiaries from time to time) and each, a **“Listed Subsidiary”**;

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

“Material Subsidiary” means any Subsidiary of the Guarantor:

- (a) whose gross revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than 10.0 per cent. of the consolidated gross revenue, or, as the case may be, the consolidated gross assets of the Guarantor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited or reviewed financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited or reviewed consolidated financial statements of the Guarantor, **provided that**:
- (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited or reviewed consolidated financial statements of the Guarantor relate for the purpose of applying each of the foregoing tests, the reference to the Guarantor's latest audited or reviewed consolidated financial statements shall be deemed to be a reference to such audited or reviewed financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited or reviewed financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Guarantor;
 - (ii) if at any relevant time in relation to the Guarantor or any Subsidiary no financial statements are prepared and audited, its gross revenue and gross assets (consolidated, if applicable) shall be determined on the basis of pro forma consolidated financial statements (consolidated, if applicable) prepared for this purpose; and
 - (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor; or
- (b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (A) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (B) the transferee Subsidiary shall immediately become a Material Subsidiary, **provided that** on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of paragraph (a) above.

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

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

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

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

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

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

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

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

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

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

“**Payment Business Day**” means:

- (a) if the currency of payment is euro, any day which is:
 - (i) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies and (b) a day on which commercial banks are open for general business (including dealing in foreign currencies) in the city where the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent has its Specified Office; and
 - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day; and

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

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

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

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

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

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

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

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

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

“**Reference Rate**” means EURIBOR, LIBOR, SOFR or any other applicable benchmarks as specified in the relevant Pricing Supplement in respect of the currency and period specified in the relevant Pricing Supplement. Other than in the case of U.S. dollar-denominated floating rate Notes or a Note for which the “Reference Rate” is specified in the relevant Pricing Supplement as being SOFR, the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*), include any Successor Rate or Alternative Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate or Alternative Rate, also include any further Successor Rate or further Alternative Rate;

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

“**Regular Period**” means:

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

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

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

“Relevant Indebtedness” means any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) having an original maturity of more than one year from its date of issue but shall not include indebtedness under any secured transferable loan facility (which term shall, for the avoidance of doubt, mean any agreement for or in respect of indebtedness for borrowed money entered into with one or more banks and/or financial institutions whereunder rights and (if any) obligations may be assigned and/or transferred);

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

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

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

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

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

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

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

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

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (a) if the first Person owns or controls (either directly or indirectly through one or more Subsidiaries) more than 50.0 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of the second person; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles of Hong Kong or any other relevant jurisdiction, from time to time, consolidated with those of the first Person;

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

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system or any successor thereto;

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

“**Treaty**” means the Treaty on the Functioning of the European Union, as amended; and

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

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement;

- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is “not applicable”, then such expression is not applicable to the Notes; and
- (vii) any reference to the Agency Agreement or the Deed of Guarantee shall be construed as a reference to the Agency Agreement or the Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination, Title and Transfer

- (a) *Bearer Notes*: Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes*: Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, “**Holder**” means the holder of such Bearer Note and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.
- (c) *Registered Notes*: Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.
- (d) *Title to Registered Notes*: The Registrar will maintain the Register outside the United Kingdom in accordance with the provisions of the Agency Agreement. A certificate (each, a “**Note Certificate**”) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.
- (e) *Ownership*: The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

- (f) *Transfers of Registered Notes*: Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) *No charge*: The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods*: Noteholders may not require transfers to be registered:
- (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes;
 - (ii) during the period of 15 days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 9(b) (*Redemption for tax reasons*) or Condition 9(c) (*Redemption at the option of the Issuer*);
 - (iii) after a Put Option Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 9(e) (*Redemption at the option of Noteholders*);
 - (iv) after a Change of Control Put Exercise Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 9(f) (*Redemption for Change of Control*); and
 - (v) during the period of seven days ending on (and including) any Record Date (as defined in Condition 11(f) (*Record date*)).

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

4. Status and Guarantee

- (a) *Status of the Notes:* The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank pari passu without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Notes:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general, unconditional unsubordinated and (subject to Condition 5 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. Negative Pledge

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

6. Fixed Rate Note Provisions

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments — Bearer Notes*) and Condition 11 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note Provisions

- (a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments — Bearer Notes*) and Condition 11 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Floating Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

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

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

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

- (d) *ISDA Determination*: If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on (x) the London inter-bank offered rate (LIBOR), (y) the Eurozone inter-bank offered rate (EURIBOR) or (z) the Hong Kong inter-bank offered rate (HIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.
- (e) *Benchmark Discontinuation*:
- (i) *Benchmark Replacement (SOFR)*:

This Condition 7(e) (*Benchmark Discontinuation*) shall not apply to Notes for which the Reference Rate is specified in the relevant Pricing Supplement as being “SOFR”, in respect of which the provisions of Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*) and benchmark discontinuation provisions of Condition 7A(c) will apply.

- (ii) *Benchmark Replacement (ARRC)*:

In the case of U.S. dollar-denominated floating rate Notes (other than a Note for which the “Reference Rate” is specified in the relevant Pricing Supplement as being “SOFR” and in respect of which the provisions of Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*) will apply), if the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement (ARRC) will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement (ARRC), the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (A) will be conclusive and binding absent manifest error;
- (B) will be made in the sole discretion of the Issuer; and
- (C) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

As used in this Condition 7(e)(ii) (*Benchmark Discontinuation — Benchmark Replacement (ARRC)*):

“**Benchmark**” means, initially, U.S. dollar LIBOR; **provided that** if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to U.S. dollar LIBOR or the then-current Benchmark, then “**Benchmark**” shall mean the applicable Benchmark Replacement (ARRC);

“**Benchmark Replacement (ARRC)**” means the Interpolated Benchmark with respect to the then-current Benchmark; **provided that** if the Issuer cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then “**Benchmark Replacement (ARRC)**” means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the sum of (a) Term SOFR and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;
- (iii) the sum of (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (iv) the sum of (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; and
- (v) the sum of (a) the alternate rate of interest that has been selected by the Issuer or its Designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate mortgage bonds at such time and (b) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the issuer or its Designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer, giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) in the case of sub-paragraph (i) or (ii) of the definition of “Benchmark Transition Event”, the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of sub-paragraph (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“**Corresponding Tenor**” with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

“**Designee**” means a designee as selected and separately appointed by the Issuer in writing;

“**Interpolated Benchmark**” with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

“**ISDA Definitions**” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or (if specified in relevant Pricing Supplement) the 2021 Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time or any successor definitional booklet for interest rate derivatives published from time to time;

“**ISDA Fallback Adjustment**” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“**Reference Time**” with respect to any determination of the Benchmark means (i) if the Benchmark is U.S. dollar LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination, and (ii) if the Benchmark is not U.S. dollar LIBOR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“**Term SOFR**” means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

(iii) *Benchmark Replacement (Independent Adviser):*

Other than in the case of a U.S. dollar-denominated floating rate Note, if a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 7(e)(iii)(cc)) and any Benchmark Amendments (in accordance with Condition 7(e)(iii)(dd)).

In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Agents or the Noteholders for any determination made by it pursuant to this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*).

- (aa) If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 7(e)(iii)(aa) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*).
- (bb) If the Independent Adviser determines in its discretion that:
- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(e)(iii)(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*) in the event of a further Benchmark Event affecting the Successor Rate; or
 - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(e)(iii)(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*) in the event of a further Benchmark Event affecting the Alternative Rate.
- (cc) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).

- (dd) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the applicable Pricing Supplement as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 7(e)(iii)(ee), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Agents shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*)).
- (ee) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 19 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.
- (ff) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:
- (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 7(e)(iii) (*Benchmark Replacement (Independent Adviser)*); and
- (B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.
- (gg) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the other Paying Agents and the Noteholders.

- (hh) As used in this Condition 7(e)(iii) (*Benchmark Discontinuation — Benchmark Replacement (Independent Adviser)*):

“**Adjustment Spread**” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or
- (C) (if no such determination has been made) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 7(e)(iii) (*Benchmark Replacement (Independent Adviser)*) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency;

“**Benchmark Event**” means:

- (A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

- (B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the “**Specified Future Date**”); or
- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the “**Specified Future Date**”), be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the “**Specified Future Date**”), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, (i) such Reference Rate is or will, by a specified future date (the “**Specified Future Date**”), be no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or
- (F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraph (B), (C), (D), or (E) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date;

“**Benchmark Amendments**” has the meaning given to it in Condition 7(e)(iii)(dd);

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case selected and appointed by the Issuer at its own expense under Condition 7(e)(iii) (*Benchmark Replacement (Independent Adviser)*);

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

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

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

- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (h) *Calculation of other amounts:* If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

- (i) *Publication*: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer and the Paying Agents as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (j) *Notifications etc*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7A. Interest — Floating Rate Notes Referencing SOFR

- (a) This Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable and the “Reference Rate” is specified in the relevant Pricing Supplement as being “SOFR”.
- (b) Where “SOFR” is specified as the Reference Rate in the Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Pricing Supplement) the Margin, all as determined by the Calculation Agent. In no event will the Rate of Interest for any Interest Period be less than the Minimum Rate of Interest.
- (c) For the purposes of this Condition 7A:

“**Benchmark**” means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*);

Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days in the Observation Period will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 7A(c) below will apply.

“Interest Period” means each period from, and including, an Interest Payment Date (or, in the case of the first Interest Period, the Interest Commencement Date) to, but excluding, the next Interest Payment Date (or, in the case of the final Interest Period, the Maturity Date or, if the Issuer elects to redeem the Notes on any earlier redemption date, the relevant redemption date);

“Interest Payment Determination Dates” means the date falling “p” U.S. Government Securities Business Days before each Interest Payment Date where “p” has the value ascribed to it in the relevant Pricing Supplement;

“U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

“Business Day” means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

“Observation Period” in respect of each Interest Period means the period from, and including, the date falling “p” U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date falling “p” U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period;

“SOFR” with respect to any U.S. Government Securities Business Day, means:

- (a) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator’s Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the **“SOFR Determination Time”**); or
- (b) if the rate specified in paragraph (a) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator’s Website;

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, or any successor source; and

“**Compounded SOFR**” with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{\text{SOFR}_i \times N_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

“**d_o**”, for any Observation Period, is the number of U.S. Government Securities Business Days in the relevant Observation Period;

“**i**” is a series of whole numbers from one to **d_o**, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Observation Period;

“**SOFR_i**”, for any U.S. Government Securities Business Day “**i**” in the relevant Observation Period, is equal to SOFR in respect of that day “**i**”;

“**n_i**”, for any U.S. Government Securities Business Day “**i**” in the relevant Observation Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day “**i**” to, but excluding, the following U.S. Government Securities Business Day (“**i+1**”); and

“**d**” is the number of calendar days in the relevant Observation Period.

- (d) If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) will be conclusive and binding absent manifest error;
- (ii) will be made in the sole discretion of the Issuer; and
- (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

For the purposes of this Condition 7A(c):

“**Benchmark**” means, initially, Compounded SOFR, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then “Benchmark” shall mean the applicable Benchmark Replacement.

“**Benchmark Replacement**” means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (a) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;
- (b) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or
- (c) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment;

“**Benchmark Replacement Adjustment**” means the first alternative set forth in the order below that can be determined by the issuer or its designee as of the Benchmark Replacement Date:

- (a) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (b) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (c) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer, giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

“**Benchmark Replacement Conforming Changes**” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

“**Benchmark Replacement Date**” means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (a) in the case of paragraph (a) or (b) of the definition of “Benchmark Transition Event”, the later of (x) the date of the public statement or publication of information referenced therein and (y) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (b) in the case of paragraph (c) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (a) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

- (c) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or (if specified in relevant Pricing Supplement) the 2021 Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor, excluding the applicable ISDA Fallback Adjustment;

“Reference Time” with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (e) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 19 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

- (i) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*); and

- (ii) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

7B. Interest — Floating Rate Notes Referencing SOFR Compounded Index

Where “Index Determination” is specified in the Pricing Supplement as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\frac{(\text{SOFR Compounded Index End}}{\text{SOFR Compounded Index Start}} - 1) \times \frac{\text{Numerator}}{d}$$

to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Fiscal Agent or the Calculation Agent, as applicable, where:

“**SOFR Compounded Index**” means the Compounded SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source;

“**End**” means the SOFR Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

“**Start**” means the SOFR Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period;

“**d**” is the number of calendar days from (and including) the day on which the SOFR Compounded Index Start is determined to (but excluding) the day on which the SOFR Compounded Index End is determined;

“**Numerator**” means 360, or as otherwise specified in the Pricing Supplement;

“**Relevant Decimal Place**” shall, unless otherwise specified in the Pricing Supplement, be the seventh decimal place, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.00000005 being rounded upwards);

“**Relevant Number**” is as specified in the applicable Pricing Supplement, but, unless otherwise specified, shall be five;

“**Index Days**” means U.S. Government Securities Business Days; and

“**U.S. Government Securities Business Day**” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Provided that a Benchmark Event has not occurred in respect of the SOFR Compounded Index, if, with respect to any Interest Period, the relevant rate is not published for the SOFR Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the applicable Pricing Supplement and as if Compounded SOFR (as defined in Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*)) had been specified instead in the Pricing Supplement and where “p” for the purposes of that definition in Condition 7A (*Interest — Floating Rate Notes Referencing SOFR*) shall be deemed to be the same as the Relevant Number specified in the Pricing Supplement. For the avoidance of doubt, if a Benchmark Event has occurred in respect of the SOFR Compounded Index, the provisions of Condition 7(e) (*Benchmark Discontinuation*) shall apply.

8. Zero Coupon Note Provisions

- (a) *Application*: This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Late payment on Zero Coupon Notes*: If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments — Bearer Notes*) and Condition 11 (*Payments — Registered Notes*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part:
 - (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Pricing Supplement as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable),

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

- (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) or the Guarantee of the Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

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

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

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers 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 or (as the case may be) the Guarantor has or will become obliged to make such withholding or deduction as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b) (*Redemption for tax reasons*).

- (c) *Redemption at the option of the Issuer*: If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the *relevant* Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Issuer determines and in such manner as the Issuer considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

So long as the Notes are in global form and the certificate representing or evidencing such Notes is held on behalf of Euroclear, Clearstream, the CMU and/or any alternative clearing system on behalf of which the Notes in global form may be held, the selection of Notes for redemption under Condition 9(d) (Partial redemption) shall be effected in accordance with the rules of the relevant clearing system.

- (e) *Redemption at the option of Noteholders*: If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e) (*Redemption at the option of Noteholders*), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e) (*Redemption at the option of Noteholders*), may be withdrawn (except as **provided** in the Agency Agreement) without the prior consent of the Issuer. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e) (*Redemption at the option of Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

- (f) *Redemption for Change of Control*: Unless the relevant Pricing Supplement specifies that the Change of Control Put Option is not applicable, at any time following the occurrence of a Change of Control, the Holder of any Note will have the right, at such Holder's option, to require the Issuer to redeem all, but not in part, of such Holder's Notes on the Change of Control Put Date (as defined below) at 101.0 per cent. of their principal amount, together with accrued interest up to, but excluding, the Change of Control Put Date. To exercise such right, the Holder of the relevant Note must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "**Change of Control Put Exercise Notice**"), together with the Note Certificate evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 19 (*Notices*). The "**Change of Control Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

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

The Issuer shall give notice to Noteholders and the Fiscal Agent in accordance with Condition 19 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 9(f) (*Redemption for Change of Control*).

For the purposes of this Condition 9(f) (*Redemption for Change of Control*):

a "**Change of Control**" occurs when:

- (a) the Controlling Shareholder ceases to hold, directly or indirectly, at least 30.0 per cent. of the voting rights of the issued share capital of the Guarantor (where, for the purpose of this paragraph (a), "**indirectly**" means the Controlling Shareholder holds 50.0 per cent. or more of the voting rights in a corporation which itself, or with the Controlling Shareholder, holds 30.0 per cent. or more of the voting rights in another corporation or chain of corporations and where each corporation in the chain of corporations, or with the Controlling Shareholder, holds 30.0 per cent. or more of the voting rights in the corporation immediately below such corporation and one such corporation, or with the Controlling Shareholder, holds 30.0 per cent. or more of the voting shares in the Guarantor); or
- (b) any Person or Persons, other than the Controlling Shareholder, acting together acquires or acquire Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the Issue Date; or
- (c) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity;

“**Control**” means the acquisition or control of more than 30.0 per cent. of the voting rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms “**Controlling**” and “**Controlled**” shall have meanings correlative to the foregoing;

“**Controlling Shareholder**” means the aggregate shareholdings of Dr. Lam Kin Ngok, Peter (“**Dr. Peter Lam**”) and:

- (a) any heir, estate, lineal descendant (or spouse thereof), spouse or parent of Dr. Peter Lam; or
- (b) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners, owners or Persons are Dr. Peter Lam and/ or such other Persons referred to in paragraph (a) above; and

a “**Person**”, as used in this Condition 9(f) (*Redemption for Change of Control*), includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

- (g) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (f) (*Redemption for Change of Control*) above.
- (h) *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 9(h) (*Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (j) *Cancellation*: All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

10. Payments — Bearer Notes

This Condition 10 (*Payments — Bearer Notes*) is only applicable to Bearer Notes.

- (a) *Principal*: Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest*: Payments of interest shall, subject to paragraph (i) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

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

- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (e) *Commissions or Expenses*: No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments

- (f) *Deductions for unmatured Coupons*: If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **provided, however, that** where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

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

- (g) *Unmatured Coupons void*: If the relevant Pricing Supplement specifies that this Condition 10(g) (*Unmatured Coupons void*) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*), Condition 9(f) (*Redemption for Change of Control*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (h) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

- (i) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) (*Payments in New York City*) above).
- (j) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (k) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11. Payments — Registered Notes

This Condition 11 (*Payments — Registered Notes*) is only applicable to Registered Notes.

