PUBLICATION OF THE SUPPLEMENTAL OFFERING CIRCULAR

NWD FINANCE (BVI) LIMITED

(incorporated in the British Virgin Islands with limited liability)

U.S.$150,000,000 Guaranteed Senior Perpetual Capital Securities (the "New Securities")

(to be consolidated and form a single series with the U.S.$850,000,000 Guaranteed Senior Perpetual Capital Securities (comprising the U.S.$200,000,000 Guaranteed Senior Perpetual Capital Securities issued on 30 June 2020 consolidated and forming a single series with the U.S.$650,000,000 Guaranteed Senior Perpetual Capital Securities issued on 22 June 2020))

(Stock Code: 40262)

(the "**Securities**")

guaranteed by

新世界發展有限公司
New World Development Company Limited

(incorporated in Hong Kong with limited liability)

(Stock Code: 0017)

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

Please refer to the supplemental offering circular dated 3 September 2021 (the "**Supplemental Offering Circular**"), which is supplemental to the offering circular dated 16 June 2020 as supplemented by the supplemental offering circular dated 23 June 2020, each appended herein in relation to the issuance of the Securities with an initial distribution rate of 5.25 per cent. per annum. As disclosed in the Supplemental Offering Circular, the Securities were intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

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

The Supplemental Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of NWD Finance (BVI) Limited, and no such inducement is intended. No investment decision should be made based on the information contained in the Supplemental Offering Circular.

Hong Kong, 10 September 2021

As at the date of this announcement, the directors of NWD Finance (BVI) Limited are Mr. Sitt Nam Hoi, Mr. Wong Man Hoi, Mr. Lau Fu Keung, Mr. Hui Chi Fai Casey and Mr. Yam Yuen Tung.

As at the date of this announcement, (a) the executive directors of New World Development Company Limited ("NWD") are Dr. Cheng Kar-Shun, Henry; Dr. Cheng Chi-Kong, Adrian; Mr. Cheng Chi-Heng; Ms. Cheng Chi-Man, Sonia; Mr. Sitt Nam-Hoi; Ms. Huang Shaomei, Echo; and Ms. Chiu Wai-Han, Jenny; (b) the non-executive directors of NWD are Mr. Doo Wai-Hoi, William; and Mr. Cheng Kar-Shing, Peter; and (c) the independent non-executive directors of NWD are Mr.

Yeung Ping-Leung, Howard; Mr. Ho Hau-Hay, Hamilton; Mr. Lee Luen-Wai, John; Mr. Liang Cheung-Biu, Thomas; Mr. Ip Yuk-Keung, Albert; and Mr. Chan Johnson Ow.

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APPENDIX I – OFFERING CIRCULAR DATED 16 JUNE 2020

IMPORTANT NOTICE

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

Important: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of this 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.

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 U.S. 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, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. 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. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the 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. This Offering Circular is being sent at your request and by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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 jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

The materials relating to any 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 such 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, such 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 the 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 or the Joint Lead Managers (as defined in the Offering Circular), any person who controls a Joint Lead Manager, any director, officer, employee or agent of the Issuer, the Guarantor or a Joint Lead Manager or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Offering Circular distributed to you in electronic format and the hard copy version available to you on request from a Joint Lead Manager.

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.

Actions that you may not take: If you receive this document by e-mail, you should not reply by email to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "**Reply**" function on your e-mail software, will be ignored or rejected.

NWD FINANCE (BVI) LIMITED

(*incorporated with limited liability under the laws of the British Virgin Islands*)

U.S.$650,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities Guaranteed by

New World Development Company Limited

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

Issue Price: 100.00 per cent.

The 5.25 per cent. Guaranteed Senior Perpetual Capital Securities (the "**Securities**") will be issued in an initial aggregate principal amount of U.S.$650,000,000 by NWD Finance (BVI) Limited (the "**Issuer**") and the due and punctual payment of all sums payable by the Issuer in respect of the Securities will be unconditionally and irrevocably guaranteed (the "**Guarantee of the Securities**") by New World Development Company Limited (the "**Guarantor**"). The Securities confer a right to receive distributions (each a "**Distribution**") at the applicable rate of distribution (the "**Distribution Rate**"). Subject to the Conditions, the Distribution Rate applicable to the Securities shall be: (i) from, and including, 22 June 2020 (the "**Issue Date**") to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and (ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*") falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*"). Subject to the provisions of the Securities relating to deferral of Distribution (see "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*"), Distribution is payable semi-annually in arrear on 22 June and 22 December of each year (each a "**Distribution Payment Date**") with the first Distribution Payment Date falling in December 2020.

The Issuer may, at its sole discretion, elect to defer a Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by providing holders of the Securities ("**Holders**") with not more than 10 nor less than 5 Business Days' (as defined in "*Terms and Conditions of the Securities")* notice prior to the relevant Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date an Optional Deferral Event (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*") has occurred. Any Distribution so deferred shall constitute "**Arrears of Distribution**". Each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Securities at the Distribution Rate and the amount of such interest payable thereon shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution as described in "*Terms and Conditions of the Securities — Distribution — Cumulative Deferral*" The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement and is not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred. See "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*".

The Securities are perpetual securities and have no fixed final redemption date. The Issuer may redeem the Securities in whole, but not in part, on any business day on or after 22 March 2026 at 100 per cent. of their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (as defined in "*Terms and Conditions of the Securities*") (if any) and Distribution (if any) accrued to the date fixed for redemption on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant date for redemption). The Securities may also be redeemed in whole, but not in part, at the option of the Issuer, subject to certain provisos, at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption: (i) upon the occurrence of any change or amendment to the Relevant Accounting Standard (as defined in "*Terms and Conditions of the Securities — Redemption and Purchase — Redemption for Accounting Reasons")* such that the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard; or (ii) upon the occurrence of a change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 16 June 2020 such that the Issuer or the Guarantor would be required to pay additional amounts in respect of the Securities or the Guarantee of the Securities and such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it or (iii) if at least 75 per cent. in principal amount of the Securities originally issued has been redeemed or purchased and cancelled. Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent (in accordance with the "*Terms and Conditions of the Securities*") by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral —Definitions*"), stipulating that a Change of Control has occurred and whether or not it will redeem the Securities at their principal amount together with Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amounts, if any). See "*Terms and Conditions of the Securities — Redemption and Purchase*". If the Issuer does not give such notice, the Distribution Rate shall increase by 3.00 per cent. per annum with effect from the next Distribution Payment Date, as set out in "*Terms and Conditions of the Securities*".

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

The 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 Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Securities or the Issuer or 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 document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Investing in the Securities involves certain risks. See "*Risk Factors*" beginning on page 12.

The Securities and the Guarantee of the Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see "*Subscription and Sale*".

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

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC **UBS** **Mizuho Securities** **J.P. Morgan**

Joint Lead Manager

HeungKong Financial

Offering Circular dated 16 June 2020

IMPORTANT NOTICE

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 "**Listing Rules**") for the purpose of giving information with regard to the Issuer, the Guarantor, the Securities and the Guarantee of the Securities. 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. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (together, the "Group"), the Securities and the Guarantee of the Securities, which is material in the context of the issue and offering of the Securities; (ii) the statements contained herein relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed 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 Securities or the Guarantee of the Securities, the omission of which would, in the context of the issue and offering of the Securities, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Securities described in this Offering Circular. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers (as defined herein) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Securities or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Securities, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Securities and distribution of this Offering Circular, see "*Subscription and Sale*".

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor and the Group, the Securities or the Guarantee of the Securities other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, Mizuho Securities Asia Limited, J.P. Morgan Securities plc, HeungKong Securities Limited (together, the "**Joint Lead Managers**") or the Agents (as defined in the Terms and Conditions of the Securities (the "**Conditions**")). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers or the Agents to subscribe for or purchase any of the Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty, express or implied, by the Joint Lead Managers or the

Agents. The Joint Lead Managers have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Guarantor, any member of the Group, the Joint Lead Managers or the Agents that any recipient of this Offering Circular should purchase the Securities. Each potential purchaser of the Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Securities should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

To the fullest extent permitted by law, none of the Joint Lead Managers or the Agents or any of their respective affiliates, directors or advisers accepts any responsibility for the contents of this Offering Circular. The Joint Lead Managers and the Agents and their respective affiliates, directors or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers or the Agents or any of their respective affiliates, directors or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Securities of any information coming to the attention of the Joint Lead Managers or the Agents.

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. Listing of the Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Securities. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the Conditions, 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 Securities. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Joint Lead Managers or any person affiliated with a Joint Lead Manager in connection with its investigation of the accuracy of such information or its investment decision.

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, THE JOINT LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH JOINT LEAD MANAGER) (THE "STABILISING MANAGER") MAY OVER ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER STABILISATION MAY NOT OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

PRIIPs REGULATION/PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS: The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (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. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or

selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

SINGAPORE 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 Securities are 'prescribed capital markets products' (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Issuer*", "*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. The Issuer, the Guarantor and the directors, employees and agents of the Issuer and the Guarantor, respectively do not assume: (i) 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 or the Guarantor's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based or (ii) any liability in the event that any of the forward-looking statements does not materialise or turns out to be incorrect. 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.

CERTAIN DEFINED TERMS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained here. Unless indicated otherwise, in this Offering Circular all references to (i) to "**Issuer**" are to NWD Finance (BVI) Limited, (ii) the "**Guarantor**" or "**NWD**" are to New World Development Company Limited, and (iii) the "**Group**" are to New World Development Company Limited and its direct and indirect subsidiaries, taken as a whole unless the context otherwise indicated.

In this Offering Circular, unless otherwise specified or the context requires, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People Republic of China, all references to the "**PRC**" or to "**Mainland China**" are to the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan, all references to "**U.S.**" are to the United States of America, all references to "**Hong Kong dollars**", "**HK dollars**", "**HK$**" or "**cents**" are to the lawful currency of Hong Kong, all references herein to "**U.S. dollars**" or "**U.S.$**" are to the lawful currency of the U.S., all references to "**HKFRS**" are to Hong Kong Financial Reporting Standards, all references to "**MW**" are to megawatts.

This Offering Circular contains translations of certain HK dollar amounts into U.S. dollars, and *vice versa,* at specific rates solely for the convenience of the reader. For convenience only and unless otherwise noted, all translations between HK dollars and U.S. dollars in this Offering Circular were made at the rate of HK$7.80 to U.S.$1.00. Such translations should not be construed as representations that the Hong Kong dollar and U.S. dollar amounts referred to herein could have been, or could be, converted into U.S. dollars or Hong Kong dollars, as the case may be, at that or any other rate or at all.

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. References to information in billions of units are to the equivalent of a thousand million units.

INCORPORATION BY REFERENCE AND PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Guarantor for the year ended 30 June 2019 (the "**2019 Audited Financial Statements**"), which are contained in page 124 to page 239 of the 2019 annual report of the Guarantor and the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2019 (the "**2019/2020 Interim Financial Statements**"), which are contained in page 16 to page 51 of the 2019/2020 Interim Report of the Guarantor, are incorporated by reference in this Offering Circular. Copies of the 2019 Audited Financial Statements and 2019/2020 Interim Financial Statements are available and may be downloaded free of charge from the Hong Kong Stock Exchange website on the internet at https://www.hkexnews.hk/.

This Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 30 June 2019 and 2018, which has been extracted from the 2019 Audited Financial Statements of the Guarantor. The 2019 Audited 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 ("**HKICPA**").

This Offering Circular also contains summary consolidated financial information of the Guarantor as at and for the six months ended 31 December 2019 (the "**2019/2020 Interim Financial Information**"), which has been extracted from the 2019/2020 Interim Financial Statements. The 2019/2020 Interim Financial Information of the Guarantor was prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The 2019/2020 Interim Financial Information of the Guarantor as at and for the six months ended 31 December 2018 and 2019 have not been audited or reviewed by the Guarantor's auditor. Consequently, the 2019/2020 Interim Financial Information should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results. In addition, the 2019/2020 Interim Report should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 30 June 2020. In preparing the 2019/2020 Interim Financial Information, the Guarantor has adopted HKFRS 16 and Amendments to HKAS 28 with effect from 1 July 2019 and has not restated comparatives for the year ended 30 June 2019. The Group has also adopted new accounting policies upon acquisition of insurance business in preparing the 2019/2020 Interim Financial Statements. Therefore, the 2019/2020 Interim Financial Information is not comparable with the consolidated financial statements for the years ended 30 June 2018 and 2019. For more information on the impact on the adoption of HKFRS 16 and Amendments to HKAS 28, please refer to the 2019/2020 Interim Financial Information and the notes therein(1).

Note:

(1) Note 2 from the 2019/2020 Interim Financial Information

Changes in /adoption of accounting policies

The Group has adopted HKFRS 16 and Amendments to HKAS 28 from 1 July 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. As allowed in the transitional provision in the standards comparative figures is not restated.