- (a) *Principal*: Payments of principal shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

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

- (c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed or enfaced, as the case may be, on the relevant Note Certificate.
- (f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

12. Taxation

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
 - (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

- (ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.
- (b) *Taxing jurisdiction*: If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than Hong Kong, references in these Conditions to Hong Kong shall be construed as references to Hong Kong and/or such other jurisdiction.

13. Events of Default

If any of the following events occurs (each such event an “**Event of Default**”):

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within three days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within seven days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Covenant or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or
- (c) *Cross default of Issuer, Guarantor or Material Subsidiary*:
 - (i) any indebtedness of the Issuer, the Guarantor or any of their respective Material Subsidiaries (other than Listed Subsidiaries) is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Material Subsidiary (other than Listed Subsidiaries) or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such indebtedness; or
 - (iii) the Issuer, the Guarantor or any of their respective Material Subsidiaries (other than Listed Subsidiaries) fails to pay when due any amount payable by it under any Guarantee of any indebtedness,

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.\$15.0 million (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of an individual amount in excess of U.S.\$15.0 million (or its equivalent in any other currency or currencies) is rendered against the Issuer, the Guarantor or any of their Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material Subsidiary; or
- (f) *Insolvency, etc.*: (i) the Issuer, the Guarantor or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, the Guarantor or any Material Subsidiary or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material Subsidiary is appointed (or application for any such appointment is made), or (iii) the Issuer, the Guarantor or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any Guarantee of any indebtedness given by it; or
- (g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Material Subsidiary (otherwise than, in the case of a Subsidiary of the Issuer or a Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent) or the Issuer, the Guarantor or any Material Subsidiary ceases to carry on all or substantially all of its business (otherwise than, in the case of a Subsidiary of the Issuer or a Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent or as a result of disposal on arm's length terms or as approved by an Extraordinary Resolution of the Noteholders); or
- (h) *Analogous event*: any event occurs which under the laws of Hong Kong has an analogous effect to any of the events referred to in Conditions 13(d) (*Unsatisfied judgment*) to 13(g) (*Winding up, etc.*); or
- (i) *Failure to take action etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Deed of Covenant and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons, the Deed of Covenant or the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes, the Deed of Covenant or the Deed of Guarantee; or
- (k) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or

- (l) *Government intervention*: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Material Subsidiaries is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or (ii) the Issuer, the Guarantor or any Material Subsidiary is prevented by any such Person from exercising normal control over all or any substantial part of its undertakings, assets and revenues; or
- (m) *Controlling shareholder*: the Issuer ceases to be a wholly-owned Subsidiary of the Guarantor,

then Noteholders holding not less than 5.0 per cent. of the aggregate principal amount of the outstanding Notes may, by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given by the Issuer to all other Noteholders.

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

14. Prescription

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

15. Replacement of Notes and Coupons

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

16. Agents

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

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

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

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

17. Meetings of Noteholders; Modification and Waiver

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

In addition, (i) a resolution in writing signed by or on behalf of the Holders of not less than 90.0 per cent. of the aggregate principal amount of Notes outstanding will take effect as if it were an Extraordinary Resolution, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders (a “**Written Resolution**”) and (ii) a resolution passed by way of electronic consents through the clearing systems by or on behalf of the Holders of not less than 90.0 per cent. of the aggregate principal amount of Notes outstanding (an “**Electronic Consent**”) with the effect as if it were an Extraordinary Resolution, in each case whether or not relating to a Reserved Matter.

A Written Resolution and/or an Electronic Consent will be binding on all Holders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be.

- (b) *Modification*: The Notes, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error, make a modification that is of a formal, minor or technical nature, or make a modification that is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer and the Guarantor, not materially prejudicial to the interests of the Noteholders. None of the Agents shall have any responsibility or liability whatsoever with respect to such determination.

18. Further Issues

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

19. Notices

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

- (b) *Registered Notes*: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail (at the Issuer's, failing which, the Guarantor's expense) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or CMU or an Alternative Clearing System, notices to the Holders of the Notes shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or the CMU or the Alternative Clearing System, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.

20. **Currency Indemnity**

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

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

21. **Rounding**

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

22. **Governing Law and Jurisdiction**

- (a) *Governing law*: The Notes, the Guarantee of the Notes and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee of the Notes are governed by English law.

- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes and the Guarantee of the Notes (including any non-contractual obligation arising out of or in connection with the Notes and the Guarantee of the Notes).
- (c) *Appropriate forum*: The Issuer and the Guarantor agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England*: Condition 22(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 22 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent*: Each of the Issuer and the Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Elemental Process Agent Limited at 27 Old Gloucester Street, London WC1N 3AX, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of each of the Issuer or the Guarantor, the Issuer or, as the case may be, the Guarantor shall, on the written demand of any Noteholder addressed and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer or, as the case may be, the Guarantor and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.
- (f) *Consent to enforcement etc.*: Each of the Issuer and the Guarantor consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings, including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (g) *Waiver of immunity*: To the extent that the Issuer or the Guarantor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer, the Guarantor or their respective assets or revenues, each of the Issuer and the Guarantor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

FORM OF PRICING SUPPLEMENT

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

Pricing Supplement dated [•••]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**EU 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 “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

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

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

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

[Consider any negative market.] Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

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

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

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

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

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

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

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

[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 of the SFA that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018.)

LAI SUN MTN LIMITED
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by

LAI SUN DEVELOPMENT COMPANY LIMITED
麗新發展有限公司

under the U.S.\$2,000,000,000
Medium Term Note Programme

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated [•••] 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated [current date] [and the supplemental Offering Circular dated [date]], save in respect of the Conditions which are extracted from the Offering Circular dated [•••] 2021 and are attached hereto.

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

- 1. (i) Issuer: Lai Sun MTN Limited
- (ii) Guarantor: Lai Sun Development Company Limited
麗新發展有限公司

- 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: [•••] (Required only for listed issues)]
- [(iii) Private Bank Rebate/Commission: [Applicable/Not Applicable]]
6. (i) Specified Denominations:¹² [•••]
- (ii) Calculation Amount: [•••]
7. (i) Issue Date: [•••]
- (ii) Interest Commencement Date: [*Specify/Issue Date/Not Applicable*]
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]³
9. Interest Basis: [[•••] per cent. Fixed Rate]
[[*Specify* reference rate]+/-[•••] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (*Specify*)]
(further particulars specified below)

¹ Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

² If the specified denomination is expressed to be 100,000 or its equivalent and multiples of a lower principal amount (for example 1,000), insert the additional wording as follows: 100,000 and integral multiples of [1,000] in excess thereof up to and including [199,000]. No notes in definitive form will be issued with a denomination above [199,000].

³ Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (*Specify*)]
11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Listing: [Hong Kong/Other (*specify*)/None] (For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes)
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable] (If not applicable, delete the remaining sub--paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [•••] per cent. per annum [payable [annually/semi-annually/ quarterly /monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [•••] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•••] per Calculation Amount⁴
- (iv) Broken Amount(s): [•••] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•••]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/Give details]

⁴ 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 RMB0.01, RMB0.005 for the case of Renminbi denominated Fixed Rate Notes to the nearest HK\$0.01, HK\$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards.

16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [•••]
- (ii) Specified Period: [•••]
- (Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert “Not Applicable”)
- (iii) Specified Interest Payment Dates: [•••]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert “Not Applicable”)
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (v) Additional Business Centre(s): [Not Applicable/*give details*]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): [[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]
- (viii) Screen Rate Determination:
- Reference Rate: [For example, LIBOR, EURIBOR or SOFR]
 - Index Determination [Applicable/Not Applicable]
 - SOFR Compounded Index [Applicable/Not Applicable]

- Relevant Decimal Place [Not Applicable/[•••] (unless otherwise specified in Pricing Supplement, be the seventh decimal place in the case of the SOFR Compounded Index)]
 - Relevant Number of Index Days [Not Applicable/[•••] (unless otherwise specified in Pricing Supplement, shall be five in the case of the SOFR Compounded Index)]
 - Interest Determination Date(s): [•••]
 - Relevant Screen Page: [For example, Reuters LIBOR 01/EURIBOR 01]
 - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
- (ix) ISDA Determination:
- Floating Rate Option: [•••]
 - Designated Maturity: [•••]
 - Reset Date: [•••]
 - 2021 Definitions: [Applicable/Not Applicable]
 - [Applicable Benchmark: [•••/Not Applicable]]
 - [Fixing Day: [•••]]
 - [Fixing Time: [•••]]
 - [Any other terms relating to the 2021 Definitions: [•••/Not Applicable]]
- (x) Margin(s): [+/-][•••] per cent. per annum
- (xi) Minimum Rate of Interest: [•••] per cent. per annum
- (xii) Maximum Rate of Interest: [•••] per cent. per annum
- (xiii) Day Count Fraction: [•••]

- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•••]
17. Zero Coupon Note Provisions [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [•••] per cent. per annum
- (ii) Reference Price: [•••]
- (iii) Any other formula/basis of determining amount payable: [Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 9(h)]
18. **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable] (If not applicable, delete the remaining sub paragraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [•••]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•••]
- (iv) Interest Determination Date(s): [•••]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•••]
- (vi) Interest or calculation period(s): [•••]
- (vii) Specified Period: [•••]
- (Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert “Not Applicable”)

| | | |
|---|---|--|
| (viii) Specified Interest Payment Dates: | [•••] | (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert “Not Applicable”) |
| (ix) Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (<i>give details</i>)] | |
| (x) Additional Business Centre(s): | [•••] | |
| (xi) Minimum Rate/Amount of Interest: | [•••] per cent. per annum | |
| (xii) Maximum Rate/Amount of Interest: | [•••] per cent. per annum | |
| (xiii) Day Count Fraction: | [•••] | |
| 19. Dual Currency Note Provisions | [Applicable/Not Applicable] | (If not applicable, delete the remaining sub-paragraphs of this paragraph) |
| (i) Rate of Exchange/method of calculating Rate of Exchange: | [give details] | |
| (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: | [•••] | |
| (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: | [•••] | |
| (iv) Person at whose option Specified Currency(ies) is/are payable: | [•••] | |

PROVISIONS RELATING TO REDEMPTION

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

- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [•••]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•••]
- (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [•••]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•••]
- (vi) [Payment Date]: [•••]
- (vii) Minimum Final Redemption Amount: [•••] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [•••] per Calculation Amount

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

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

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: Bearer Notes:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•••] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [•••] days' notice]⁶⁵
- [Permanent Global Note exchangeable for Definitive Notes on [•••] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- Registered Notes:**
- [Global Registered Note exchangeable for Individual Note Certificates on [•••] days' notice/at any time/in the limited circumstances described in the Global Registered Note]
25. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/*give details*]
- Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 16(vi) and 18(x) relate]*
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, *give details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/*give details*]

⁵ if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]”, the Temporary Global Note shall not be exchangeable on [•••] days' notice.

28. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
29. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
30. Consolidation provisions: The provisions in Condition 18 (*Further Issues*) [annexed to this Pricing Supplement] apply]
31. Any applicable currency disruption/fallback provisions: [Not Applicable/*give details*]
32. Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
34. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
35. U.S. Selling Restrictions: Reg. S Category 2;

(*In the case of Bearer Notes*) — [TEFRA C/TEFRA D/TEFRA not applicable] (*In the case of Registered Notes*) — Not Applicable
36. Additional selling restrictions: [Not Applicable/*give details*]
37. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

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

If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.

OPERATIONAL INFORMATION

ISIN Code: [•••]

Common Code: [•••]

Legal Entity Identifier: 254900IL4GZMMOH72N45

CMU Instrument Number: [•••]

Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Additional Paying Agent(s) (if any): [•••]

GENERAL

The aggregate principal amount of Notes 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.\$]

[Ratings: The Notes to be issued have been rated:

[S&P: [•••]]

[Moody's: [•••]]

[[Other: [•••]]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]

[USE OF PROCEEDS

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

STABILISING

In connection with this issue, [insert name of Stabilisation Manager] (the “**Stabilisation Manager**”) (or persons acting on behalf of any Stabilisation 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 Stabilisation Manager (or persons acting on behalf of a Stabilisation 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 over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.\$2,000,000,000 Medium Term Note Programme.

RESPONSIBILITY

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

Signed on behalf of
LAI SUN MTN LIMITED:

By:
Duly authorised

Signed on behalf of
LAI SUN DEVELOPMENT COMPANY LIMITED 麗新發展有限公司:

By:
Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

INITIAL ISSUE OF NOTES

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

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

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

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

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

If a Global Note or a Global Registered Note is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Registered Note are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Issue Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Registered Note and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Registered Note must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Registered Note.

EXCHANGE

Temporary Global Notes

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

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

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

The holder of a temporary 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 Global Note for an interest in a permanent Bearer Global Note or for Definitive Notes is improperly withheld or refused.

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “*Partial Exchange of Permanent Global Notes*” below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or if any of the circumstances described in Condition 13 (*Events of Default*) occurs.

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

Global Registered Notes

The following will apply in respect of transfers of Notes held in Euroclear, Clearstream, Luxembourg, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Registered Note pursuant to Condition 3(f) may only be made (in whole but not in part):

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if any of the circumstances described in Condition 13 (*Events of Default*) occurs,

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

Partial Exchange of Permanent Global Notes

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

Delivery of Notes

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

Exchange Date

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

Amendment to Conditions

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

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for enforcement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enforced on each Global Note, which enforcement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 10(b) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “Payment Business Day” set out in Condition 2(a) for the purposes of Condition 10(h).

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

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

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 2).

Meetings

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

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Fiscal Agent for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Registered Note, by reduction in the aggregate principal amount of the Notes in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Purchase

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

Issuer's Option

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

Noteholders' Options

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

Notices

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

Partly Paid Notes

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

USE OF PROCEEDS

The net proceeds from each issue of Notes will be on-lent by the Issuer to the Guarantor and/or its subsidiaries for general corporate purposes, save that 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

THE GUARANTOR

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 31 January 2021. These table should be read in conjunction with the financial statements of the Group and the accompanying notes included in this Offering Circular.

| | As at 31 January 2021 HK\$'000 |
|---|---|
| Short-term indebtedness | |
| Bank borrowings — current portion | 4,616,786 |
| Other borrowings | 41,067 |
| | <hr/> |
| | 4,657,853 |
| | <hr/> <hr/> |
| Long-term indebtedness | |
| Bank borrowings — non-current portion | 12,411,590 |
| Other borrowings | 274,592 |
| Guaranteed notes | 5,738,039 |
| | <hr/> |
| | 18,424,221 |
| | <hr/> <hr/> |
| Shareholders' equity | |
| Share capital | 4,134,565 |
| Reserves | 30,776,993 |
| | <hr/> |
| Total Equity | 34,911,558 |
| | <hr/> <hr/> |
| Total capitalisation ^(Note 1) | 53,335,779 |
| | <hr/> <hr/> |

Note:

1. Total capitalisation represents the sum of long-term indebtedness and shareholders' equity.

There has been no material change in the consolidated capitalisation and indebtedness of the Group since 31 January 2021.

THE ISSUER

As at the date of this Offering Circular, one share of the Issuer has been duly authorised and issued to the Guarantor and is fully paid, and the Issuer does not have any debt outstanding.

DESCRIPTION OF THE ISSUER

Formation

Lai Sun MTN Limited (the “**Issuer**”) was incorporated on 12 May 2021 in Hong Kong as a company with limited liability under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) with company number 3047595. The registered office of the Issuer is at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong. The Issuer is a direct wholly-owned subsidiary of the Guarantor.

Business Activity

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights, powers and privileges for the above purposes. The Issuer does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a direct wholly-owned subsidiary of the Guarantor and those incidental to the establishment of the Programme and any issue of Notes thereunder.

Financial Statements

Under Hong Kong law, the Issuer is required to file with the Hong Kong Companies Registry its audited financial statements with its annual return for the corresponding financial year. In addition, the Issuer is required to keep proper books of account that are necessary to show and explain the Issuer’s transactions and give a true and fair view of the Issuer’s affairs.

Directors and Officers

The directors of the Issuer are Lam Kin Ngok, Peter, Chew Fook Aun, Lau Shu Yan, Julius and Lam Hau Yin, Lester. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer. There are no conflicts of interest between the duties to the Issuer of the persons listed above and their private interests and duties.

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

Capital

As at the date of this Offering Circular, one share of the Issuer has been duly authorised and issued to Lai Sun Development Company Limited 麗新發展有限公司 and is fully paid. The register of members of the Issuer is maintained at its registered office in Hong Kong at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being, or is proposed to be, sought.

DESCRIPTION OF THE GUARANTOR

Introduction

The Guarantor is a property investment and development company incorporated with limited liability under the laws of Hong Kong in 1959, the issued shares of which are listed and traded on the Main Board of the SEHK (Stock code: 488). Its subsidiaries, associates and joint ventures in which the Guarantor has interests are engaged principally in property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programme production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding.

As at the date of this Offering Circular, the Guarantor had an issued share capital of approximately HK\$4,134,565,217 consisting of 612,089,025 ordinary shares.