Effects of adoption of HKFRS 16

On adoption of HKFRS 16 using modified retrospective approach on lease-by-lease basis, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases" ("**HKAS 17**"). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

Right-of-use assets at initial recognition is measured at either:

- the carrying amount of leases as if HKFRS 16 had been applied since the lease commencement date, discounted using the lessee's incremental borrowing rate as at 1 July 2019; or
- an amount equal to lease liabilities, adjusted by the prepaid or accrued lease payments relating to the lease immediately before 1 July 2019.

As a result of adoption of HKFRS 16, the obligations under finance leases recognised and the operating lease commitments as disclosed at 30 June 2019, adjusted by the effect of discounting and changes in index or rates affecting variable payments, exclusion of short-term leases and low-value asset leases and assessment of extension and termination options and contracts being reassessed as service agreements are combined as lease liabilities of HK$6,452.6 million and recognised as at 1 July 2019. The amount of lease liabilities was split into current portion and non-current portion of HK$988.5 million and HK$5,464.1 million respectively. The weighted average lessee's incremental borrowing annual rates applied to the lease liabilities on 1 July 2019 were 3.79% for leases in Hong Kong and 5.06% for leases in Mainland China.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to apply HKFRS 16 to contracts that were not identified as containing a lease under HKAS 17 and HK(IFRIC) – Interpretation 4 "Determining whether an Arrangement contains a Lease".

Effects of adoption of Amendments to HKAS 28

The amendments clarify the accounting for long-term interests in an associated company or joint venture, which in substance form part of the net investment in the associated company or joint venture, but to which equity accounting is not applied. The Group is required to account for such interests under Hong Kong Financial Reporting Standard 9 "Financial Instrument" ("**HKFRS 9**") before applying the loss allocation and impairment requirements in HKAS 28.

On the adoption of Amendments to HKAS 28, the Group has recognised a loss allowance of HK$874.8 million as at 1 July 2019 against the non-current receivables from the joint ventures. The loss allowance is measured as either 12-month expected credit loss or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition of the non-current receivables.

The effect of the adoption of HKFRS 16 and Amendments to HKAS 28 on the Group's financial position is as follows:

	As at 30 June 2019 HK$m	Effects of the adoption of HKFRS 16 HK$m	Effects of the adoption of Amendments to HKAS 28 HK$m	As at 1 July 2019 HK$m
Condensed consolidated statement of financial position (extract)				
Non-current assets				
Property, plant and equipment	31,024.1	(1,862.4)	-	29,161.7
Right-of-use assets	-	7,813.1	-	7,813.1
Land use rights	1,213.9	(1,213.9)	-	-
Interests in joint ventures	50,865.5	(10.8)	(874.8)	49,979.9
Interests in associated companies	25,331.9	(0.7)	-	25,331.2
Deferred tax assets	763.5	34.3	-	797.8
Other non-current assets	14,644.3	59.1	-	14,703.4
Current assets				
Debtors, prepayments, premium receivables and contract assets	25,722.0	116.6	-	25,838.6
Equity				
Reserves				
- Retained profits	136,730.0	(756.6)	(874.8)	135,098.6
Non-controlling interests	29,994.5	(278.8)	-	29,715.7
Non-current liabilities				
Lease liabilities	-	5,464.1	-	5,464.1
Deferred tax liabilities	10,371.1	13.9	-	10,385.0
Other non-current liabilities	1,191.7	(439.1)	-	752.6
Current liabilities				
Creditors, accrued charges, payables to policyholders and contract liabilities	48,753.0	(56.7)	-	48,696.3
Lease liabilities	-	988.5	-	988.5

Adoption of accounting policies upon acquisition of insurance business

The Group completed its acquisition of the entire equity interest in FTLife Insurance Company Limited ("**FTLife Insurance**") on 1 November 2019 which resulted in adoption of the following accounting policies used in the preparation of the Interim Financial Statements.

(i) Product classification

The Group's insurance business issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts for which the Group has accepted significant insurance risk from policyholders providing coverage for death, accident and sickness at the inception of the contract. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. The Group also accepts financial risk on insurance contracts. Financial risk is the risk of a possible future change in a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables.

Investment contracts are those contracts on which the Group accepts financial risk but that do not transfer significant insurance risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

(ii) Insurance contract liabilities

Insurance contract liabilities represent net future policy liabilities as determine by the appointed actuary of the Group using a net level premium approach.

The provision for life insurance contracts with fixed level premiums is calculated on the basis of the prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing. The liability is determined as the sum of the expected discounted value of the benefit payments, less the expected discounted value of the theoretical premiums that would be required to meet the benefits, based on the valuation assumptions as to mortality, lapse rate, expense and investment income that are appropriate at the time of valuation. Changes to the liabilities at each reporting date are recorded in the profit or loss for the year as an expense. The liabilities on yearly renewable premium contracts are the liabilities for the unexpired risks carried at the end of the reporting period. The liability is derecognised when the contract expires, is discharged or is cancelled.

(iii) Investment contract liabilities

Liabilities for investment contracts are carried at fair values through accumulated cash flows plus investment income credited to the contracts, either at the discretion of the Group or linked to the changes in unit fund values.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the consolidated statements of financial position.

Fees charged and investment income received are recognised in the profit or loss for the year when earned.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

(iv) Reinsurance

The Group cedes insurance risk in the normal course of business for its insurance contracts. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the insurance contract liabilities and are in accordance with the reinsurance contract and are accounted for in the same period as the underlying claim.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the profit or loss for the year.

Reinsurance arrangements do not relieve the Group from its obligations to policyholders.

(v) Value of business acquired ("**VOBA**")

VOBA, in respect of a portfolio of long-term insurance and investment contracts, is an intangible asset that reflects the estimated fair value of inforce contracts in acquisition of an insurance company and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the business in-force at the acquisition date. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis. The rate of amortisation reflects the profile of the value of in-force business acquired. The carrying value of VOBA is reviewed annually for impairment and any reduction is charged to the consolidated income statement.

(vi) Deferred acquisition costs ("**DAC**")

The direct acquisition costs and a portion of indirect acquisition costs relating to the production of new business are deferred so far as there are sufficient margins in the future profits of the new business to fund the amortisation of DAC. DAC include first year commissions and other costs related to the acquisition of new business. All other acquisition costs and all maintenance costs are expensed as and when incurred. The Group has adopted an approach by which DAC of new business are amortised according to the expected future premiums or charges and actual persistency.

(vii) Liability adequacy test

A liability adequacy test is performed at each reporting date to verify whether the insurance contract liabilities, net of deferred acquisition cost and value of business acquired, are adequate using current estimates of future cash flows under the insurance contracts. The liability value is adjusted if insufficient to meet future obligations, taking into account future premiums, investment income, benefits and expenses and cash flows from embedded options and guarantees. If the test shows that a deficiency exists, the shortfall is immediately recorded in the profit or loss for the year.