For the year ended 31 July 2020, the Group recorded a turnover of HK\$5,213.5 million (2019: HK\$6,493.9 million) and a gross profit of HK\$1,628.6 million (2019: HK\$2,305.4 million). The decrease in gross profit was primarily due to (i) lower turnover from sale of properties during the year ended 31 July 2020 as compared to the year ended 31 July 2019 and (ii) a decrease in revenue from the media and entertainment businesses and cinema operations of eSun Holding Limited (“**eSun**”, and together with its subsidiaries, “**eSun Group**”) amid the prolonged social unrest in Hong Kong in the second half of 2019 and the outbreak of COVID-19 since January 2020.

For the year ended 31 July 2020, net loss attributable to the owners of the Guarantor was HK\$2,934.8 million (2019: net profit of HK\$4,842.9 million). The significant difference was primarily due to (i) the absence of net gain on bargain purchase on acquisition of subsidiaries; (ii) a decrease in fair values of the investment properties owned by the Group and held through joint ventures of the Group, which resulted in the recognition of significant fair value losses arising from revaluation of the Group’s investment properties and share of losses from joint ventures of the Group (i.e. the decrease in fair value of CCB Tower and lower profit contribution from the property sale of Alto Residences); (iii) an increase in other operating expenses as a result of impairment of certain right-of-use assets and impairment of certain property, plant and equipment of the Group; and (iv) write-down of completed properties for sale of Lai Fung Holdings Limited (“**Lai Fung**”, and together with its subsidiaries, “**Lai Fung Group**”) to net realisable value. Net loss per share during the year ended 31 July 2020 was HK\$4.825 (2019: net profit per share of HK\$7.988).

Excluding the effect of property revaluations and non-recurring transactions during the year ended 31 July 2020, net loss attributable to the owners of the Guarantor was approximately HK\$1,012.0 million (2019: net profit of HK\$452.7 million). Net loss per share excluding the effect of property revaluations and non-recurring transactions during the year ended 31 July 2020 was HK\$1.664 (2019: net profit per share of HK\$0.747).

Equity attributable to the owners of the Guarantor as at 31 July 2020 amounted to HK\$34,970.2 million, as compared to HK\$35,827.7 million as at 31 July 2019. Net asset value per share attributable to the owners of the Guarantor decreased slightly to HK\$57.218 per share as at 31 July 2020 from HK\$59.076 per share as at 31 July 2019.

For the six months ended 31 January 2021, the Group recorded a turnover of HK\$2,745.4 million (2020: HK\$2,751.6 million) and a gross profit of HK\$618.1 million (2020: HK\$1,133.9 million). The increase in turnover from sale of properties primarily driven by the sales performance of the Lai Fung Group's development projects in Mainland China during the six months ended 31 January 2021 was offset by the decrease in revenue from hotel and restaurant operations of the Group, as well as cinema operation and media and entertainment businesses of eSun Group amid the prolonged global COVID-19 pandemic since January 2020.

For the six months ended 31 January 2021, net loss attributable to the owners of the Guarantor was approximately HK\$1,227.4 million (2020: HK\$1,109.2 million). Net loss per share during the six months ended 31 January 2021 was HK\$2.005 (2020: HK\$1.829).

Excluding the effect of property revaluations, net loss attributable to the owners of the Guarantor for the six months ended 31 January 2021 was HK\$419.5 million (2020: HK\$324.3 million). Net loss per share excluding the effect of property revaluations during the six months ended 31 January 2021 was HK\$0.685 (2020: HK\$0.535).

Equity attributable to the owners of the Guarantor as at 31 January 2021 amounted to HK\$34,911.6 million, as compared to HK\$34,970.2 million as at 31 July 2020. Net asset value per share attributable to the owners of the Guarantor decreased slightly to HK\$57.037 per share as at 31 January 2021 from HK\$57.218 per share as at 31 July 2020.

History

The Guarantor is a subsidiary of LSG, which is itself a company listed on the SEHK.

The Guarantor's business traces its origins to the garment manufacturing and distribution business which began in 1947 as a sole proprietorship operated by the Guarantor's former Chairman, the late Mr. Lim Por Yen (father of Dr. Peter Lam). LSG subsequently developed sufficiently to obtain a public listing in 1972.

The garment business experienced steady growth in earnings, providing surplus funds which were, to a large extent, re-invested in properties and other investments. In the late 1950s, the LSG group undertook its first property project, which involved the development of the Lai Sun Industrial Building. In the late 1950s and early 1960s, demand for industrial buildings increased due to the rapid expansion of the manufacturing sector in Hong Kong. However, at that time, most property developers focused on commercial and residential buildings, leaving an unfilled gap in the market. The Guarantor recognised this opportunity and, being at that time an industrial company, it was able to draw on its experience to develop factory buildings that were suited to the needs of light industry. As a result, a portfolio of industrial buildings was established, and this portfolio has since been extended to include commercial, office and residential properties.

In November 1987, by a scheme of arrangement, the Guarantor underwent a major reorganisation to separate its garment business from its property business. The name of the Guarantor was changed from "Lai Sun Garment Company, Limited" to "Lai Sun Development Company Limited" in January 1988. The Guarantor was then listed on the SEHK in March 1988.

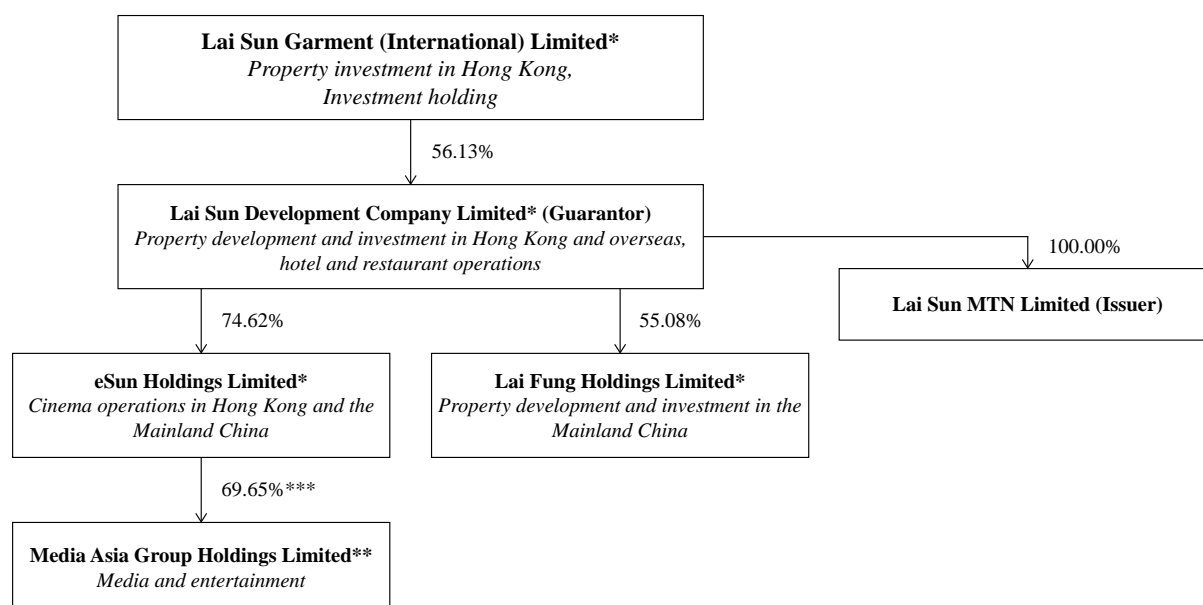
In September 2010, LSG and eSun (an associate of the Guarantor) completed a group reorganisation to simplify the ownership structure of the Guarantor and eSun. Under the reorganisation, LSG transferred its entire shareholding interest in Lai Fung (a subsidiary of eSun) (approximately 40.58 per cent. of the issued share capital of Lai Fung) to eSun which was settled by: (i) the transfer to LSG of eSun’s entire shareholding interest in the Guarantor (approximately 36.72 per cent. of the issued share capital of the Guarantor); and (ii) a cash balance of approximately HK\$178.4 million. Upon completion of the transfers, eSun became the controlling shareholder of Lai Fung and the cross-holding relationship between the Guarantor and eSun was eliminated.

To further optimise the holding structure of the Group’s businesses:

- in 2018, the Group completed a voluntary general cash offer made by the Guarantor’s wholly-owned subsidiary, Transtrend Holdings Limited, to acquire all of the issued shares of eSun and to cancel all outstanding share options of eSun. The Group acquired an additional 40.44 per cent. interest in eSun for approximately HK\$735 million, and eSun became a subsidiary of the Group on 8 August 2018. As at the date of this Offering Circular, eSun is a 74.62 per cent.-owned subsidiary of the Group; and
- in 2020, the Group completed a voluntary general cash offer made by the Guarantor’s wholly-owned subsidiary, Holy Unicorn Limited, to acquire all issued shares of Lai Fung (other than those already owned or agreed by the Guarantor, Holy Unicorn Limited or the other wholly-owned subsidiaries of the Guarantor) and to cancel all outstanding share options of Lai Fung. Now the property businesses of the Group are carried out directly by the Group and indirectly through the Lai Fung Group, and eSun Group has been transformed into a pure-play cinema and media and entertainment Group. As at the date of this Offering Circular, Lai Fung, being the Group’s flagship PRC property arm, is a 55.08% per cent. owned subsidiary of the Group.

Corporate Structure of the Group

The table below sets out the corporate structure of the Group as at the date of this Offering Circular.



* Listed on the Main Board of The Stock Exchange of Hong Kong Limited

** Listed on GEM of The Stock Exchange of Hong Kong Limited

*** Pursuant to a share subscription agreement dated 4 June 2021 entered into between Media Asia Group Holdings Limited (“MAGHL”) and THL G Limited, THL G Limited has conditionally agreed to subscribe for, and MAGHL has conditionally agreed to allot and issue, an aggregate of 83,333,333 new ordinary shares in MAGHL (the “Subscription”). Upon completion of the Subscription, the shareholding interests of eSun in MAGHL will be diluted to 67.70%.

Competitive Strengths

The following are the principal competitive strengths of the Group:

Well-diversified business operations

The Group has a well-diversified business operation and its principal activities include property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. Upon completion of the voluntary general cash offer in May 2020, the property businesses of the Group are carried out directly by the Group and indirectly through Lai Fung Group, being the PRC property arm of the Group, and eSun Group has been transformed into a pure-play cinema and media and entertainment Group. The streamline of holding structure of the Group for its underlying businesses has strengthen the wider Lai Sun Group. It highlights the Group's capabilities as a property-led conglomerate and in particular the Group's positioning in the Greater Bay Area. Revenue from eSun can further diversify the Group's revenue across sectors.

High quality property portfolio in prime and convenient locations

The Group is an established and well-recognised property developer in Hong Kong. It has established a portfolio of quality commercial and residential properties in Hong Kong in convenient locations along the route of the Mass Transit Railway, Hong Kong's underground railway system ("MTR"), such as Central and Causeway Bay MTR stations. The properties comprising the Group's investment portfolio in the United Kingdom are located in the centre of the financial district in central London, with all leases being aligned to expire in 2023. In particular, the City of London's Planning and Transportation Committee has approved a resolution to grant Planning Consent to the Group to redevelop the three properties, namely 100, 106 and 107 Leadenhall Street (the "**Leadenhall Properties**"). In addition, through the Group's flagship PRC property arm, the Lai Fung Group, the Group's portfolio of properties has expanded to include top-tier cities and the Greater Bay Area in Mainland China, which will remain as the primary drivers for the Group's GFA growth in the coming years.

As at 31 January 2021, the Group maintained a property portfolio with a total GFA attributable to the Group (excluding car parks) of approximately 9.4 million square feet, comprising completed properties held for rental and held for sale with attributable GFA of approximately 4.9 million square feet, completed hotel properties of approximately 1.2 million square feet, properties under development with attributable GFA of approximately 3.3 million square feet. The Group intends to build on this sound asset base with a view to delivering long-term value to its shareholders. The Group's investment properties and properties held for sale in these locations have achieved strong valuation and a high average selling price.

Stable and recurring income underpinned by quality rental portfolio

The Group has maintained strong and stable cash flows from its investment property portfolio in Hong Kong and London, with attributable GFA of approximately 1.6 million square feet as at 31 January 2021, which primarily consists of offices and retail spaces. The Group has historically maintained a high occupancy rate for its investment properties. Each of its wholly-owned investment properties in Hong Kong and London achieved over a 91 per cent. occupancy rate as of 31 January 2021. The Group currently has a large and diversified group of major anchor tenants such as HSBC, Standard Chartered Bank, Bank of China, McDonald's, Cafe de Coral Group, KFC, Mannings, Watsons and other stable tenants such as Jade Garden & Chiuchow Garden Restaurants, Deluxe Daiaki Japanese Restaurant, Wall Street Institute, MassMutual Asia Ltd, Logitech, Physical Fitness & Beauty, Ingrid Millet, Marathon Sport and Starbucks Coffee.

In addition, the Lai Fung Group's rental portfolio, comprising approximately 4.5 million square feet of rental GFA attributable to Lai Fung Group as of 31 January 2021 in Shanghai, Guangzhou, Zhongshan and Hengqin, being Tier 1 cities in China and cities within the Greater Bay Area, has delivered steady performance in rental income for the Group. Upon completion of the construction works of the existing projects on hand, which include the combined redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building, and the development of Guangzhou Haizhu Plaza and Novotown Phase II, the Lai Fung Group will have a rental portfolio of approximately 6.8 million square feet.

A portion of the Group's tenancy agreements require renewal at various points each year, and this has helped the Group to avoid concentration of rent renewal dates during any one particular period of a financial year. This has also enabled the Group to adjust rentals to reflect prevailing market rates. The Group's rental proceeds from its joint ventures also contribute to its performance. On an attributable basis, the Group's share of rental proceeds from its joint venture projects amounted to HK\$152.9 million for the year ended 31 July 2020 (HK\$79.5 million for the six months ended 31 January 2021).

Robust capital structure backed by prudent financial management and diversified sources of funding

The Group adopts a prudent approach to financial management. The Group manages its exposure to debt closely, seeking to maintain the strength of its balance sheet and an appropriate level of interest cover. As a result of its prudent financial management approach, the Group has achieved low gearing and a healthy credit profile. The Group's sources of funding comprise mainly internal funds generated from the Group's business operations, loan facilities provided by banks and guaranteed notes issued to investors.

As at 31 January 2021, the Group had a strong cash position with cash and bank balances of HK\$7.4 billion, with bank borrowings of approximately HK\$17,028.4 million, guaranteed notes of approximately HK\$5,738.0 million and other borrowings of approximately HK\$315.7 million. The Group has also enjoyed a well-balanced debt maturity profile. As at 31 January 2021, the maturity profile of the bank borrowings of HK\$17,028.4 million is spread with HK\$4,616.8 million repayable within one year, HK\$1,118.9 million repayable in the second year and HK\$9,721.1 million repayable in the third to fifth years, and HK\$1,571.6 million repayable beyond the fifth year. The net gearing ratio (total borrowings less cash and bank balances divided by equity attributable to owners of the Guarantor) was approximately 45 per cent. as at 31 January 2021, as compared to 46 per cent. as at 31 July 2020.

The Group also has access to a diversified range of funding channels, including equity, syndicated loans and onshore and offshore bank relationships. For example, the Group has been able to obtain bank loans for its new projects and for refinancing. The Group has also raised funds from the capital markets including by way of a rights issue and bond offering.

Highly experienced and professional management team

The Group has a dedicated and experienced management team which has a strong track record of success in the real estate sector in Hong Kong. For instance, Dr. Peter Lam (Chairman and Executive Director) and Mr. Lau Shu Yan, Julius (Chief Executive Officer and Executive Director) have been with the Group for over 30 years and have rich experience in the industry. In addition, Mr. Chew Fook Aun, who joined the Board on 5 June 2012 as Deputy Chairman and Executive Director, brought significant experience from the property sector from his prior appointments. The Group's experience and in-depth knowledge of the local markets in Hong Kong, London and Mainland China enable it to respond better to relevant market trends and the preferences of its target customers to more effectively manage and control the quality, schedule and costs of its activities and to better optimise operational efficiency.

Well-established relationships with recognised developers and investors

The Group has established strategic partnerships with major developers and financial institutions such as AIA, CCB, Empire Group Holdings Limited, New World Development and CSI Properties. The Group's joint venture projects range from commercial and residential property development to management of investment properties. The Group's established brand name of "Lai Sun" has helped to attract other well-regarded professionals and partners to collaborate with it on its property projects, in particular those who wish to have access to sites in convenient locations in Hong Kong. The Group in turn benefits from the experience of such professionals and developers in sourcing suitable land and in local construction management. The Group believes that it is attractive to joint venture partners because they view joint development of sites with the Group as being more likely to capture the long-term potential of the sites and their locations.

Strategies

The Guarantor's strategies include the following:

Maintain and grow a solid recurring income base from investment properties

The Group intends to continue to grow its investment property portfolio through retaining sizeable commercial/retail elements in its development projects to further enhance its recurring income and earnings derived from its investment property business. It is the Group's policy to hold its investment properties with a view principally to derive rental income and generate positive cash flow. The Group intends to manage its completed properties actively (including better optimising the mix of retail tenants and by early renewal negotiations with office tenants) to maintain consistently high levels of service, and to maintain high occupancy rates and strong rental cash flow in the long term. By doing so, the Group believes that it maximises the occupancy rates and earning potential of its properties.

Continuously and selectively replenish quality land bank

The Group reviews from time to time various opportunities in property development and investment projects in Hong Kong, London and elsewhere. The Group adopts a focused, systematic and selective approach to land acquisitions, and it intends to continue to seek opportunities to acquire appropriate and quality new development sites for development of commercial and residential projects to provide additional revenue, operating profit and returns for the Group. With the Hong Kong government committed to increasing land supply in the long run as a measure to stabilise local property prices, the Group will continue to monitor the prices achieved at government land auctions and tenders in Hong Kong and will participate in these exercises if and when suitable investment opportunities arise. In addition, top-tier cities and the Greater Bay Area in Mainland China will remain as the primary drivers for the Group's GFA growth in the coming years.

Continue to build quality properties

The Group intends to continue to focus on its core business objectives of developing mid-end to high-end commercial and residential properties in Hong Kong and Mainland China, as well as investing in commercial properties in the United Kingdom. The Group believes being a property developer in the mid-end to high-end residential and large-scale mixed-use property markets will continue to enable it to command premium pricing and generate attractive returns.

The Group's long-term focus is to continue to develop its commercial and residential presence in Hong Kong and Mainland China by continuing to build and develop high-quality projects. In relation to the Group's leases in the United Kingdom, they have been aligned to expire in 2023 and the City of London's Planning and Transportation Committee has currently approved a resolution to grant Planning Consent to the Group to redevelop the Leadenhall Properties. See “— *Property Investment — Overseas Properties*” below for more details.

Continue to adopt a prudent financial management policy

The Group will continue to adopt a prudent financial management policy with a view to delivering long-term value to its shareholders and capturing the strong growth in the property markets in Hong Kong, Mainland China and the United Kingdom. The Group will manage its exposure to debt closely, seeking to maintain the strength of its balance sheet and an appropriate level of interest cover, achieving low gearing and a healthy credit profile.

Business Overview

The Group has a well-diversified portfolio and its principal activities include property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. Lai Fung Group is the PRC property arm of the Group and is primarily engaged in property development for sale, property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities in Mainland China. Media and entertainment businesses and cinema operation are carried out through eSun Group.

Property investment and development

The Group is engaged in the development and sale of residential, office, commercial and industrial properties in Hong Kong and Mainland China and investment in rental properties, primarily in Hong Kong, London and Mainland China.

The Group's property development business consists primarily of the development of building projects using independent contractors to carry out the necessary design and construction work. These projects are either sold or held by the Group for investment to derive both rental income and capital appreciation. The Group holds a sizeable portfolio of properties in Hong Kong, London and Mainland China for investment purposes, which comprises both properties developed by the Group and properties acquired from other parties, and which contributes recurring rental income to the Guarantor's property business.

Property portfolio

As at 31 January 2021, the Group maintained a property portfolio with attributable GFA of approximately 9.4 million square feet (excluding car-parking spaces). The following table sets forth a breakdown of the Group's approximate attributable GFA by type and development stage as at 31 January 2021:

| | Commercial/ Retail | Office | Hotel/ Serviced Apartments | Residential | Industrial | Total (excluding car-parking spaces & ancillary facilities) Total | No. of car parking spaces |
|---|-----------------------|--------------|----------------------------------|--------------|------------|---|---------------------------------|
| GFA of major properties and number of car-parking spaces of the Lai Fung Group (on attributable basis¹) | | | | | | | |
| Completed Properties Held for Rental ² | 1,330 | 582 | — | — | — | 1,912 | 1,241 |
| Completed Hotel Properties and Serviced Apartments ² | — | — | 533 | — | — | 533 | — |
| Properties under Development ³ | 370 | 1,642 | 320 | 808 | — | 3,140 | 1,820 |
| Completed Properties Held for Sale | 37 | 230 | 164 | 411 | — | 842 | 1,384 |
| Subtotal | 1,737 | 2,454 | 1,017 | 1,219 | — | 6,427 | 4,445 |

| | Commercial/ Retail | Office | Hotel/ Serviced Apartments | Residential | Industrial | Total (excluding car-parking spaces & ancillary facilities) Total | No. of car parking spaces |
|---|-----------------------|--------------|----------------------------------|--------------|------------|---|---------------------------------|
| GFA of major properties and number of car-parking spaces of the Group excluding the Lai Fung Group (on attributable basis) | | | | | | | |
| Completed Properties Held for Rental ² | 733 | 1,030 | — | — | 64 | 1,827 | 1,436 |
| Completed Hotel Properties and Serviced Apartments ² | — | — | 722 | — | — | 722 | 92 |
| Properties under Development ³ | 8 | — | — | 106 | — | 114 | 12 |
| Completed Properties Held for Sale | 33 | 105 | 75 | 97 | — | 310 | 65 |
| Subtotal | 774 | 1,135 | 797 | 203 | 64 | 2,973 | 1,605 |
| Total GFA attributable to the Group | 2,511 | 3,589 | 1,814 | 1,422 | 64 | 9,400 | 6,050 |

Notes:

1. As at 31 January 2021, Lai Fung is a 54.56 per cent.-owned subsidiary of the Group.
2. Completed and rental generating properties.
3. All properties under construction.

The following table sets out the turnover of the Group by segment for the periods indicated:

| | Year ended 31 July | | Six months ended 31 January | |
|--------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 2020 <i>(HK\$ million)</i> | 2019 <i>(HK\$ million)</i> | 2020 <i>(HK\$ million)</i> | 2019 <i>(HK\$ million)</i> |
| Property investment | 1,299.4 | 1,356.8 | 660.9 | 669.6 |
| Property development and sales | 1,690.2 | 2,279.8 | 1,220.0 | 744.8 |
| Restaurant operation | 421.8 | 514.8 | 172.1 | 233.4 |
| Hotel operation | 673.3 | 686.1 | 289.3 | 478.5 |
| Media and entertainment | 326.6 | 591.8 | 163.5 | 202.8 |
| Film and TV programmes | 370.2 | 326.0 | 57.2 | 111.4 |
| Cinema operation | 229.3 | 521.1 | 61.1 | 194.6 |
| Theme park operation | 19.2 | 0.3 | 14.2 | 13.9 |
| Others | 183.5 | 217.2 | 107.1 | 102.6 |
| Total | 5,213.5 | 6,493.9 | 2,745.4 | 2,751.6 |

The following table sets out the revenue of the Group by geographical location for the financial years indicated:

| | Financial year ended 31 July | |
|--------------------------|---------------------------------|-------------------------------|
| | 2020 <i>(HK\$ million)</i> | 2019 <i>(HK\$ million)</i> |
| Hong Kong | 2,972.6 | 4,005.5 |
| Mainland China and Macau | 1,637.9 | 1,824.4 |
| United Kingdom | 108.0 | 113.6 |
| Vietnam | 308.4 | 307.0 |
| Others | 186.6 | 243.4 |
| Total | 5,213.5 | 6,493.9 |

Property Investment

As at 31 January 2021, the Group had an investment property portfolio with an attributable GFA of approximately 2.1 million square feet (excluding car-parking spaces). The following table shows the approximate attributable GFA by region:

| | Attributable GFA as at 31 January 2021 | |
|-----------------------|---|---------------|
| | <i>('000 sq. ft.)</i> | <i>(%)</i> |
| Hong Kong | | |
| Commercial | 485,707 | 13.0% |
| Office | 737,844 | 19.7% |
| Industrial | 63,592 | 1.7% |
| London | | |
| Commercial | 51,722 | 1.4% |
| Office | 292,508 | 7.8% |
| Mainland China | | |
| Commercial | 1,525,310 | 40.8% |
| Office | 582,346 | 15.6% |
| Total | 3,739,029 | 100.0% |

During the year ended 31 July 2020, the Group's rental operations recorded a turnover of HK\$1,299.4 million (2019: HK\$1,356.8 million), comprising turnover of HK\$557.9 million, HK\$108.0 million and HK\$633.5 million from rental properties in Hong Kong, London and Mainland China, respectively. During the six months ended 31 January 2021, the Group's rental operations recorded a turnover of HK\$660.9 million (2019: HK\$669.6 million), comprising turnover of HK\$265.6 million, HK\$55.9 million and HK\$339.4 million from rental properties in Hong Kong, London and Mainland China, respectively.

Breakdown of rental turnover by major investment properties of the Group is as follows for the periods indicated:

| | Year ended 31 July | | Year-end occupancy (%) |
|-------------------------------|--------------------------------------|--------------------------------------|---|
| | 2020 <i>(HK\$ million)</i> | 2019 <i>(HK\$ million)</i> | |
| Hong Kong | | | |
| Cheung Sha Wan Plaza | 329.7 | 329.0 | 94.4% |
| Causeway Bay Plaza 2 | 179.0 | 180.7 | 88.6% |
| Lai Sun Commercial Centre | 44.6 | 47.0 | 94.7% |
| Others | 4.6 | 5.5 | |
| Subtotal: | <u>557.9</u> | <u>562.2</u> | |
| London, United Kingdom | | | |
| 107 Leadenhall Street | 45.2 | 49.5 | 100% |
| 100 Leadenhall Street | 56.5 | 57.7 | 100% |
| 106 Leadenhall Street | 6.3 | 6.4 | 100% |
| Subtotal: | <u>108.0</u> | <u>113.6</u> | |
| Mainland China | | | |
| <i>Shanghai</i> | | | |
| Shanghai Hong Kong Plaza | 291.4 | 330.5 | Retail: 84.4% Office: 80.3% |
| Shanghai May Flower Plaza | 39.1 | 33.3 | Retail: 99.4% |
| Shanghai Regents Park | 22.0 | 22.1 | 93.7% |
| <i>Guangzhou</i> | | | |
| Guangzhou May Flower Plaza | 111.4 | 122.9 | 95.8% |
| Guangzhou West Point | 23.8 | 26.7 | 96.5% |
| Guangzhou Lai Fung Tower | 123.2 | 126.8 | Retail: 95.3% Office: 98.3% ¹ |
| <i>Zhongshan</i> | | | |
| Zhongshan Palm Spring | 5.6 | 4.3 | Retail: 73.2% ¹ |
| <i>Hengqin</i> | | | |
| Novotown Phase I | 3.9 | — | Retail: 69.3% ² |
| Others | 13.1 | 14.4 | |
| Subtotal: | <u>633.5</u> | <u>681.0</u> | |
| Total: | <u><u>1,299.4</u></u> | <u><u>1,356.8</u></u> | |

| | Year ended 31 July | | Year-end occupancy (%) |
|--|------------------------|------------------------|------------------------------|
| | 2020 (HK\$ million) | 2019 (HK\$ million) | |
| Rental proceeds from joint venture projects | | | |
| Hong Kong | | | |
| CCB Tower ³ (50% basis) | 137.2 | 139.5 | 93.1% |
| Alto Residences ⁴ (50% basis) | 15.7 | 3.7 | 35.1% |
| 8 Observatory Road ⁵ (50% basis) | — | 27.6 | |
| Total: | 152.9 | 170.8 | |

Notes:

1. Excluding self-use area.
2. Including the cultural attraction spaces occupied by Lionsgate Entertainment World[®] and National Geographic Ultimate Explorer Hengqin.
3. CCB Tower is a joint venture project with China Construction Bank Corporation (“CCB”) in which each of the Group and CCB has an effective 50 per cent. interest. For the year ended 31 July 2020, the joint venture recorded rental proceeds of approximately HK\$274.3 million (2019: HK\$279.0 million).
4. Alto Residences is a joint venture project with Empire Group Holdings Limited (“Empire Group”) in which each of the Group and Empire Group has an effective 50 per cent. interest. For the year ended 31 July 2020, the joint venture recorded rental proceeds of approximately HK\$31.4 million (2019: HK\$7.4 million).
5. Disposal of 8 Observatory Road was completed on 11 March 2019.

| | Six months ended 31 January | | Period end occupancy (%) |
|-------------------------------|-----------------------------|------------------------|--------------------------------|
| | 2021 (HK\$ million) | 2020 (HK\$ million) | |
| Hong Kong | | | |
| Cheung Sha Wan Plaza | 154.9 | 168.0 | 93.3 |
| Causeway Bay Plaza 2 | 86.6 | 91.6 | 91.9 |
| Lai Sun Commercial Centre | 22.1 | 23.1 | 98.4 |
| Others | 2.0 | 2.7 | |
| Subtotal: | 265.6 | 285.4 | |
| London, United Kingdom | | | |
| 107 Leadenhall Street | 23.0 | 24.6 | 97.4 |
| 100 Leadenhall Street | 29.7 | 28.7 | 100.0 |
| 106 Leadenhall Street | 3.2 | 3.2 | 100.0 |
| Subtotal: | 55.9 | 56.5 | |
| Mainland China | | | |
| <i>Shanghai</i> | | | |
| Shanghai Hong Kong Plaza | 144.8 | 151.9 | Retail: 91.8 Office: 83.4 |
| Shanghai May Flower Plaza | 20.5 | 19.2 | Retail: 99.2 |
| Shanghai Regents Park | 11.6 | 11.7 | 100.0 |

| | Six months ended 31 January | | Period end |
|--|------------------------------------|-----------------------|---|
| | 2021 | 2020 | occupancy |
| | <i>(HK\$ million)</i> | <i>(HK\$ million)</i> | <i>(%)</i> |
| <i>Guangzhou</i> | | | |
| Guangzhou May Flower Plaza | 58.4 | 60.7 | 98.8 |
| Guangzhou West Point | 13.4 | 12.7 | 96.0 |
| Guangzhou Lai Fung Tower | 73.8 | 61.5 | Retail: 95.9 Office: 98.3 ¹ |
| <i>Zhongshan</i> | | | |
| Zhongshan Palm Spring | 2.6 | 2.2 | Retail: 74.5 ¹ |
| <i>Hengqin</i> | | | |
| Hengqin Novotown Phase I | 4.3 | 0.1 | Retail: 66.2 ² |
| Others | 10.0 | 7.7 | |
| Subtotal: | 339.4 | 327.7 | |
| Total: | 660.9 | 669.6 | |
| Rental proceeds from joint venture projects | | | |
| Hong Kong | | | |
| CCB Tower ³ (50% basis) | 68.6 | 70.0 | 100.0 |
| Alto Residences ⁴ (50% basis) | 10.9 | 7.1 | 68.9 |
| Total: | 79.5 | 77.1 | |

Notes:

1. Excluding self-use area.
2. Including cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.
3. CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50 per cent. interest. For the six months ended 31 January 2021, the joint venture recorded rental proceeds of approximately HK\$137.1 million (2020: HK\$140.0 million).
4. Alto Residences is a joint venture project with Empire Group in which each of the Group and Empire Group has an effective 50 per cent. interest. For the six months ended 31 January 2021, the joint venture recorded rental proceeds of approximately HK\$21.8 million (2020: HK\$14.2 million).

The Group mainly generates its rental income from office and commercial properties. For the year ended 31 July 2020, approximately 53.3 per cent. of the total rental income (excluding the attributable rental proceeds from joint venture projects shown above) was generated from commercial properties, 40.9 per cent. from office properties and 5.8 per cent. from other properties. For the six months ended 31 January 2021, approximately 53.2 per cent. was generated from commercial properties, 40.5 per cent. from office properties and 6.3 per cent. from other properties.

The Group performs rental management and marketing for most of its investment properties. The Group's strategy is to maintain and selectively expand its investment property portfolio as a recurrent source of stable income for the Group. The rental income from the investment portfolio is expected to continue to provide a stable and recurring income base to the Group.

Set out below is a brief description of the Group's major investment properties in Hong Kong, London and Mainland China:

Hong Kong properties

Cheung Sha Wan Plaza

This comprises an eight-storey and a seven-storey office tower erected on top of a retail podium which was completed in 1989. It is located on top of the Lai Chi Kok MTR station with a total GFA of 643,703 square feet (excluding car-parking spaces). The arcade is positioned to serve the local communities nearby with major banks and recognised restaurant chains as the key tenants.

Causeway Bay Plaza 2

The development comprises a 28-storey commercial/office building with car-parking facilities at basement levels which was completed in 1992. It is located at the heart of Causeway Bay with a total GFA of approximately 206,038 square feet (excluding car-parking spaces). Key tenants include HSBC's branch office and commercial offices and major restaurants.

Lai Sun Commercial Centre

The development comprises a 13-storey commercial/car park complex completed in 1987. It is located near the Lai Chi Kok MTR station with a total GFA of approximately 169,244 square feet (excluding car-parking spaces).

CCB Tower, 3 Connaught Road Central

This is the joint redevelopment project of the former Ritz-Carlton Hotel in Central. The redevelopment project is a 50:50 joint venture between the Group and a wholly-owned subsidiary of CCB. This 27-storey office tower is a landmark property in Central featuring underground access to the Central MTR station. The property has a total GFA of 229,110 square feet (excluding car-parking spaces). CCB Tower was completed in 2012 and added 114,555 square feet of attributable GFA to the rental portfolio of the Group.

AIA Central

The Group has 10 per cent. interest in AIA Central. It comprises a 39-storey office tower with views over Victoria Harbour, Kowloon Peninsula to the north, and across Charter Garden and The Peak to the south. It provides prime office space with a total GFA of approximately 428,962 square feet (excluding car-parking spaces) located at 1 Connaught Road Central, Central, Hong Kong.

London properties

107 Leadenhall Street, London EC3, United Kingdom

In April 2014, the Group acquired a property located at the core of the insurance district in London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and the Willis Building at 51 Lime Street. It provides housing, commercial, office and retail space. The building comprises 146,606 square feet gross internal area of office accommodation extending over basement, ground, mezzanine and seven upper floors.

100 Leadenhall Street, London EC3, United Kingdom

Following the acquisition of 107 Leadenhall Street in April 2014, the Group announced the acquisition of 100 Leadenhall Street in November 2014, which was completed in January 2015. This property comprises a basement, a lower ground floor, ground floor and nine upper floors and provides 177,700 square feet gross internal area of offices and ancillary accommodation.