(viii) Premiums

Premiums in respect of traditional policies and group policies are recognised as income as and when they fall due, whereas those in respect of universal life and unit-linked contracts are accounted for as they are received.

Premiums on reinsurance contracts that transfer underwriting risk are expensed as incurred. Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

(ix) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services and investment management services. The policy administration fee is recognised as revenue over time when services are rendered. Investment management fees related to asset management services are recognised over time when services are rendered.

(x) Benefits and insurance claims

Death claims and surrenders are recorded when notifications have been received. Maturities and annuity payments are recorded when due. Benefits recorded are then accrued to the liability.

(xi) Commissions

Commissions and bonuses payable to agents for the first policy year are included as a component of deferred acquisition costs.

Commissions received on reinsurance policies that transfer underwriting risk are recognised as income at the same time as the reinsurance premiums are accounted for.

(xii) Premiums receivables

Premiums receivables represent premiums which are due for payment. The Group normally allows policyholders to make payment within a grace period of one month from the due date. The grace period may be extended by one further month by management purely on a discretionary basis. Insurance policies continue in force if default premiums are settled before the expiry of the grace period.

Premiums receivables are stated at amortised cost using the effective interest rate method less provision for impairment.

(xiii) Adoption of overlay approach in accordance with HKFRS 4 (Amendment)

The Group elected to apply an “overlay approach” in accordance with HKFRS 4 (Amendments) “Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts” which allows the Group to reclassify fair value gain or loss from consolidated income statement to other comprehensive income for those eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 but currently classified as financial assets at fair value through profit or loss under HKFRS 9.

CONTENTS

SUMMARY

NWD is the holding company of one of the largest Hong Kong-based property developers listed on the Hong Kong Stock Exchange in terms of market capitalisation. Established in 1970, NWD was listed on the Hong Kong Stock Exchange in 1972 and its shares are currently a constituent stock of the Hang Seng Index. As at 31 December 2019, based on the closing price of its shares on the Hong Kong Stock Exchange, NWD had a market capitalisation of approximately HK$109,218.0 million.

The Group's operations are based primarily in Hong Kong, Macau and the PRC, and include business activities in the following segments:

- *Property:* The Group is one of the major property developers and investors in Hong Kong and the PRC and is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment property portfolio comprising shopping malls, offices, hotels and serviced apartments. The Group undertakes its property development and investment businesses in the PRC primarily through NWCL, its subsidiaries, associated companies and joint ventures (the "**NWCL Group**").

- *Service:* The Group, through NWSH and its subsidiaries, associated companies and joint ventures (the "**NWSH Group**"), is engaged in a diversified range of service businesses including construction, facilities management, transport and strategic investments in Hong Kong, Macau and the PRC.

- *Infrastructure:* The Group is one of the largest foreign investors and operators of infrastructure projects in Hong Kong, Macau and the PRC. Its infrastructure portfolio comprises roads, aviation, environment and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.

- *Hotels:* As at 31 December 2019, the Group owned a total of 17 hotel properties in Hong Kong, Mainland China and Southeast Asia, providing more than 7,400 guest rooms.

- *Department Stores:* As at 31 December 2019, the Group, through NWDS and its subsidiaries, operated and managed 31 department stores and shopping malls in the PRC.

Within the business segments, the Group focuses on its current core businesses, which include property development, property investment, roads, aviation and construction.

The following sets forth an overview of the Group's organisation structure showing its principal functional units and business activities as at 31 December 2019:

新世界發展有限公司
New World Development Company Limited
HK stock code: 17

Hong Kong Property
Development and Investment

NWSH (HK stock code: 659)	NWCL	NWDS (HK stock code: 825)
Infrastructure & Service	Mainland Property	Mainland Department Store
Approximately 61 per cent.	100 per cent.	Approximately 75 per cent.

SUMMARY OF THE OFFERING

The following is a summary of the terms and conditions of the Securities. For a more complete description of the Securities, see "*Terms and Conditions of the Securities*". Terms used in this summary and not otherwise defined shall have the meanings given to them in "*Terms and Conditions of the Securities*".

Issuer..................................	NWD Finance (BVI) Limited
Guarantor	New World Development Company Limited
Issue	U.S.$650,000,000 guaranteed senior perpetual capital securities
Guarantee...........................	The Guarantor will, in the Deed of Guarantee, unconditionally and irrevocably guarantee the due and punctual payment of all sums payable by the Issuer in respect of the Securities.
Status of the Securities	The Securities will constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which will rank *pari passu* without any preference 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.
Status of the Guarantee of the Securities	The Guarantee of the Securities will constitute a direct, general, unsecured, unconditional and unsubordinated obligation of the Guarantor which will rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Issue Price..........................	100.00 per cent.
Form and Denomination.....	The Securities will be issued in registered form in the denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.
Distributions........................	Subject to Condition 4(c), the Securities confer a right to receive distribution (each a "**Distribution**") from 22 June 2020 (the "**Issue Date**") at the applicable Distribution Rate payable semi-annually in arrear on 22 June and 22 December of each year, with the first Distribution Payment Date falling in December 2020.
Distribution Rate	Subject to Condition 4(c) (Increase in Distribution following a Change of Control), the rate of distribution (the "**Distribution Rate**") applicable to the Securities shall be: (i) from, and including, the Issue Date to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and (ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date (as defined in Condition 4(d)(viii) (*Definitions*)) falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate (as defined in Condition 4(d)(viii) (*Definitions*)).

Upon the occurrence of a Change of Control, unless an irrevocable notice to redeem the Securities has been given to Holders by the Issuer pursuant to Condition 5(e) (*Redemption and Purchase — Redemption for Change of Control*) by the 30th day following the occurrence of the Change of Control, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (i) the next Distribution Payment Date; or (ii) if the date on which a Change of Control occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date.

If following an increase in the Distribution Rate upon the occurrence of a Change of Control pursuant to Condition 4(c)(i) (*Increase in Distribution Rate*) such Change of Control is cured, remedied, no longer applicable or no longer continuing, then upon notification to the Holders and the Fiscal Agent accompanied by a certificate, signed by two directors of the Guarantor, stating that the Change of Control has been cured, remedied, is no longer applicable or is no longer continuing (as the case may be) and setting out the details of such circumstances, the Distribution Rate will decrease by 3.00 per cent. per annum with effect from the next Distribution Payment Date immediately following the date of such notification, provided that the maximum aggregate decrease in the Distribution Rate pursuant to Condition 4(c)(ii) shall be 3.00 per cent.

Optional Deferral of Distributions ....