106 Leadenhall Street, London EC3, United Kingdom

In December 2015, the Group acquired the property located adjacent to 100 and 107 Leadenhall Street, namely 106 Leadenhall Street, which is a multi-tenanted asset with approximately 12,687 square feet of offices including ancillary space.

The City of London's Planning and Transportation Committee has approved a resolution to grant Planning Consent to the Group to redevelop the Leadenhall Properties. The Leadenhall Properties currently have a combined GFA of approximately 344,230 square feet. The Planning Consent would allow the Group to redevelop the Leadenhall Properties into a 56-storey tower with: (i) approximately 1,068,510 square feet gross internal area of office space as well as new retail space of approximately 8,730 square feet; (ii) a free, public viewing gallery of approximately 19,967 square feet at levels 55 and 56 of the building which offers 360 degree views across London; and (iii) new pedestrian routes between Leadenhall Street, Bury Street and St Mary Axe, and new public spaces around the base of the building. Including ancillary facilities of approximately 178,435 square feet, the total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet upon completion. Knight Frank and CBRE have been appointed as office leasing and development advisers. All leases of the Leadenhall Properties have been aligned to expire in 2023. The Group will continue to monitor the market conditions in London closely.

Mainland China properties

Except for the Group's 20 per cent. interest in Novotown Phase I in Hengqin, all major rental properties of the Group in Mainland China are held through the Lai Fung Group.

Shanghai Hong Kong Plaza

Being the Lai Fung Group's wholly-owned flagship investment property project in Shanghai, Shanghai Hong Kong Plaza is strategically located in the prime district of the city, directly above the Huangpi South Road Metro Station at Huaihaizhong Road in Huangpu District, which is highly accessible by car and well-connected to public transportation networks, as well as walking distance from Shanghai Xintiandi. Connected by an indoor footbridge, the property comprises a 32-storey office building, a 32-storey serviced apartment building (managed by the Ascott Group), a shopping mall and car park. The property's total GFA is approximately 1,187,100 square feet excluding 350 car-parking spaces, comprising approximately 362,100 square feet for office, approximately 356,600 square feet for serviced apartment, and approximately 468,400 square feet for the shopping mall. Anchor tenants, as of the date of this Report, include The Apple Store, Tiffany, Genesis Motor, Tasaki, etc. The Lai Fung Group owns 100 per cent. of this property.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai. This project is situated near the Zhongshan Road North Metro Station. The Lai Fung Group owns 100 per cent. in the retail podium which has a total GFA of approximately 320,300 square feet including the basement commercial area. The asset is positioned as a community retail facility.

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area of the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. The Lai Fung Group retains a 95 per cent. interest in the commercial portion, which has a total GFA of approximately 82,000 square feet (GFA attributable to the Lai Fung Group is approximately 77,900 square feet).

Guangzhou May Flower Plaza

Guangzhou May Flower Plaza is a prime property situated at Zhongshanwu Road, Yuexiu District directly above the Gongyuanqian Metro Station in Guangzhou, the interchange station of Guangzhou Subway Lines No. 1 and 2. This 13-storey complex has a total GFA of approximately 436,900 square feet excluding 136 car-parking spaces. The building comprises retail spaces, restaurants, office units and car-parking spaces. The property is almost fully leased to tenants comprising well-known corporations, consumer brands and restaurants. The Lai Fung Group owns 100 per cent. of this property.

Guangzhou West Point

Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance of Ximenkou Subway Station. This is a mixed-use property where the Lai Fung Group has sold all the residential and office units and retained 100 per cent. interest in the commercial podium with GFA of approximately 172,000 square feet. Tenants of the retail podium include renowned restaurants and local retail brands. The Lai Fung Group owns 100 per cent. of this property.

Guangzhou Lai Fung Tower

Guangzhou Lai Fung Tower is the office block of Phase V of Guangzhou Eastern Place, which is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This 38-storey office building was completed in June 2016. This property has a total GFA of approximately 738,100 square feet excluding car-parking spaces. The Lai Fung Group owns 100 per cent. of this property.

Zhongshan Palm Spring Rainbow Mall

Zhongshan Palm Spring Rainbow Mall is the commercial portion of Zhongshan Palm Spring, a multi-phase project located in the Caihong Planning Area, Western District of Zhongshan. It is positioned as a community retail facility with a total GFA of approximately 181,100 square feet. The anchor tenant is Zhongshan May Flower Cinema, managed and operated by eSun.

Hengqin Novotown Phase I

Novotown Phase I is an integrated tourism and entertainment project located in the heart of Hengqin, being one of the core cities in Guangdong province within the Greater Bay Area of China, with close proximity to Macau and Hong Kong. Novotown Phase I comprises a 493-room Hyatt Regency hotel, offices, cultural workshops, cultural studios, shopping and leisure facilities with a total GFA of approximately 2.7 million square feet, as well as 1,844 car-parking spaces and ancillary facilities.

Lionsgate Entertainment World[®], featuring attractions, retail and dining experiences themed around Lionsgate's most captivating global film franchises, including The Hunger Games, The Twilight Saga, The Divergent Series, Now You See Me, Gods of Egypt and Escape Plan, commenced operation on 31 July 2019. The family edutainment centre, National Geographic Ultimate Explorer Hengqin, containing 18 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment and educational attractions officially commenced operations on 9 September 2019. In February 2021, a new interactive attraction "Wonders of Kung Fu" was launched in the outdoor garden space of Novotown Phase I, which includes light shows providing immersive experience and interactive games with Chinese kung fu and cuisine being the key underlying themes. This attraction in the 5,000 square metres outdoor garden offers more than 10 interactive points, aiming not only to bring new experiences to visitors in terms of advanced visual/media technologies and cultural enlightenment, but also with an objective to boost the night economy at Novotown. Leasing of the commercial area of Novotown Phase I is underway with approximately 66 per cent. of the leasable area let. Except for the two themed indoor experience centres, key tenants include Pokiddo Trampoline Park, Adidas Outlet, Decathlon, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks and McDonald's.

Novotown Phase I is 80 per cent. owned by the Lai Fung Group and 20 per cent. owned by the Group.

Leasing and investment policy

The Group's investment properties in Hong Kong are generally let under leases of one to three years' duration and, accordingly, renewals are regularly negotiated. The Group maintains and refurbishes its properties regularly to ensure that they do not deteriorate and that they are in line with the market standards for similar properties.

The Group is looking to maintain and selectively expand the proportion of its income and profits generated by recurrent rentals from its investment properties. Its policy, when considering new investments, is to seek to acquire sites through government tenders and other means, and develop commercial and office properties to keep for investment purposes.

Property Development

The Group completed a series of corporate activities as part of its new strategy to improve funding sources, execution capabilities and overall coordination with the wider Group. Further to securing the Tai Kei Leng site at Yuen Long, Hong Kong in March 2019 and the Urban Renewal Authority project (Hang On Street project) in April 2019, among others, the Group continues to participate in government tenders to grow its pipeline. In addition, in January 2021, the consortium formed by the Group together with New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and CSI Properties Limited successfully won the tender for the Wong Chuk Hang Station Package Five Property Development.

The Group will continue to focus on developing properties according to their use. Residential properties will be developed for sale, while sizeable commercial and retail properties are expected to be kept as investment properties. The Group believes that, in the absence of unforeseen circumstances, there will continue to be strong demand for residential projects in the foreseeable future due to a limited supply of available properties and a sustained low interest rate environment in Hong Kong. Most of the Group's residential projects are located in urban areas of Hong Kong Island and Kowloon.

For the year ended 31 July 2020, recognised turnover from sales of properties was HK\$1,690.2 million (2019: HK\$2,279.8 million). For the six months ended 31 January 2021, recognised turnover from sales of properties was HK\$1,220.0 million (six months ended 31 January 2020: HK\$744.8 million).

The Group's role in the majority of its developments is developer and employer or project manager of consultants and contractors engaged in the design and construction of each site. The Group undertakes certain of its projects in collaboration with joint venture partners. These projects are usually the Group's larger projects or projects in which the relevant site owner wishes to participate.

The Group seeks to pre-sell units in those properties which it develops for sale to third parties. The Group's profits on sales of properties developed for sale are not recognised in the Group's financial statements until the financial period during which the completion date for the property being sold falls or, if later, the sale actually occurs. Delays in expected completion dates for significant projects, for whatever reason, may have the effect, therefore, of postponing the recognition of the relevant profit from one financial period to the next.

Development schedules for the Group's vacant land are typically around four to five years, from the acquisition of the site and preparation of architectural plans to the expected completion date. The development cycle for redevelopment of existing buildings can be longer, since such properties generally are not fully vacant and with multiple ownerships, and therefore consolidation of ownerships and vacant possession must be completed before development can begin. The Group's exposure to changing conditions in the property market prior to selling units in its developments and to its requirements to finance ongoing development costs for each property under development, however, is generally of shorter duration for projects as compared with some other markets.

The following is a brief description of the Group's major properties completed for sale and/or under development in Hong Kong and Mainland China:

Hong Kong properties

Alto Residences

In November 2012, the Group successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50 per cent. joint venture vehicle. The lot has an area of 229,338 square feet with a total GFA of 573,268 square feet split into 458,874 square feet for residential use and 114,394 square feet for commercial use. Construction has been completed with the Occupation Permit issued by the Buildings Department in May 2018. The Certificate of Compliance was issued by the Lands Department in September 2018.

This project, providing 605 flats and including 23 detached houses was named "Alto Residences" and was launched for pre-sale in October 2016. Up to 14 March 2021, the Group has sold 603 units in Alto Residences with a saleable area of approximately 403,761 square feet at an average selling price of approximately HK\$18,000 per square foot. The Group released in total 86 car-parking spaces of Alto Residences for sale since March 2019. Up to 14 March 2021, 73 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$190.1 million.

93 Pau Chung Street

In April 2014, the Group was successful in its bid for the development right to the San Shan Road/Pau Chung Street project from the Urban Renewal Authority in Ma Tau Kok, Kowloon, Hong Kong. The lot has an area of 12,599 square feet with a total GFA of 111,354 square feet split into 94,486 square feet for residential use and 16,868 square feet for commercial use. The construction was completed with the Occupation Permit issued by the Buildings Department in July 2018 and the Certificate of Compliance issued by the Lands Department in November 2018.

This project was named "93 Pau Chung Street" and launched for pre-sale in September 2016. The sale and handover of all 209 residential units and seven commercial units have been completed, achieving an average selling price of approximately HK\$16,400 per square foot and HK\$23,500 per square foot, respectively. Up to 14 March 2021, seven out of 20 car-parking spaces and four out of five car-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$10.2 million.

Novi

On 16 May 2016, the Group completed the purchase of the remaining unit for the proposed development on Ki Lung Street in Sham Shui Po, Kowloon. The site comprises numbers 48-56 on Ki Lung Street and has a combined site area of 5,054 square feet. The construction works of this commercial/residential development have been completed with the Occupation Permit issued by the Buildings Department in July 2019.

This project was named "Novi" and the sale and handover of all 138 flats, including studios and one- and two-bedroom units with total saleable area of approximately 28,800 square feet have been completed. As at the date of this Offering Circular, four commercial units of Novi remain unsold.

Monti

The Group was successful in its bid for the development rights to the Sai Wan Ho Street project in September 2015 from the Urban Renewal Authority in Shau Kei Wan, Hong Kong. The project covers a site area of 7,642 square feet and provide 144 residential units with a total saleable area of approximately 45,822 square feet. Construction work has been completed. The Occupation Permit was issued by the Buildings Department in October 2019 and the Certificate of Compliance was issued by the Lands Department in March 2020.

This project was named “Monti” and launched for pre-sale in August 2018. Up to 14 March 2021, the Group has sold 121 units in Monti with saleable area of approximately 37,984 square feet at an average selling price of approximately HK\$21,100 per square foot. Handover of the sold residential units has been substantially completed.

Tai Kei Leng project

In March 2019, the Group successfully tendered for and secured a site located at No. 266 Tai Kei Leng, Lot No. 5382 in Demarcation District No. 116, Tai Kei Leng, Yuen Long, Hong Kong. This site is designated for private residential purposes, adding a total GFA of approximately 42,200 square feet to the development portfolio of the Group. Construction work is in progress and is expected to be completed in 2024.

Hang On Street project

784) In April 2019, the Group successfully secured the Urban Renewal Authority project covering a site area of approximately 8,500 square feet at No. 18 Hang On Street, Kwun Tong, Hong Kong, which will be developed into a total GFA of approximately 64,000 square feet of residential spaces. Construction work is in progress and is expected to be completed in 2023.

Wong Chuk Hang project

In January 2021, the consortium formed by the Group together with New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and CSI Properties Limited successfully won the tender for the Wong Chuk Hang Station Package Five Property Development. This residential development project, sitting on top of the Wong Chuk Hang MTR station in the prominent Southern district of Hong Kong, covers a site area of approximately 95,600 square feet, with a total GFA of approximately 636,200 square feet, and is expected to deliver two residential towers, offering around 1,050 residential units.

Mainland China properties

All major properties in Mainland China for sale and under development of the Group are held through the Lai Fung Group, except Hengqin Novotown Phase I, which is 80 per cent. owned by the Lai Fung Group and 20 per cent. owned by the Group.

Shanghai Northgate Plaza Redevelopment project

Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, the Lai Fung Group completed the acquisition of the 6th to 11th floors of Hui Gong Building, which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. Redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together, under a comprehensive redevelopment plan, which includes an office tower, a shopping mall and an underground car-parking structure, is in progress and is expected to add a total GFA of approximately 727,200 square feet excluding car-parking spaces to the rental portfolio of the Lai Fung Group. Construction work is on track and this project is expected to complete in the second half of 2022.

Shanghai Wuli Bridge project

Shanghai Wuli Bridge is a high-end luxury residential project located by Huangpu River in Huangpu District in Shanghai, with a site area of approximately 74,100 square feet. Construction work was completed in August 2019. This project, providing 28 residential units with an attributable GFA of approximately 77,900 square feet and 28 car-parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. For the six months ended 31 January 2021, sales of 15 residential units with a total GFA of 37,976 square feet were recognised at an average selling price of HK\$14,922 per square foot, which contributed a total of HK\$519.9 million to the Lai Fung Group's turnover and the sale of 15 car-parking spaces contributed HK\$9.6 million to the Lai Fung Group's turnover. As at 31 January 2021, 13 residential units and 28 car-parking spaces of this development remained unsold.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As at 31 January 2021, 458 car-parking spaces of this development remained unsold.

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 January 2021, a total of 240 car-parking spaces of this development remained unsold.

Guangzhou King's Park

This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet, excluding 57 car-parking spaces and ancillary facilities. As at 31 January 2021, a total of nine car-parking spaces of this development remained unsold.

Guangzhou Haizhu Plaza

Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou, along the Pearl River. The Lai Fung Group owns the entire project. The proposed development has a total project GFA of approximately 580,800 square feet and is intended to be developed for rental purposes. The construction commenced in the first half of 2019 and the completion is expected to be in the first half of 2023.

Zhongshan Palm Spring

The project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.075 million square feet. The project comprises high-rise residential towers, townhouses and commercial blocks totalling 4.466 million square feet. For the six months ended 31 January 2021, 102,910 square feet of high-rise residential units and 20,200 square feet of house units were recognised at average selling prices of HK\$1,647 and HK\$2,932 per square foot, respectively, which contributed a total of HK\$214.4 million to the sales turnover.

STARR Resort Residence Zhongshan, comprising two 16-storey blocks in the Palm Lifestyle complex was closed. The serviced apartment units were launched for sale in May 2019 and have been re-classified from “Property, plant and equipment” to “Assets classified as held for sale” in the consolidated statement of financial position of the Group. For the six months ended 31 January 2021, seven serviced apartment units have been sold for total sales proceeds of approximately HK\$9.6 million. The sale of these serviced apartment units is recorded as disposal of assets classified as held for sale and the sales proceeds net of cost are included in “other operating expenses” in the consolidated income statement of the Group.

As at 31 January 2021, completed units held for sale in this development, including residential units, serviced apartment units and commercial units, amounted to approximately 611,973 square feet, and 1,621 car-parking spaces remained unsold. The remaining GFA of Phase IV of Palm Spring under development was approximately 1,576,100 square feet excluding car-parking spaces and ancillary facilities. Construction work is on track and expected to be completed in the third quarter of 2021.

Hengqin Novotown

Phase I

Sales of the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. For the six months ended 31 January 2021, sales of 13,990 square feet of cultural studios and 655 square feet of cultural workshop units were recognised at an average selling price of HK\$5,026 and HK\$3,435 per square foot, respectively, which contributed a total of HK\$69.1 million to the Group’s turnover. As at 31 January 2021, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshops units and office units, amounted to approximately 1,074,000 square feet. Novotown Phase I is 80 per cent. owned by the Lai Fung Group and 20 per cent. owned by the Group.

Phase II

Novotown Phase II is situated adjacent to Novotown Phase I, with a total site area of approximately 143,800 square metres and a maximum plot ratio of two times. The Lai Fung Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai through the listing-for-sale process in December 2018.

The Lai Fung Group entered into a licence agreement with Real Madrid Club de Futbol in June 2017 in relation to the development and operation of the location based entertainment centre, namely Real Madrid World in Novotown. Real Madrid World is expected to contain over 20 attractions and will be made up of several signature experiences including the Flying Theatre and the Stuntpit, an array of interactive training games, a walkthrough of Real Madrid history, plus dining and retail outlets. The Lai Fung Group also entered into a licence agreement in December 2018 with Ducati Motor Holding S.p.A. for the development and operation of the Ducati Experience Centre in Novotown. The Ducati Experience Centre expects to cover an area of no less than 4,500 square metres and will offer experiential attractions including immersive racing experiences, exclusive Ducati exhibits and retail concessions.