The Issuer may, at its sole discretion, elect to defer Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice to the Holders not more than ten nor less than five Business Days prior to a scheduled Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date no dividend, distribution or other payment has been paid or declared by the Issuer or the Guarantor on or in respect of its Junior Securities or its Parity Securities (except in connection with any benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants) (an "**Optional Deferral Event**"). Any Distribution so deferred shall bear interest as if it constituted the principal of the Securities at the Distribution Rate. The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can be deferred.

Arrears of Distribution.........

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

Restrictions in the case of a Deferral	If on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full by reason of Condition 4(d) (*Distribution – Distribution Deferral*), the Issuer and the Guarantor shall not: (1) declare or pay any discretionary dividends or distributions or make any other discretionary payment on, and will procure that no discretionary dividend, distribution or other discretionary payment is made on any of its Junior Securities or (except on a *pro-rata* basis) its Parity Securities **provided that** such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or (2) at its discretion redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities, **provided that** such restriction shall not apply to an exchange by the Issuer or the Guarantor of any of its Parity Securities for Junior Securities, or in relation to Parity Securities, on a *pro-rata* basis, each case unless and until (i) the Issuer or the Guarantor has satisfied, in full all outstanding Arrears of Distribution; or (ii) is permitted to do so by an Extraordinary Resolution (as defined in the Agency Agreement) of the Holders.
Issue Date	22 June 2020.
Maturity Date	There is no maturity date.
Redemption at the Option of the Issuer	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on any business day on or after 22 March 2026 (each, a "**Call Date**") on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Date at their principal amount plus Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any).
Redemption for Change of Control	Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent (in accordance with the Terms and Conditions of the Securities) by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control, stipulating that a Change of Control has occurred and whether or not it will redeem the Securities pursuant to the Terms and Conditions of the Securities; a notice given by the Issuer stipulating that it will redeem the Securities shall: (A) stipulate the Change of Control Call Date; (B) be irrevocable; and (C) oblige the Issuer to redeem the Securities on the Change of Control Call Date at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any).

A “**Change of Control**” occurs when:

(i) any Person or Persons acting together acquires 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;

(ii) 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; or

(iii) one or more Persons acquires the beneficial ownership of all or substantially all of the Guarantor’s issued share capital;

The “**Change of Control Call Date**” shall be a date not less than 30 nor more than 60 days from the date of the notice referred to in the paragraph above.

“**Control**” means the acquisition or control of more than 50 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.

Tax Redemption .... The Issuer may at its option redeem the Securities in whole but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if:

(1) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in the Terms and Conditions of the Securities as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 June 2020; (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it: or

(2) (A) the Guarantor has or (if a demand was made under the Guarantee of the Securities) would become obliged to pay additional amounts as provided or referred to in the Terms and Conditions of the Securities or the Guarantee of the Securities, or the Guarantor has or will become obliged to make any such withholding or deductions as to referred to in Terms and Conditions of the Securities or the Guarantee of the Securities as the

case may be, from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Securities, in either case 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 16 June 2020 and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it.

Redemption for accounting reasons	The Issuer may redeem the Securities in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, as a result of any changes or amendments to the Relevant Accounting Standard (as defined in Condition 5(c) (*Redemption and Purchase – Redemption for accounting reasons*)), the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "**equity**" of the Guarantor on a consolidated basis pursuant to the Relevant Accounting Standard.
Redemption for minimum outstanding amount	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Holders (which notice will be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any) if prior to the date of such notice at least 75 per cent. in principal amount of the Securities originally issued (including any further Securities issued pursuant to the Terms and Conditions of the Securities and consolidated and forming a single series with the Securities) has already been redeemed or purchased and cancelled.
Governing Law	The Securities, the Guarantee of the Securities and any non-contractual obligations arising out of or in connection with such will be governed by, and construed in accordance with, English law.
Clearing Systems	The Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for beneficial interests in the Global Certificate.

Clearance and Settlement..	The Securities have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS2132986741 Common Code: 213298674
Legal Entity Identifier (LEI)...	25490076V8K09HMNCT88
Fiscal Agent, Paying Agent and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited
Calculation Agent	The Hongkong and Shanghai Banking Corporation Limited
Registrar	The Hongkong and Shanghai Banking Corporation Limited
Listing	Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Securities by way of debt issues to Professional Investors only.
Use of Proceeds	See "*Use of Proceeds*".

SELECTED FINANCIAL INFORMATION OF THE GUARANTOR

The following tables present the summary historical financial data of the Group as of and for each of the years ended 30 June 2018 and 30 June 2019 and as of and for the six months ended 31 December 2019. The summary financial data are derived from and should be read in conjunction with the 2019 Audited Financial Statements and the 2019/2020 Interim Financial Statements.

The 2019 Audited Financial Statements have been prepared and presented in accordance with HKFRS.

The condensed consolidated income statement, condensed consolidated statement of comprehensive income and condensed consolidated statement of financial position and the related notes thereto for the six months ended 31 December 2019 for the Guarantor and its subsidiaries as set out in the 2019/2020 Interim Financial Statements have not been audited or reviewed by the Guarantor's auditor.

The 2019/2020 Interim Financial Information of the Guarantor as at and for the six months ended 31 December 2018 and 2019 have not been audited or reviewed by the Guarantor's auditor. Consequently, the 2019/2020 Interim Financial Information should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results.

Consolidated Income Statement

	For the year ended 30 June		For the six months ended 31 December	
	2019	**2018**	**2019**	**2018**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*	*HK$ million (Unaudited)*
Revenues	76,763.6	60,688.7	32,464.4	49,267.1
Cost of sales	(51,742.1)	(40,125.3)	(20,199.7)	(33,993.4)
Gross profit	25,021.5	20,563.4	12,264.7	15,273.7
Other income	121.4	137.3	95.7	70.1
Other gains/(losses), net	338.8	4,133.4	1,472.6	(115.8)
Selling and marketing expenses	(2,161.0)	(1,083.8)	(1,022.3)	(1,339.9)
Expenses of department store's operation[(1)]	(2,125.6)	(2,383.1)	(695.3)	(1,028.9)
Administrative and other operating expenses[(1)]	(6,298.7)	(5,759.0)	(3,309.6)	(2,980.7)
Overlay approach adjustments on financial assets	-	-	(137.8)	-
Changes in fair value of and gain on transfer to investment properties	10,305.7	15,367.1	(2,269.2)	6,341.7
Operating profit	25,202.1	30,975.3	6,398.8	16,220.2
Financing income	1,716.2	1,475.2	1,345.7	854.4
Financing costs	(2,472.5)	(2,179.5)	(2,229.8)	(1,136.6)
	24,445.8	30,271.0	5,514.7	15,938.0
Share of results of joint ventures	3,670.3	1,886.2	910.5	945.8
Share of results of associated companies	1,012.8	1,196.4	333.0	708.4
Profit before taxation	29,128.9	33,353.6	6,758.2	17,592.2
Taxation	(7,489.8)	(6,272.4)	(3,662.8)	(4,084.3)
Profit for the year/period	21,639.1	27,081.2	3,095.4	13,507.9
Attributable to:				
Shareholders of the Company	18,160.1	23,338.1	1,017.3	11,284.4

	For the year ended 30 June		For the six months ended 31 December	
	2019	2018	2019	2018
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*	*HK$ million (Unaudited)*
Holders of perpetual capital securities	803.0	536.6	800.8	271.1
Non-controlling interests....................................	2,676.0	3,206.5	1,277.3	1,952.4
	21,639.1	27,081.2	3,095.4	13,507.9
Earnings per share				
Basic	HK$1.78	HK$2.34	HK$0.10	HK$1.11
Diluted..	HK$1.78	HK$2.33	HK$0.10	HK$1.10

Note:

(1) Changes in the presentation of consolidated income statements

The Company presented an expense item in relation to department store's operation in the consolidated income statement for the year ended 30 June 2019, so as to align the management's view that department store operation is a separate function of the Group and to enhance the comparability of the Company's financial statements with other companies. The comparative figures for the year ended 30 June 2018 have been reclassified to conform with this classification and these figures are unaudited.

Consolidated Statement of Financial Position

	As at 30 June		As at 31 December
	2019	**2018**	**2019**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*
Assets			
Non-current assets			
Investment properties	173,326.7	149,727.7	168,104.2
Property, plant and equipment	31,024.1	29,940.2	29,957.2
Right-of-use assets	-	-	8,534.4
Land use rights	1,213.9	1,064.0	-
Intangible concession rights..	9,973.0	11,403.5	14,337.9
Intangible assets..	3,464.5	3,782.0	9,284.8
Value of business acquired	-	-	5,770.4
Deferred acquisition costs...	-	-	260.2
Interests in joint ventures	50,865.5	49,135.8	45,241.7
Interests in associated companies	25,331.9	24,708.2	25,255.0
Available-for-sale financial assets	-	11,778.8	-
Held-to-maturity investments...	-	46.0	-
Financial assets at fair value through profit or loss	8,420.9	684.3	11,387.5
Financial assets at fair value through other comprehensive income...	5,038.8	-	37,319.7
Derivative financial instruments...	130.8	88.6	1,212.2
Properties for development	28,922.3	19,656.2	32,676.2
Deferred tax assets...	763.5	749.3	1,509.0
Other non-current assets	14,644.3	6,635.1	19,962.2
	353,120.2	309,399.7	410,812.6
Current assets			
Properties under development	34,145.5	37,171.0	46,035.8
Properties held for sale	23,130.0	42,301.2	19,258.3

		As at 30 June	As at 31 December
	2019	2018	2019
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*
Inventories	805.7	831.5	732.5
Debtors, prepayments, premium receivables and contract assets	25,722.0	25,519.6	31,555.1
Investments related to unit-linked contracts	-	-	9,495.2
Financial assets at fair value through profit or loss	818.5	-	1,794.1
Financial assets at fair value through other comprehensive income	-	-	1,571.0
Derivative financial instruments	6.5	19.5	15.8
Restricted bank balances	2.5	67.7	86.8
Cash and bank balances	63,729.1	63,388.4	63,542.8
	148,359.8	169,298.9	174,087.4
Non-current assets classified as assets held for sale	1,804.9	2,756.2	8,620.8
	150,164.7	172,055.1	182,708.2
Total assets	503,284.9	481,454.8	593,520.8
Equity			
Share capital	77,875.3	77,525.9	77,939.6
Reserves	145,989.2	138,724.0	138,334.3
Shareholders' funds	223,864.5	216,249.9	216,273.9
Perpetual capital securities	21,505.5	9,451.8	30,447.1
Non-controlling interests	29,994.5	29,480.2	30,488.9
Total equity	275,364.5	255,181.9	277,209.9
Liabilities			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities	114,558.6	120,123.6	141,163.7
Lease liabilities	-	-	5,685.4
Insurance and investment contract liabilities	-	-	13,424.7
Liabilities related to unit-linked contracts	-	-	161.6
Deferred tax liabilities	10,371.1	10,287.9	12,779.0
Derivative financial instruments	542.4	365.6	457.0
Other non-current liabilities	1,191.7	806.5	824.0
	126,663.8	131,583.6	174,495.4
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	48,753.0	65,059.0	56,764.4
Current portion of long-term borrowings and other interest-bearing liabilities	25,921.2	11,851.5	26,549.4
Short-term borrowings	15,854.8	8,777.6	18,382.5
Lease liabilities	-	-	1,108.1
Insurance and investment contract liabilities	-	-	19,291.0
Liabilities related to unit-linked contracts	-	-	9,495.2
Derivative financial instruments	78.3	-	38.6
Current tax payable	10,640.9	8,992.4	9,245.6
	101,248.2	94,680.5	140,874.8

	As at 30 June		As at 31 December
	2019	2018	2019
	HK$ million *(Audited)*	*HK$ million* *(Audited)*	*HK$ million* *(Unaudited)*
Liabilities directly associated with non-current assets classified as assets held for sale	8.4	8.8	940.7
	101,256.6	94,689.3	141,815.5
Total liabilities	227,920.4	226,272.9	316,310.9
Total equity and liabilities	503,284.9	481,454.8	593,520.8

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information 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 Securities and the Guarantee of the Securities. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is 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 market risks associated with the Securities and the Guarantee of the Securities are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer or, as the case may be, the Guarantor to pay principal, distributions or other amounts or fulfil other obligations on or in connection with the Securities or the Guarantee of the Securities may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks in connection with holding the Securities are exhaustive. Terms used in this section and otherwise not defined shall have the meanings given to them in "Terms and Conditions of the Securities".

Risks Relating to the Group and its Businesses

Hong Kong property market risks

The Group derives a substantial portion of its revenue and operating profits from its Hong Kong property development and investment activities and is consequently dependent on the state of the Hong Kong property market. Historically, the Hong Kong property market has been cyclical and Hong Kong property values have been affected by supply and demand of comparable properties, the rate of economic growth in Hong Kong, political and economic developments in the PRC and the condition of the global economy. For instance, for the six months ended 31 December 2019, revenues of the Group amounted to HK$32,464.4 million, reflecting a decrease of 34 per cent. compared to the six months ended 31 December 2018. This was mainly due to the decrease in contribution from property development in Hong Kong with no new project completion and decrease in contribution from strategic businesses such as facilities management and transport affected by social unrest in Hong Kong. For the six months ended 31 December 2019, profit attributable to shareholders of the Company amounted to HK$1,017.3 million, and underlying profit amounted to HK$3,929.2 million which decreased by 27 per cent. compared to the six months ended 31 December 2018. For the six months ended 31 December 2018, the Group's underlying profit amounted to HK$5,396.1 million.