Construction works are on track and the completion is expected to be in phases by 2024. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office space and serviced apartment space of 387,700 square feet, 1,599,300 square feet and 586,800 square feet, respectively. Real Madrid World and the Ducati Experience Centre are expected to be the key experiential entertainment facilities in Novotown Phase II. Real Madrid World is currently under construction and the Lai Fung Group is in the process of finalising the development plan for the Ducati Experience Centre, as well as other facilities in Novotown Phase II.

Properties in Novotown Phase II occupied by Harrow ILA Hengqin have been sold to the school operator, which enabled the Lai Fung Group to crystallise the value in its investment in Novotown Phase II and recycle the capital to improve its working capital position. Harrow ILA Hengqin opened in February 2021. The Lai Fung Group remains confident that the growing commitment from cooperation amongst Guangdong, Hong Kong and Macau in the development of the Greater Bay Area will make Novotown a new contributor to the Lai Fung Group's results in the long run.

Land bank and site acquisitions

The Group will continue its policy of taking advantage of any market adjustment or attractive purchasing opportunity to replenish its land bank selectively by acquiring further sites to hold for future development, at public auction, by private treaty or by public or private tender.

Since the cost of acquiring sites and paying applicable land premiums to the Hong Kong government in connection with modification of usage and lease terms represents a substantial portion of the total development costs of a project, the future profitability of the Group's property development operations in Hong Kong will be significantly influenced by its ability to develop and replenish its existing land bank by the acquisition of properties at attractive prices.

Design and construction

The Group does not have its own architectural, engineering or construction businesses, but engages independent consultants and contractors to carry out the design and construction of its development projects. The Group has a team of project managers who work closely with external project consultants and contractors in setting the development plans and supervising the construction of each project.

The Group has long-established relationships with a number of architectural firms in Hong Kong. Most of the construction works are awarded by way of competitive tender to ensure that each project is developed on competitive terms by experienced contractors. The project director will organise a project consultant team scaled to the size and nature of each project undertaken, comprising an architect, a structural engineering consultant, a building services consultant, a quantity surveying consultant and any other specialist consultants as required by each specific project. The Group focuses on the importance of consistency and detailing in architectural design to ensure high quality of the Group's projects. Project architects are commissioned to provide a full design service whenever possible.

The Group maintains and constantly updates a list of qualified architects and engineering consultants, and local and international firms of professionals. The Group will appoint a project consultant team and the property director will formulate a design brief based on the conditions and terms stipulated in the government leases and proposals of market research advisers, the sales and marketing/leasing team, the project manager, the property manager and other relevant individuals in order to position the project to respond to the demands of the prevailing market and to meet the development budget. Progress and quality of service of the project consultant team is closely monitored by the project management team.

Sale and marketing

The Group has a sales and marketing team operating through centrally located and on-site offices. A marketing and advertising budget is set for each project and a marketing programme is implemented by the Group's own sales force, either alone or in conjunction with external advertising and property agents and through various types of media advertising.

Funding development projects

The Group expects to continue to fund the development costs of its current and future Hong Kong projects from a mixture of the Group's internal resources (generated principally from property sales, deposits and rental income), construction loans and other secured and unsecured banking facilities and the proceeds of issues of debt or equity securities. For example, the Group has obtained a HK\$3.6 billion project loan for the Ocean Hotel in 2019 for a four-year secured term. The facility was the first green loan solely used to finance a hotel property in Hong Kong and received a total commitment of HK\$12,200 million, representing approximately 339 per cent. of the total facility amount. The Guarantor won the Outstanding Award for Green Loan Issuer — Largest Single Green Loan (Hotel Development Industry) in the Hong Kong Sustainable Finance Awards 2020 organised by the Hong Kong Quality Assurance Agency. The Group also obtained a five-year secured term loan and revolving credit facility on 5 October 2020 to refinance the outstanding loan balance under the existing loan facility secured by the Cheung Sha Wan Plaza and finance the general corporate requirements of the Group.

On 12 March 2021, the Lai Fung Group signed a HK\$3,280 million five-year offshore secured term/revolving loan facility and a HK\$692 million equivalent five-year onshore secured term loan facility with 12 leading financial institution groups, the proceeds of which will be used for financing investments in property-related projects of the Lai Fung Group, refinancing the existing offshore loans due 2021, refinancing the existing onshore loans due 2021 and general corporate purposes of the Lai Fung Group.

Restaurant Operation

The restaurant operation includes the Group's interests in 24 restaurants in Hong Kong and Mainland China and one restaurants in Hong Kong and Macau under management. Details of each existing restaurant of the Group are as follows:

| Cuisine | Restaurant | Location | Attributable interest to the Group | Award |
|-----------------------------------|--|-----------|------------------------------------|---|
| <i>Owned restaurants</i> | | | | |
| Western/ International Cuisine | 8 ^{1/2} Otto e Mezzo BOMBANA Hong Kong | Hong Kong | 37% | Three Michelin stars (2012-2021) |
| | 8 ^{1/2} Otto e Mezzo BOMBANA Shanghai | Shanghai | 13% | Two Michelin stars (2017-2021) |
| | Opera BOMBANA | Beijing | 20% | |
| | CIAK — In The Kitchen | Hong Kong | 62% | One Michelin star (2015-2017) |
| | CIAK — All Day Italian | Hong Kong | 67% | Michelin Bib Gourmand (2017-2021) |
| | Beefbar | Hong Kong | 62% | One Michelin star (2017-2021) |
| | Takumi by Daisuke Mori | Hong Kong | 63% | One Michelin star (2018-2021) |
| | Prohibition ^(Note) | Hong Kong | 100% | |
| | Zest by Konishi | Hong Kong | 67% | One Michelin star (2020-2021) |
| | Cipriani | Hong Kong | 44% | |

| Cuisine | Restaurant | Location | Attributable interest to the Group | Award |
|---------------------------|---------------------------------|-----------|------------------------------------|--------------------------------|
| Asian Cuisine | China Tang Landmark | Hong Kong | 50% | The Plate Michelin (2019-2021) |
| | China Tang Harbour City | Hong Kong | 60% | The Plate Michelin (2019-2021) |
| | China Tang Beijing | Beijing | 67% | |
| | Howard's Gourmet | Hong Kong | 50% | |
| | Chiu Tang Central | Hong Kong | 67% | |
| | Old Bazaar Kitchen | Hong Kong | 63% | |
| | Sun's Bazaar Pacific Place | Hong Kong | 67% | |
| | Sun's Bazaar KiKi Tea | Hong Kong | 69% | |
| | Telford Plaza | | | |
| | Canton Bistro ^(Note) | Hong Kong | 100% | |
| | KiKi Noodle Bar IFC | Hong Kong | 67% | |
| | KiKi Noodle Bar K11 MUSEA | Hong Kong | 67% | |
| | KiKi Noodle Bar Shanghai | Shanghai | 67% | |
| | Hong Kong Plaza | | | |
| | KiKi Noodle Bar Shanghai | Shanghai | 67% | |
| One ITC | | | | |
| Japanese Cuisine | Masa Hong Kong | Hong Kong | 67% | |
| Managed restaurant | | | | |
| Western Cuisine | 8 ^{1/2} Otto e Mezzo | Macau | N/A | One Michelin star (2016-2021) |
| | BOMBANA Macau | | | |

Note: Performance of these two restaurants in Ocean Park Marriott Hotel has been included in the hotel operation segment for segment reporting purposes.

The extension of containment measures in Hong Kong for catering businesses continued to weigh on the performance of the Group's restaurants. Revenue of this segment of the Group has been inevitably affected by compulsory social distancing and seating restrictions, as well as restrictions on reduced dining time. For the six months ended 31 January 2021, restaurant operations contributed HK\$172.1 million to the Group's turnover (six months ended 31 January 2020: HK\$233.4 million).

In June 2021, Lai Sun Dining Limited was selected as the operator of two restaurants at M+, one of the largest museums of modern and contemporary visual culture in the world, located in Hong Kong's West Kowloon Cultural District. The two venues include an all-day dining concept restaurant located along the waterfront promenade in the Art Park located on the B1 level, together with an Asian fusion restaurant and lounge along with a harbour view patio zone in the Roof Garden on the 3/F of the M+ building. The two venues are set to open by end of 2021.

Hotel Operation

The hotel and serviced apartment operation segment of the Group includes the Group's operation of the Ocean Park Marriott Hotel in Hong Kong and the Caravelle Hotel in Ho Chi Minh City, Vietnam, as well as the Lai Fung Group's hotel and serviced apartment operation in Shanghai, Mainland China. In December 2019, the Group had further expanded its hotel portfolio with the acquisition of a 50 per cent. interest in Fairmont St. Andrews resort in Fife, Scotland, United Kingdom. This 211-bedroom five-star hotel, sitting on 520 acres of land with two private Manor Homes of four bedrooms each enjoys spectacular cliff-top views and boasts two championship golf courses in addition to a 10-treatment room spa, five restaurants and bars, as well as 3,000 square metres of conference and event space. Performance of the 50:50 joint venture of Fairmont St. Andrews resort is recognised as "Share of profits and losses of joint ventures" in the consolidated income statement of the Group. The hotel project in Phuket, Thailand that the Group invested in in June 2017 is still at the planning stage. The Group is closely monitoring the tourism market in Thailand and will provide updates on this project as and when there is material progress.

The COVID-19 pandemic has presented unprecedented challenges to the global tourism and hospitality industry. Since early 2020, a number of social distancing measures and travel restrictions have been implemented by countries around the world to prevent the spread of the virus, and the tourist economy has experienced a record contraction. The Group's hotel and serviced apartment portfolio was inevitably affected by the pandemic with its occupancy and revenue per available room having dropped significantly. For the six months ended 31 January 2021, the hotel and serviced apartment operations contributed HK\$289.3 million to the Group's turnover (six months ended 31 January 2020: HK\$478.5 million).

The Ocean Park Marriott Hotel officially commenced its operations on 19 February 2019, adding a total of 471 rooms and approximately 365,974 square feet of attributable rental space to the rental portfolio of the Group.

The Caravelle Hotel is a leading international five-star hotel in the centre of the business, shopping and entertainment district in Ho Chi Minh City, Vietnam. It is an elegant 24-storey tower with a mixture of French colonial and traditional Vietnamese style, and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge and a specially equipped room for the disabled. Total GFA of the Caravelle Hotel is approximately 378,225 square feet.

The hotel operation team of the Group has extensive experience in providing consultancy and management services to hotels in Mainland China, Hong Kong and other Asian countries. The division's key strategy going forward will continue to focus on providing management services, particularly to capture opportunities arising from the developments of the Lai Fung Group in Shanghai, Guangzhou, Zhongshan and Hengqin. The hotel division of the Group manages the Lai Fung Group's serviced apartments in Shanghai under the "STARR" brand.

The STARR Hotel Shanghai is a 17-storey hotel located in the Mayflower Lifestyle complex in Jing'an District, within walking distance of Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. There are 239 fully furnished and equipped hotel units, each with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travellers from around the world, and the total GFA is approximately 143,800 square feet.

The Lai Fung Group also owns 100 per cent. interest in the Ascott Huaihai Road in Shanghai Hong Kong Plaza which is managed by the Ascott Group, and is one of a premier collection of Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence, with a total GFA of approximately 358,400 square feet and approximately 356,600 square feet attributable to the Lai Fung Group, has 309 contemporary apartments of various sizes: studios (640-750 square feet), one-bedroom apartments (915-1,180 square feet), two-bedroom apartments (1,720 square feet), three-bedroom apartments (2,370 square feet) and two luxurious penthouses on the highest two floors (4,520 square feet).

Hyatt Regency Hengqin opened on 31 December 2019 and is located in Novotown Phase I in Hengqin, Zhuhai, the heart of the Greater Bay Area, and is within easy reach of the bridge linking Zhuhai with Hong Kong and Macau. Hyatt Regency Hengqin, with total GFA of approximately 594,800 square feet, has 493 guest rooms including 55 suites ranging in size from 430 square feet to 2,580 square feet, a wide range of dining options, as well as banqueting and conference facilities of over 40,000 square feet.

Cinema Operation

The cinema operation is managed by eSun Group. The box office performance of eSun Group has been severely affected by cinema closures and the delay in major blockbuster movies amidst the global COVID-19 pandemic. For the six months ended 31 January 2021, this segment recorded a turnover of HK\$61.1 million (six months ended 31 January 2020: HK\$194.6 million) and segment results of a loss of HK\$64.6 million (six months ended 31 January 2020: a loss of HK\$154.0 million). In March 2021, eSun Group took over the site in K11 MUSEA in Tsim Sha Tsui, Kowloon that was previously operated by U A Cinema Circuit Limited and the cinema named K11 Art House started the business on 6 March 2021. eSun Group also secured the cinema site at The ONE, 100 Nathan Road in Tsim Sha Tsui, Kowloon and the operation is expected to commence in April 2023. The newest MCL cinema in Citygate, Tung Chung opened on 17 June 2021, providing four houses with 673 seats in total. As at the date of this Offering Circular, eSun Group operates 13 cinemas in Hong Kong and three cinemas in Mainland China.

Media and Entertainment

The media and entertainment businesses are operated by eSun Group. For the six months ended 31 January 2021, this segment recorded a turnover of HK\$163.5 million (six months ended 31 January 2020: HK\$202.8 million) and segment results of a profit of HK\$8.4 million (six months ended 31 January 2020: HK\$8.2 million).

For the six months ended 31 January 2021, eSun Group organised and invested in one (2020: 39) live entertainment show and released nine (2020: 12) albums, including titles by Sammi Cheng, Andy Leung, Chan Kin On, Jay Fung and Nowhere Boys. eSun Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution. eSun Group also has a strong artiste management team and a sizeable number of talents, and will continue to expand its profile in tandem with its growing television drama production and film production business.

Film and TV Programme Production and Distribution

The film and TV programme production and distribution businesses are operated by eSun Group. For the six months ended 31 January 2021, this segment recorded a turnover of HK\$57.2 million (six months ended 31 January 2020: HK\$111.4 million) and segment results of a profit of HK\$13.1 million (six months ended 31 January 2020: a loss of HK\$17.8 million). For the six months ended 31 January 2021, two films produced/invested by eSun Group were theatrically released, namely “I’m Livin’ It” and “The Calling Of A Bus Driver”. eSun Group has also distributed 10 films and 107 videos with high profile titles, including “Doraemon: Nobita’s New Dinosaur”, “Onward”, “Greenland” and “Trolls World Tour”.

Insurance

The Group is insured by an insurance programme arranged by professional insurance intermediaries and underwritten by financially sound insurance companies, subject otherwise to the standard terms, conditions, exceptions and exclusions of the policies. The Group’s properties are covered against loss or damage caused by various insured events such as fire, explosion, flood, riot and strike, malicious damage, and/or by other insured perils subsequently leading to material damage and loss of rental income to the insured premises. Public (third-party) liability insurance is also arranged for the respective insured premises to indemnify the Group against claims arising from accidental loss or damage to third-party properties and accidental third-party bodily injury for which the Group becomes legally liable to compensate. The Group believes that its properties are covered with adequate insurance underwritten by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the terms, conditions, exceptions and exclusions of the Group’s insurance cover, loss or damage to the Group’s buildings, facilities, equipment or other properties as a result of some of the above-mentioned insured events and other natural disasters could nevertheless have a material adverse effect on the Group’s financial condition and results of operations.

Government Regulations

The operations of the Group are subject to the various laws and regulations applicable in Hong Kong, the United Kingdom and the other jurisdictions where it operates. The Group’s activities conducted on its investment and development properties are limited by zoning ordinances and other regulations. Property development, refurbishment and other redevelopment projects require government permits, some of which may take longer to obtain than others. From time to time, governments may impose new regulations on landlords such as mandatory retrofitting of upgraded safety and fire systems in all buildings. The Group’s properties are subject to routine inspections by government officials with regard to various safety and environmental issues. The Guarantor believes that the Group is in compliance in all material respects with government safety regulations currently in effect. The Group has not experienced significant problems with government regulations with regard to these issues, and is not aware of any pending government legislation that might have a material adverse effect on its properties. Planning requirements in London can typically be more onerous and lengthier than in Hong Kong.

Employees

As at 31 January 2021, the Group employed a total of approximately 4,500 employees. The Group recognises the importance of maintaining a stable work force for its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels while promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on merit and in accordance with industry practice. Other benefits, including the Group's share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

Legal Proceedings

Neither the Guarantor nor any of its subsidiaries is involved in any litigation which would have a material adverse effect on the business or financial position of the Group.

DIRECTORS AND COMPANY SECRETARY

The members of the Board and the Company Secretary of the Guarantor as at the date of this Offering Circular are named as follows:

Executive Directors

Dr. Lam Kin Ngok, Peter (*Chairman*)

Mr. Chew Fook Aun (*Deputy Chairman*)

Mr. Lau Shu Yan, Julius (*Chief Executive Officer*)

Mr. Lam Hau Yin, Lester (*also alternate to Madam U Po Chu*)

Mr. Tham Seng Yum, Ronald

Non-Executive Director

Madam U Po Chu

Independent Non-Executive Directors

Mr. Ip Shu Kwan, Stephen

Mr. Lam Bing Kwan

Mr. Leung Shu Yin, William

Mr. Leung Wang Ching, Clarence

Company Secretary

Mr. Chow Kwok Wor

The biographies of the Directors and the Company Secretary of the Guarantor are as follows:

Executive Directors

Each of the current executive Directors (“**Executive Directors**”) of the Guarantor named below holds directorships in a number or certain of the subsidiaries of the Guarantor and all of them hold directorships in all or certain of the Guarantor’s listed affiliates, namely LSG, eSun, Lai Fung and MAGHL. The issued shares of LSG, eSun and Lai Fung are listed and traded on the Main Board of the SEHK and MAGHL’s issued shares are listed and traded on the GEM of the SEHK. LSG is the ultimate holding company of the Guarantor, which, in turn, is the holding company of eSun, and Lai Fung, while MAGHL is the subsidiary of eSun.