Hong Kong property prices and rents for residential, commercial and industrial properties, after reaching record highs in the mid-1990s, declined significantly in and after the fourth quarter of 1997 as a result of the general economic downturn in Asia and the local economic environment. The property market showed improvement during the period from 2004 to the end of the first half of 2008, while property prices and rents in Hong Kong declined in the second half of 2008. Property prices remained substantially flat during 2009, but have generally increased from 2010 onwards. Factors such as the prospect of economic downturn and the tightening of liquidity can create negative sentiments for the property market, and the demand for, and rental rates of, prime office buildings and residential, commercial and industrial properties can consequently reduce. At the end of 2010, the Hong Kong government and the Hong Kong Monetary Authority ("**HKMA**") introduced residential property cooling measures, such as Special Stamp Duty ("**SSD**") for residential property that is disposed of by the seller within 24 months of the date of acquisition, and reduced loan-to-value borrowings limits. The size of the prospective purchaser base in the

Hong Kong residential property market has shrunk since these measures were introduced in 2010. The PRC government has also taken measures to cool the property market in the PRC.

The Hong Kong government has introduced a number of additional residential property cooling measures. In October 2012, the government introduced Buyer's Stamp Duty ("**BSD**") and extended the SSD regime. BSD applies to all residential properties acquired by any person, other than a Hong Kong Permanent Resident, and is charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty charge. The SSD regime was amended to increase the rate of the SSD and to extend the minimum holding period from 24 months to 36 months.

On 22 February 2013, the financial secretary announced that the Hong Kong government would further amend the Stamp Duty Ordinance to adjust the ad valorem stamp duty ("**AVD**") rates and to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale. Any residential property (except that acquired by a Hong Kong permanent resident who does not own any other residential property in Hong Kong at the time of acquisition) and non-residential property acquired on or after 23 February 2013, either by an individual or a company, will be subject to the new rates of AVD upon the enactment of the relevant legislation. Transactions which took place before 23 February 2013 will be subject to the original stamp duty regime. In addition, the Residential Properties (First-hand Sales) Ordinance came into effect on 29 April 2013. This ordinance sets out detailed requirements in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements and the mandatory provisions of the Preliminary Agreement for Sale and Purchase and Agreement for Sale and Purchase for the sales of first-hand residential properties.

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

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

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

1 of the Scale 1 rates, i.e. a flat rate of 15 per cent of the consideration or value of the residential property, whichever is the higher.

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. If implemented, the Vacancy Tax may present a financial burden to the Group that may have an adverse effect on its business, operating results and financial condition.

On 16 October 2019, the Hong Kong government has expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio has been raised from HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent loan-to-value ratio has also been raised from HK$6 million to HK$10 million.

There can be no assurance that the Hong Kong government will not implement further cooling measures or extend the scope, application and rate level of the existing measures. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business, operating results, financial condition and prospects.

In the event of economic decline, the Group may experience market pressures that affect all Hong Kong property companies, such as pressures from tenants or prospective tenants to provide rent reductions or reduced market prices for sale properties. Rental values and property prices 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.

In addition, from time to time, and especially during economic downturns, the Group has experienced pressure from existing and prospective commercial tenants to provide rent reductions or longer rent free periods than previously given. This has had a negative impact on the Group's rental income from its commercial property investments in the past and the recurrence of such market conditions in the future may have an adverse effect on the Group's business, operating results, financial condition and prospects.

There can be no assurance that rents and property values will not decline, tightening of credit provided by banks will not increase or that interest rates will not rise in the future. This could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Volatility in the Hong Kong property market also impacts the timing for both the acquisition (or modification of land use terms) of sites and the sale of completed development properties. This volatility, combined with the lead time required for completion of projects and the sale of existing properties, means that the Group's results from its property development activities may be susceptible to significant fluctuations from year to year.

PRC property market risks

The Group has substantial property development and investment interests in the PRC through its subsidiary New World China Land Limited ("**NWCL**") and expects to continue to develop and invest in properties in the PRC. The Group is therefore subject to risks usually associated with property development and investment in the PRC.

Private ownership of property in the PRC is still at an early stage of development. The growth of the private property market has been and will continue to be affected by social, political, government policy, economic and legal factors which may inhibit demand for residential properties. For example, the PRC property market has in the past experienced weakness in demand due to the lack of a mature and active secondary market for private properties and the limited availability of mortgage loans to individuals in the PRC as a result of government interventions.

Historically, the PRC property market has been a cyclical market. The rapid expansion of the property markets in certain major cities in the PRC, including Shanghai and Beijing in the early 1990s, culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of that decade. Since the late 1990s, private residential property prices and the number of residential property development projects have increased significantly in major cities as a result of increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Beijing, Shanghai, Guangzhou and Shenzhen have experienced rapid and significant growth. However, residential property prices have experienced some correction since the end of 2007 and in response to the cooling measures taken in 2010. There can be no assurance that the problems of oversupply and falling property prices will not recur in the PRC property market.

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 central government introduced additional measures 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. 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 central 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. See also "— *Risks Relating to the PRC*".

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. In particular, the Group has interests in development projects which require resettlement of the original occupants of the sites of the project. Resettlement is costly and may result in delays in the development schedule. 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.

Global economic factors

Economic developments outside Hong Kong and the PRC could adversely affect the property, transportation, hotel and retail sectors in Hong Kong and the PRC. The global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 have had a negative impact on the global economy. Since 2011, the global economy was overshadowed by the wide-ranging and complex effects arising from the worsening European sovereign debt crisis, the continued slow recovery of the United States economy, and the escalating political instability in the Middle East and North Africa. More recently, the uncertainty arising from the United Kingdom's withdrawal from the European Union on 31 January 2020, political instability in the Korean Peninsula, a slump in commodity prices, particularly the price of oil, fears of a slowdown in the PRC economy and interest rate adjustments in the United States have resulted in instability and volatility in the capital markets. Furthermore, fears over a trade war between the United States and the PRC, with the United States imposing tariffs on PRC products from July 2018 and retaliatory tariffs imposed by the PRC, have caused greater volatility in global markets. These events have had and continue to have a significant adverse impact on the global credit and financial markets as a whole.