Dr. Lam Kin Ngok, Peter, Chairman, aged 63, has been an Executive Director since June 1977 and is a member of the Executive Committee of the Guarantor. He is also the chairman and executive director of LSG and an executive director of Crocodile Garments Limited (“**CGL**”), a company listed on the Main Board of the SEHK as well as the chairman and an executive director of MAGHL. Dr. Lam was an executive director of eSun from 15 October 1996 to 13 February 2014 and was the chairman and an executive director of Lai Fung from 25 November 1993 to 31 October 2012. Dr. Lam has extensive experience in the property development and investment business, hospitality and media and entertainment business. He was conferred an Honorary Doctorate by The Hong Kong Academy for Performing Arts in June 2011. Dr. Lam received the Gold Bauhinia Star award from the Government of the Hong Kong Special Administrative Region (“**HKSAR**”) on 1 July 2015.

Currently, Dr. Lam is the chairman of the Hong Kong Trade Development Council. He is also a standing committee member of the 13th National Committee of the Chinese People's Political Consultative Conference. In addition, Dr. Lam is the chairman of Hong Kong Chamber of Films Limited, a life honourable president of Hong Kong Motion Picture Industry Association Limited, a director of The Real Estate Developers Association of Hong Kong, a trustee of The Better Hong Kong Foundation, a vice chairman of Friends of Hong Kong Association Limited, a director of Hong Kong-Vietnam Chamber of Commerce Limited, an honorary chairman of Federation of HK Jiangsu Community Organisations, the president of Hong Kong Association of Cultural Industries Limited, the chairman of Hong Kong Cultural Development Research Institute Limited, a non-official member of the Trade and Industry Advisory Board and a member of each of the board of West Kowloon Cultural District Foundation Limited (a wholly-owned subsidiary of West Kowloon Cultural District Authority) and the general committee of the Hong Kong General Chamber of Commerce.

Dr. Lam is the son of Madam U Po Chu (a Non-Executive Director of the Guarantor) and the father of Mr. Lam Hau Yin, Lester (an Executive Director of the Guarantor).

Mr. Chew Fook Aun, aged 59, was appointed the Deputy Chairman and an Executive Director on 5 June 2012 and is a member of the Executive Committee and Remuneration Committee of the Guarantor. He was also appointed a deputy chairman and an executive director of LSG, an executive director of eSun and the chairman and an executive director of Lai Fung.

Prior to joining the Lai Sun Group, Mr. Chew was an executive director and the group chief financial officer of Esprit Holdings Limited ("**Esprit**") from 1 February 2009 to 1 May 2012, an executive director and the chief financial officer of The Link Management Limited (now known as Link Asset Management Limited) acting as manager of The Link Real Estate Investment Trust (now known as Link Real Estate Investment Trust ("**Link REIT**")), from February 2007 to January 2009. He was also the chief financial officer of Kerry Properties Limited ("**Kerry Properties**") from 1996 to 2004, a director of corporate finance for Kerry Holdings Limited from 1998 to 2004 and an executive director of Kyard Limited in charge of the property portfolio of a private family office from 2004 to 2007. The issued shares of Esprit and Kerry Properties and the issued units of the Link REIT are listed and traded on the SEHK.

Mr. Chew has over 30 years of experience in accounting, auditing and finance in the UK and Hong Kong. He graduated from the London School of Economics and Political Science of the University of London in the UK with a Bachelor of Science (Economics) Degree. Mr. Chew is a fellow member of both the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and The Institute of Chartered Accountants in England and Wales. He was a council member of the HKICPA from 2003 to 2010 and its vice president in 2010. Mr. Chew was appointed a member of the Financial Reporting Council ("**FRC**") in 2009 until 30 November 2015. He is appointed a member of the Investigation and Compliance Committee of the FRC from 1 October 2019 to 30 September 2021. Mr Chew is a Board Member of the Hong Kong Sports Institute Limited and has been appointed as Vice Chairman for a term of two years with effect from 1 April 2021 to 31 March 2023. He has been re-appointed as a member of the Barristers Disciplinary Tribunal Panel for a further term of five years with effect from 1 September 2020. He was a member of the Advisory Committee of the Securities and Futures Commission from 1 June 2007 to 31 May 2013, the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption ("**ICAC**") from 1 January 2007 to 31 December 2008, the Corruption Prevention Advisory Committee of the ICAC from 1 January 2009 to 31 December 2014, the Operations Review Committee of the ICAC from 1 January 2015 to 31 December 2020 and the Standing Committee on Company Law Reform of the Companies Registry from 1 February 2009 to 31 January 2015.

Mr. Lau Shu Yan, Julius, Chief Executive Officer, aged 64, joined the Guarantor as an Executive Director in July 1991 and is a member of the Executive Committee of the Guarantor. Mr. Lau was an executive director of Lai Fung from 22 April 2005 to 16 January 2015. Prior to joining the Lai Sun Group, he was a director of Jones Lang Wootton Limited and subsequently Jardine Fleming Broking Limited. Mr. Lau is a director and a member of the Executive Committee of The Real Estate Developers Association of Hong Kong. Mr. Lau graduated with an honour degree of Bachelor of Social Science from the University of Hong Kong in 1980.

Mr. Lam Hau Yin, Lester, aged 39, was appointed an Executive Director and a member of the Executive Committee of the Guarantor with effect from 1 November 2012. He is also an alternate director to Madam U Po Chu, a Non-Executive Director of the Guarantor. He is an executive director of LSG and eSun as well as an executive director and the chief executive officer of Lai Fung. Further, Mr. Lam is an alternate director to Madam U Po Chu in her capacity as an executive director of LSG and Lai Fung as well as a non-executive director of eSun.

Mr. Lam holds a Bachelor of Science in Business Administration degree from the Northeastern University in Boston in the United States of America. He completed the Kellogg-HKUST Executive MBA program in 2016. Mr. Lam has acquired working experience since 1999 in various companies engaged in securities investment, hotel operations, environmental products, entertainment and property development and investment.

Mr. Lam is a son of Dr. Lam Kin Ngok, Peter (Chairman and an Executive Director of the Guarantor) and a grandson of Madam U Po Chu (a Non-Executive Director of the Guarantor).

Mr. Tham Seng Yum, Ronald, aged 51, was appointed an Executive Director of the Guarantor in August 2019 and is a member of the Executive Committee of the Guarantor. He is also an executive director of Lai Fung.

Mr. Tham has over 29 years of experience in banking, accounting and finance and management gained mainly in Greater China, Asia Pacific and the UK. Mr. Tham was awarded a Master of Engineering degree in Chemical Engineering from Imperial College, University of London, UK in 1991. Mr. Tham is a fellow member of both the Institute of Chartered Accountants in England and Wales and HKICPA. He is also a member of the Hong Kong Securities and Investment Institute. Mr. Tham is currently a member of the Finance Committee of the Council of The Hong Kong University of Science and Technology and the Chairman of the Registration and Practising Committee of the HKICPA.

Prior to joining the Guarantor, Mr. Tham was General Manager, Corporate Banking of Sumitomo Mitsui Banking Corporation, Hong Kong Branch since June 2018. He worked for the Swire Group from July 2012 to May 2018 where he held the positions of Finance Director of Swire Pacific Offshore based in Singapore and Director of Corporate Finance of Swire Pacific Limited based in Hong Kong. He was Managing Director, Head of Family Office and Coverage, Hong Kong at HSBC Global Banking from January 2011 to June 2012. He worked for Macquarie Capital Asia based in Hong Kong from August 2004 to December 2010 where his last position was Senior Managing Director, Head of Real Estate, Asia. He worked for HSBC Investment Banking, Asia based in Hong Kong from November 1994 to July 2004 where his last position was Director, Corporate Finance. He worked for Price Waterhouse in London, UK and Hong Kong as an auditor from August 1991 to October 1994.

Non-Executive Director

Madam U Po Chu, aged 96, has been a Director of the Guarantor since December 1993. She is also a non-executive director of eSun and an executive director of LSG and Lai Fung.

Madam U has over 55 years' experience in the garment manufacturing business and has been involved in the printing business since the mid-1960's. She started to expand the business to fabric bleaching and dyeing in the early 1970's and became involved in property development and investment in the late 1980's.

She is the mother of Dr. Lam Kin Ngok, Peter (Chairman and Executive Director of the Guarantor) and the grandmother of Mr. Lam Hau Yin, Lester (an Executive Director of the Guarantor).

Independent Non-Executive Directors

Mr. Lam Bing Kwan, aged 71, was appointed an Independent Non-Executive Director in July 2002 and is a member of both the Audit Committee and the Remuneration Committee of the Guarantor. Mr. Lam graduated from the University of Oregon in the United States of America with a Bachelor of Business Administration degree in 1974. He has substantial experience in property development and investment in China, having been actively involved in this industry since the mid-1980's. Mr. Lam has served on the boards of directors of a number of listed companies in Hong Kong for over 10 years and is currently a non-executive director of Sino-i Technology Limited and Nan Hai Corporation Limited and an independent non-executive director of LSG and Lai Fung. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the SEHK.

Mr. Leung Shu Yin, William, aged 71, was appointed an Independent Non-Executive Director in September 2004 and is the chairman of both the Remuneration Committee and the Audit Committee of the Guarantor. Mr. Leung is a certified public accountant, a member of the Hong Kong Securities and Investment Institute and a fellow of both the Association of Chartered Certified Accountants in the UK and HKICPA. He is a practising director of two certified public accountants' firms in Hong Kong and is also an independent non-executive director of LSG, CGL and Mainland Headwear Holdings Limited. Mr. Leung was appointed as the deputy chairman of CGL with effect from 22 January 2021. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the SEHK.

Mr. Ip Shu Kwan, Stephen, aged 69, was appointed an Independent Non-Executive Director of the Guarantor in December 2009. Mr. Ip graduated from the University of Hong Kong with a Bachelor degree in Social Sciences in 1973. He joined the Hong Kong Government in November 1973 and was promoted to the rank of Director of Bureau in April 1997. He worked in the Government of the HKSAR as a Principal Official from July 1997 to June 2007. Senior positions held by Mr. Ip in the past included Commissioner of Insurance, Commissioner for Labour, Secretary for Economic Services and Secretary for Financial Services. Mr. Ip took up the position of Secretary for Economic Development and Labour on 1 July 2002. His portfolio in respect of economic development covered air and sea transport, logistics development, tourism, energy, postal services, meteorological services, competition and consumer protection. He was also responsible for labour policies, including matters relating to employment services, labour relations and employees' rights. Mr. Ip retired from the Government of the HKSAR in July 2007. Mr. Ip received the Gold Bauhinia Star award from the Government of the HKSAR in 2001 and is an unofficial Justice of the Peace.

Mr. Ip is currently an independent non-executive director of six other publicly listed companies, namely China Resources Cement Holdings Limited, Kingboard Laminates Holdings Limited, Luk Fook Holdings (International) Limited, Nameson Holdings Limited, Million Cities Holdings Limited and C-Mer Eye Care Holdings Limited. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the SEHK. He was formerly an independent non-executive director of Goldpoly New Energy Holdings Limited (now known as United Photovoltaics Group Limited), Milan Station Holdings Limited, PICC Property and Casualty Company Limited, Viva China Holdings Limited, Yangtze China Investment Limited and Synergis Holdings Limited.

Mr. Leung Wang Ching, Clarence, aged 42, was appointed an Independent Non-Executive Director of the Guarantor with effect from 1 August 2018. He is a member of the Audit Committee of the Guarantor.

Mr. Leung graduated from the University of Cambridge in the United Kingdom with a Bachelor of Arts degree and a Master of Arts degree in Economics in June 1999 and March 2003, respectively. Mr. Leung has approximately 18 years of experience in the textile and apparel industry. He is a director of Sun Hing Knitting Factory Limited and an independent non-executive director of Hingtex Holdings Limited, a company listed on the Main Board of the SEHK.

Mr. Leung participates in several government committees of the HKSAR. Mr. Leung is vice chairman of Community Care Fund Task Force. He is member of the Tourism Strategy Group, the Hong Kong Tourism Board, the Youth Development Commission and a board member of the Vocational Training Council. He also served as a member of the Town Planning Board, the Textiles Advisory Board, the HKSAR SME Committee, the Trade and Industry Advisory Board, the Legal Aid Services Council, the Commission on Poverty and as a non-full-time member of the Central Policy Unit.

Company Secretary

Mr. Chow Kwok Wor has been the company secretary of the Guarantor since 14 March 2013. He is a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators), The Hong Kong Institute of Chartered Secretaries and Hong Kong Institute of Certified Public Accountants.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

Substantial Shareholders' Interests

As at 31 January 2021, so far as was known by, or otherwise notified by, any Director or the chief executive of the Guarantor, the particulars of the corporations or individuals (being Directors), who had 5 per cent. or more interests in the following long positions in the ordinary shares of the Guarantor (“**Shares**”) and underlying Shares of the Guarantor which would fall to be disclosed to the Guarantor under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO (“**Register of Shareholders**”) or were entitled to exercise, or control the exercise of, 10 per cent. or more of the voting power at any general meeting of the Guarantor (“**Voting Entitlements**”) (i.e. within the meaning of Substantial Shareholders of the Listing Rules) were as follows:

Long positions in the Shares and the underlying Shares of the Guarantor

| Name | Capacity | Nature of interests | Number of Shares and underlying Shares | Approximate % of Shares in issue <i>(Note 1)</i> |
|---------------------|---|------------------------|--|---|
| LSG | Beneficial owner | Corporate | 343,593,021 <i>(Note 2)</i> | 56.13% |
| Lam Kin Ngok, Peter | Beneficial owner/ Owner of controlled corporations | Personal and corporate | 344,444,066 <i>(Note 2)</i> | 56.27% |
| Yu Cheuk Yi | Beneficial owner | Personal | 134,724,810 <i>(Note 3)</i> | 22.01% |
| Yu Siu Yuk | Beneficial owner | Personal | 134,724,810 <i>(Note 3)</i> | 22.01% |

Notes:

1. *The percentage has been compiled based on the total number of issued Shares for the six months ended 31 January 2021 (i.e. 612,089,025 Shares).*
2. *LSG and two of its wholly-owned subsidiaries, namely Zimba International Limited (“**Zimba International**”) and Joy Mind Limited (“**Joy Mind**”), beneficially owned 343,593,021 Shares, representing approximately 56.13 per cent. of the issued share capital of the Guarantor. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 343,591,021 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.66 per cent. in the issued share capital of LSG.*
3. *Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 134,724,810 Shares (22.01 per cent.) according to shareholding shown in last Individual Substantial Notice (Form 1) filed for an event on 17 November 2020, which also disclosed that Mr. Yu Cheuk Yi held 145,320,810 shares (23.74 per cent.) including his joint holding with Ms. Yu Siu Yuk.*

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Guarantor) who, as at 31 January 2021, had the Voting Entitlements or 5 per cent. or more interests or short positions in the Shares or underlying Shares of the Guarantor recorded in the Register of Shareholders.

Directors' Interests

The following Directors and the chief executive of the Guarantor who held office on 31 January 2021 and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following interests or short positions in the shares, underlying shares and debentures of the Guarantor or any of its associated corporations (within the meaning of the SFO) on that date (a) as required to be notified to the Guarantor and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Guarantor pursuant to section 352 of the SFO (“**Register of Directors and Chief Executive**”); or (c) as otherwise notified to the Guarantor and the SEHK pursuant to the Securities Code; or (d) as known by the Directors:

1. The Guarantor

Long positions in the Shares and the underlying Shares

| Name of Director | Capacity | Personal interests | Family interests | Corporate interests | Other interests | Total interests | Approximate % of total interests to total issued shares (Note 1) |
|-----------------------|---|--------------------|------------------|-------------------------|-----------------------|-----------------|---|
| Lam Kin Ngok, Peter | Beneficial owner/ Owner of controlled corporations | 433,737 | Nil | 343,593,021 (Note 2) | 417,308 (Note 5) | 344,444,066 | 56.27% |
| Chew Fook Aun | Beneficial owner/ Owner of controlled corporations | Nil | Nil | 1,221,000 (Note 4) | 1,952,081 (Note 5) | 3,173,081 | 0.52% |
| Lau Shu Yan, Julius | Beneficial owner | 263,500 | Nil | Nil | 2,086,540 (Note 5) | 2,350,040 | 0.38% |
| Lam Hau Yin, Lester | Beneficial owner | Nil | Nil | Nil | 4,173,081 (Note 5) | 4,173,081 | 0.68% |
| Tham Seng Yum, Ronald | Beneficial owner | Nil | Nil | Nil | 800,000 (Note 5) | 800,000 | 0.13% |
| U Po Chu (Note 3) | Beneficial owner | 26,919 (Note 3) | Nil | Nil | Nil | 26,919 | 0.01% |

Notes:

1. The percentage has been compiled based on the total number of issued Shares for the six months ended 31 January 2021 (i.e. 612,089,025 Shares).
2. LSG and two of its wholly-owned subsidiaries, namely Zimba International and Joy Mind, beneficially owned 343,593,021 Shares, representing approximately 56.13 per cent. of the issued share capital of the Guarantor. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 343,593,021 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.66 per cent. in the issued share capital of LSG. LSG is approximately 12.43 per cent. owned by Dr. Lam Kin Ngok, Peter and is approximately 29.23 per cent. owned by Wisdoman Limited, which, in turn, is 100.00 per cent. beneficially owned by Dr. Lam Kin Ngok, Peter.

LSG pledged approximately 208,513,987 Shares held by LSG, Zimba International and Joy Mind as security pursuant to its 7.70 per cent. secured guaranteed notes due 2018 under a Share Charge dated 24 July 2014. The amount has been repaid in full.
3. Madam U Po Chu is the widow of the late Mr. Lim Por Yen, whose estate includes an interest of 3,957,189 Shares, representing approximately 0.65 per cent. of the issued share capital of the Guarantor.
4. The 1,221,000 Shares were owned by The Orchid Growers Association Limited. By virtue of his 100 per cent. interest in the issued share capital of The Orchid Growers Association Limited, Mr. Chew Fook Aun was deemed to be interested in these 1,221,000 Shares.
5. A share option was granted by the Guarantor to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun, Mr. Lau Shu Yan, Julius, Mr. Lam Hau Yin, Lester and Mr. Tham Seng Yum, Ronald, the particulars of which are set out below:

| <u>Registered Name</u> | <u>Date of grant</u> | <u>Number of underlying Shares comprised in the option</u> | <u>Option period</u> | <u>Exercise price per Share</u> |
|------------------------|----------------------|--|--------------------------|---------------------------------|
| Lam Kin Ngok, Peter | 18/01/2013 | 417,308 | 18/01/2013 to 17/01/2023 | HK\$16.100 |
| Chew Fook Aun | 05/06/2012 | 1,952,081* | 05/06/2012 to 04/06/2022 | HK\$5.350 |
| Lau Shu Yan, Julius | 18/01/2013 | 2,086,540 | 18/01/2013 to 17/01/2023 | HK\$16.100 |
| Lam Hau Yin, Lester | 18/01/2013 | 4,173,081 | 18/01/2013 to 17/01/2023 | HK\$16.100 |
| Tham Seng Yum, Ronald | 19/08/2019 | 800,000 | 19/08/2019 to 18/08/2029 | HK\$9.920 |

* On 7 August 2020, Mr. Chew Fook Aun exercised his options to subscribe for 915,000 Shares.

2. Associated Corporations

(i) LSG — the ultimate holding company of the Guarantor

Long positions in the ordinary shares of LSG (“LSG Shares”) and the underlying LSG Shares

| Name of Director | Capacity | Personal interests | Family interests | Corporate interests | Other interests | Total interests | Approximate % of total interests to total issued LSG Shares (Note 1) |
|---------------------|---|--------------------|------------------|---------------------|-----------------------|-----------------|---|
| Lam Kin Ngok, Peter | Beneficial owner/ Owner of controlled corporations | 48,802,906 | Nil | 114,741,416 | 333,333 (Note 2) | 163,877,655 | 41.74% |
| Chew Fook Aun | Beneficial owner | Nil | Nil | Nil | 3,819,204 (Note 2) | 3,819,204 | 0.97% |
| Lam Hau Yin, Lester | Beneficial owner | 12,459,208 | Nil | Nil | 3,819,204 (Note 2) | 16,278,412 | 4.15% |
| U Po Chu | Beneficial owner | 825,525 | Nil | Nil | Nil | 825,525 | 0.21% |

Notes:

- The percentage has been compiled based on the total number of issued LSG Shares for the six months ended 31 January 2021 (i.e. 392,610,623 LSG Shares).
- A share option was granted by LSG to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun and Mr. Lam Hau Yin, Lester, the particulars of which are set out below:

| Registered Name | Date of grant | Number of underlying LSG Shares comprised in the option | Option period | Exercise price per LSG Share |
|---------------------|---------------|---|--------------------------|------------------------------|
| Lam Kin Ngok, Peter | 19/06/2017 | 333,333 | 19/06/2017 to 18/06/2027 | HK\$15.00 |
| Chew Fook Aun | 19/06/2017 | 3,819,204 | 19/06/2017 to 18/06/2027 | HK\$15.00 |
| Lam Hau Yin, Lester | 19/06/2017 | 3,819,204 | 19/06/2017 to 18/06/2027 | HK\$15.00 |

- Dr. Lam Kin Ming passed away on 8 January 2021, whose estate includes an interest of 1,021,443 LSG Shares, representing approximately 0.26 per cent. of LSG’s issued share capital.

(ii) **eSun — a subsidiary of the Guarantor**

Long positions in the ordinary shares of eSun (“**eSun Shares**”) and the underlying eSun Shares

| Name of Director | Capacity | Personal interests | Family interests | Corporate interests | Other interests | Total interests | Approximate % of total interests to total issued eSun Shares (Note 1) |
|---------------------|---|--------------------|------------------|---------------------------|-----------------|-----------------|--|
| Lam Kin Ngok, Peter | Beneficial owner/ Owner of controlled corporations | 2,794,443 | Nil | 1,113,260,072 (Note 2) | Nil | 1,116,054,515 | 74.81% |
| Lam Hau Yin, Lester | Beneficial owner | 2,794,443 | Nil | Nil | Nil | 2,794,443 | 0.19% |

Notes:

1. The percentage has been compiled based on the total number of issued eSun Shares for the six months ended 31 January 2021 (i.e. 1,491,854,598 eSun Shares).
2. LSG was interested in 343,593,021 Shares in the Guarantor, representing approximately 56.13 per cent. of the issued share capital of the Guarantor. Transtrend Holdings Limited (“**Transtrend**”), a wholly-owned subsidiary of the Guarantor, was interested in 1,113,260,072 eSun Shares, representing approximately 74.62 per cent. of the issued share capital of eSun. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 1,113,260,072 eSun Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.66 per cent. and 56.20 per cent. in the issued share capital of LSG and the Guarantor, respectively.

(iii) **Lai Fung — a subsidiary of the Guarantor**

Long positions in the ordinary shares of Lai Fung (“**Lai Fung Shares**”) and the underlying Lai Fung Shares

| Name of Director | Capacity | Personal interests | Family interests | Corporate interests | Other interests | Total interests | Approximate % of total interests to total issued Lai Fung Shares (Note 1) |
|-----------------------|---|--------------------|------------------|-------------------------|-----------------------|-----------------|--|
| Lam Kin Ngok, Peter | Beneficial owner/ Owner of controlled corporations | Nil | Nil | 180,618,266 (Note 2) | 321,918 (Note 3) | 180,940,184 | 54.66% |
| Lau Shu Yan, Julius | Beneficial owner | Nil | Nil | Nil | 965,754 (Note 3) | 965,754 | 0.29% |
| Lam Hau Yin, Lester | Beneficial owner | Nil | Nil | Nil | 3,219,182 (Note 3) | 3,219,182 | 0.97% |
| Tham Seng Yum, Ronald | Beneficial owner | Nil | Nil | Nil | 500,000 (Note 3) | 500,000 | 0.15% |

Notes:

1. The percentage has been compiled based on the total number of issued Lai Fung Shares for the six months ended 31 January 2021 (i.e. 331,033,443 Lai Fung Shares).
2. The Guarantor was interested in 180,618,266 Lai Fung Shares (Holy Unicorn Limited, a wholly-owned subsidiary of the Guarantor, and Transtrend were interested in 180,600,756 and 17,510 Lai Fung Shares, respectively), representing approximately 54.56 per cent. of the issued share capital of Lai Fung. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 180,618,266 Lai Fung Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.66 per cent. and 56.20 per cent. in the issued share capital of LSG and the Guarantor, respectively.
3. A share option was granted by Lai Fung to each of Dr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Lam Hau Yin, Lester and Mr. Tham Seng Yum, Ronald, the particulars of which are set out below:

| <u>Registered Name</u> | <u>Date of grant</u> | <u>Number of underlying Lai Fung Shares comprised in the option</u> | <u>Option period</u> | <u>Exercise price per Lai Fung Share</u> |
|------------------------|----------------------|---|--------------------------|--|
| Lam Kin Ngok, Peter | 18/01/2013 | 321,918 | 18/01/2013 to 17/01/2023 | HK\$11.400 |
| Lau Shu Yan, Julius | 18/01/2013 | 965,754 | 18/01/2013 to 17/01/2023 | HK\$11.400 |
| Lam Hau Yin, Lester | 18/01/2013 | 3,219,182 | 18/01/2013 to 17/01/2023 | HK\$11.400 |
| Tham Seng Yum, Ronald | 19/08/2019 | 500,000 | 19/08/2019 to 18/08/2029 | HK\$6.784 |

(iv) MAGHL — a subsidiary of eSun

Long positions in the shares of MAGHL (“MAGHL Shares”) and the underlying MAGHL Shares

| <u>Name of Director</u> | <u>Capacity</u> | <u>Number of MAGHL Shares held</u> | <u>Number of underlying MAGHL Shares held</u> | <u>Total number of issued MAGHL Shares and underlying MAGHL Shares held</u> | <u>Approximate % of total interests to total issued MAGHL Shares</u> |
|-------------------------|----------------------------------|------------------------------------|---|---|--|
| Lam Kin Ngok, Peter | Owner of controlled corporations | 2,021,848,647 (Note 2) | Nil | 2,021,848,647 | 69.69% |

Notes:

1. As a result of the share consolidation of MAGHL (“Share Consolidation”) becoming effective on 22 December 2020 and the completion of the loan capitalisation (“Loan Capitalisation”) on 18 January 2021, the total issued shares of MAGHL became 2,901,105,682 MAGHL Shares. The percentage has been compiled based on the total number of issued MAGHL Shares for the six months ended 31 January 2021 (i.e. 2,901,105,682 MAGHL Shares).
2. As at 31 January 2021, these interests in MAGHL represented the shares beneficially owned by Perfect Sky Holdings Limited, a wholly-owned subsidiary of eSun, representing approximately 69.69 per cent. of the issued share capital of MAGHL. eSun is owned as to approximately 74.62 per cent. by the Guarantor, which, in turn, is owned as to approximately 56.13 per cent. by LSG. As LSG is approximately 12.43 per cent. owned by Dr. Lam Kin Ngok, Peter and approximately 29.23 per cent. owned by Wisdom Limited, which, in turn, is 100 per cent. beneficially owned by Dr. Lam Kin Ngok, Peter, he was deemed to be interested in the said 2,021,848,647 MAGHL Shares.

Save as disclosed above, as at 31 January 2021, none of the Directors and the chief executive of the Guarantor and their respective close associates was interested or was deemed to be interested in the long and short positions in the shares, underlying shares and/or debentures of the Guarantor or any of its associated corporations, which were required to be notified to the Guarantor and the SEHK, or recorded in the Register of Directors and Chief Executive as aforesaid, notified under the Securities Code or otherwise known by the Directors.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular, all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that none of the Issuer, the Guarantor nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

HONG KONG

Withholding Tax

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

Profits Tax

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

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

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

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

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

Stamp Duty

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

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

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

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

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

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. The Hong Kong government has gazetted the Revenue (Stamp Duty) Bill 2021 to increase the relevant rate of stamp duty from 0.1 per cent. to 0.13 per cent., which is expected to take effect on 1 August 2021 subject to the completion of the legislative process. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “**foreign financial institution**” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the 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 before the date that is two years after the date on which final regulations defining “foreign passthru payments” are published. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

SUMMARY OF DEALER AGREEMENT

The Arranger has, in a dealer agreement (the “**Dealer Agreement**”) dated 25 June 2021, agreed with the Issuer and the Guarantor a basis upon which it may from time to time agree to purchase Notes. The Issuer and Guarantor may appoint other Dealers who may from time to time agree to purchase Notes on the same basis. The Issuer (failing which, the Guarantor) will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer (failing which, the Guarantor) has agreed to reimburse the Arranger for certain of its expenses incurred in connection with any future update of the Programme and will reimburse any Dealers for certain of their activities in connection with the Programme.

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

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilising activities may only be carried on by the Stabilisation Manager(s) named in the applicable Pricing Supplement (or persons acting on behalf of any Stabilisation Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

In connection with each Tranche of Notes issued under the Programme, the relevant 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, 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 Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

SELLING RESTRICTIONS

United States of America

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

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

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes or the Guarantee thereof, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Prohibition of Sales to EEA Retail Investors

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

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

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area, the Arranger has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of 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 EU 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 EU Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU 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 “**EU Prospectus Regulation**” means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of Sales to UK Retail Investors

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

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
- (i) retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”);
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

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

- (a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Article 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, **provided that** any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (c) at any time to fewer than 150 persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within section 86 of the FSMA,

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

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

Other UK Regulatory restrictions

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

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (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.

People’s Republic of China

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

Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “**structured product**” as defined in the SFO (Cap. 571) of Hong Kong (the “**SFO**”) other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the 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 of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.”

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”) and accordingly, the Arranger has represented and agreed, and each further Dealer appointed under the Programme 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 or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, “**resident of Japan**” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

The Arranger has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Arranger has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

General

The Arranger has agreed, and each further Dealer appointed under the Programme will be required to agree, that to the best of its knowledge and belief, it has complied and will comply in all material respects with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular or any Pricing Supplement or any related offering material, in all cases at its own expense. Other persons into whose hands this Offering Circular or any Pricing Supplement comes are required by the Issuer, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any Pricing Supplement or any related offering material, in all cases at their own expense.

None of the Issuer, the Guarantor or the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

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

OTHER RELATIONSHIPS

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associated companies and may be paid fees in connection with such services from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes.

BROKER-DEALER AFFILIATES

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

GENERAL INFORMATION

1. LISTING

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme by way of debt issues to Professional Investors only. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the next business day following the date of listing of the relevant Notes.

2. AUTHORISATION

The establishment of the Programme, the issue of the Notes thereunder and the giving of the Guarantee were authorised by minutes of the board of directors of the Issuer held on 24 June 2021 and by resolutions of the board of directors of the Guarantor passed on 24 June 2021. The Issuer and the Guarantor have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the Guarantee relating to them.

3. LEGAL AND ARBITRATION PROCEEDINGS

None of the Issuer, the Guarantor and any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

4. SIGNIFICANT/MATERIAL CHANGE

Save as disclosed herein, since 31 July 2020, there has been no material adverse change in the financial position or prospects of the Group.

5. AUDITOR

Ernst & Young, Certified Public Accountants, the Guarantor's independent auditor has audited, and rendered an unqualified audit report on, the consolidated financial statements of the Guarantor at and for the year ended 31 July 2020.

Ernst & Young, Certified Public Accountants has given and not withdrawn its written consent to the issue of this document with the inclusion of the audit report dated 23 October 2020 on the audited consolidated financial statements of the Group for the year ended 31 July 2020 in the form and context in which it is so incorporated or included.

6. DOCUMENTS ON DISPLAY

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Guarantor at 11/F, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong and the specified office of the CMU Lodging and Paying Agent at Level 26, Three Pacific Place, 1 Queen's Road East, Hong Kong for so long as the Notes are capable of being issued under the Programme:

- (i) articles of association of the Issuer and the Guarantor;
- (ii) copies of the latest annual report of the Guarantor (as at the date of this Offering Circular, being the annual report containing the audited consolidated financial statements of the Guarantor as at and for the financial year ended 31 July 2020);
- (iii) copies of the latest interim report of the Guarantor (as at the date of this Offering Circular, being the unaudited interim consolidated financial information of the Guarantor as at and for the six months ended 31 January 2021);
- (iv) each Pricing Supplement (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity);
- (v) a copy of this Offering Circular together with any Supplement to this Offering Circular;
- (vi) the Agency Agreement;
- (vii) the Dealer Agreement;
- (viii) the Deed of Guarantee;
- (ix) the Deed of Covenant; and
- (x) the Programme Manual (which contains the forms of the Notes in global and definitive form).

7. CLEARING OF THE NOTES

The Notes may be accepted for clearance through Euroclear, Clearstream, Luxembourg and CMU. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The Legal Entity Identifier of the Issuer is 254900IL4GZMMOH72N45.

ISSUER

Lai Sun MTN Limited
 11/F, Lai Sun Commercial Centre
 680 Cheung Sha Wan Road
 Kowloon
 Hong Kong

GUARANTOR

Lai Sun Development Company Limited
 麗新發展有限公司
 11/F, Lai Sun Commercial Centre
 680 Cheung Sha Wan Road
 Kowloon
 Hong Kong

LEGAL ADVISERS

*To the Issuer and the Guarantor
 as to Hong Kong law and English law*

Allen & Overy
 9th Floor
 Three Exchange Square
 Hong Kong

*To the Dealers
 as to English law*

Clifford Chance
 27th Floor, Jardine House
 One Connaught Place
 Hong Kong

INDEPENDENT AUDITOR

Ernst & Young
 27/F, One Taikoo Place
 979 King's Road
 Quarry Bay, Hong Kong

**FISCAL AGENT, PAYING AGENT AND
 CALCULATION AGENT**

**The Bank of New York Mellon,
 London Branch**
 One Canada Square
 London E14 5AL
 United Kingdom

REGISTRAR AND TRANSFER AGENT

**The Bank of New York Mellon,
 Hong Kong Branch**
 Level 26, Three Pacific Place
 1 Queen's Road East
 Hong Kong

CMU LODGING AND PAYING AGENT

The Bank of New York Mellon, Hong Kong Branch
 Level 26, Three Pacific Place
 1 Queen's Road East
 Hong Kong