Any deterioration in the financial markets may contribute to a slowdown in the global economy, including in the growth forecasts, and may lead to significant declines in employment, household wealth, consumer demand and lending. These events have had, or may have, a significant adverse impact on economic growth in Hong Kong, the PRC and elsewhere. An economic downturn may also have a negative impact on the overall level of business and leisure travel to Hong Kong and the PRC. There can be no assurance that these conditions will not lead to oversupply and reduced properly prices and rentals, reduced hotel occupancy levels and rates and reduced consumer spending in Hong Kong and the PRC. There can be no assurance that the stimulus measures implemented or proposed by a number of governments as at the date of this Offering Circular, including any quantitative easing, will improve economic growth or consumer sentiment in these countries. Hong Kong stock market prices have also experienced significant volatility which may continue to affect the value, and any return from the sale of the Group's investments in companies listed on the Hong Kong Stock Exchange.

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

Lease renewals

The leases that the Group has granted are typically for two to three years for office and retail tenants occupying relatively small commercial floor space and longer lease periods for those tenants occupying relatively large commercial floor space. 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 that 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 and the demand and rental rates of prime office buildings and retail space may greatly reduce. Should the economic environment weaken, a more cautious view may be taken by tenants towards the size of leased space and the rental rates upon

renewal of commercial tenancies, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Property ownership and development considerations

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

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

Availability of mortgages

The terms on which mortgages are available, if at all, to purchasers of the Group properties may affect its sales. An increasing number of purchasers of the Group's residential properties in Hong Kong and in the PRC arrange mortgages to fund their purchases. An increase in interest rates may increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. On 16 October 2019, the Hong Kong government has expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. Such measures allow more potential buyers to fulfil eligibility in relation to property mortgages, thereby expanding residential property options available to potential buyers. However, there can be no assurance that such measures may stimulate the appetite of potential buyers. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business, operating results, financial condition and prospects.

Specifically, in the PRC, in line with macroeconomic policies and policies intended to regulate and cool down the property market, the PRC government has taken a number of measures to regulate the availability, terms and pricing of mortgage financing for property purchasers. In addition, the PRC government and commercial banks may also increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner which would make mortgage financing unavailable or unattractive to potential property purchasers. Further, any increase in interest rates including the People's Bank of China ("**PBoC**") benchmark rate, will adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of the Group's properties.

If the availability or attractiveness of mortgage financing is reduced or limited, some of the Group's potential purchasers may not be able to purchase its developed properties and, as a result, the Group's business, liquidity and results of operations could be adversely affected.

Competition

Hong Kong properties in the office, retail, residential and carpark sectors are highly competitive. New properties and facilities built in Hong Kong may compete with the Group for tenants and occupants, which may affect the Group's ability to maintain high occupancy and utilisation levels, rental rates and carpark charges in respect of its investment properties, and buyers, which may affect the Group's ability to sell its development properties. For example, since 2018, there is a trend for Grade A office building tenants to relocate to nearby sub-core districts where rents are lower. The Group may be under pressure to lower rental rates, carpark charges and incur additional capital expenditure to effect improvements or offer additional concessions to tenants to avoid falling occupancy or utilisation levels and to reduce sale prices on its development properties, all of which may have a negative impact on the Group's profit. For the retail properties sector, the competitive business environment among retailers in Hong Kong may also have a detrimental effect on tenants' businesses and, consequently, their ability to pay rent. Any of the above could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Effects of property revaluations

In accordance with HKFRS, the Group values its investment properties at every reporting financial statement date at their open market value on the basis of an external professional valuation. Any change in the valuation is charged or credited, as the case may be, to the income statement. 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 profit. There was an uptrend in the fair value of the Group's investment properties since the financial year ended 30 June 2014 up to the financial year ended 30 June 2019, however there was a decrease in the fair value of the Group's investment properties during the six months ended 31 December 2019, and there is no assurance that the fair value will not decrease in the future. Any such decrease in the fair value of the Group's investment properties will reduce its profit and equity for that year and would 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.

Land for Hong Kong 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 or investment and the Group's ability to replenish its land bank at favourable costs. The limited supply of, and competition for, land in Hong Kong has, in the past, made it increasingly difficult to locate suitable property to acquire at economical prices for development. Government policies seeking to increase land supply and increases in borrowing costs could affect the Group's ability to maintain historical operating margin levels, and profits from property development activities could be adversely affected. Although the Group has a significant agricultural land reserve, it is required to obtain government approval for the modification of land usage rights to residential, commercial or other appropriate use before such agricultural land can be used for development purposes. There can be no assurance, however, that such applications will be successful. If the applications are granted, they are likely to be subject to conditions, including the payment of land modification premiums which are typically greater than the cost of acquisition of the land. Approvals of applications may also be subject to restrictions on the area of a piece of land that may be developed for residential or commercial use. This could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Reliance on independent contractors and sub-contractors

The Group engages independent third-party contractors and sub-contractors to provide various services in connection with its property development and its infrastructure business including construction, piling and foundation, 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, in view of the tightening of credit facilities provided by banks, there is a risk that the Group's major contractors and sub-contractors may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. The timely performance by these contractors and sub-contractors may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorisms, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption of delays in transportation, all of which are beyond the control of the Group. Any of these factors may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Cost of construction materials

Construction costs are one of the main 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, foundation and substructure, 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 and its infrastructure business, 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 re-negotiate, 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 all of the increased costs onto its customers.

Construction delays

The Group is exposed to risks associated with project delays and cost overruns. Projects undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before cash proceeds are generated. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of construction materials, equipment or labour, adverse weather conditions, natural disasters, labour disputes, disputes with subcontractors, accidents, difficulties in obtaining necessary governmental approvals, changes in governmental priorities and other unforeseen circumstances. Any of these circumstances could give rise to construction delays and/or cost overruns.

Construction delays may result in the loss of revenues. Since the Group outsources the majority of its construction work to third-party contractors, it relies on its contractors to complete projects according to the agreed completion schedules and does not exercise any direct control over materials sourcing or the construction schedule of such projects. Under the Group's pre-sale contracts, it is liable to the purchasers for default payments if it fails to deliver the completed properties in accordance with the delivery schedule in these contracts, and in the case of a prolonged delay, the purchasers will be entitled to terminate the pre-sale contracts and require a refund of the purchase price in addition to the default payments. In addition, the failure to complete construction according to its specifications may result in liabilities, reduced efficiency and lower financial returns. Although most of the Group's projects have been completed on schedule and the Group has not incurred any material default liabilities due to construction delays, there can be no assurance that this will remain the case or that future projects will be completed on time, or at all, and generate satisfactory returns.

Infrastructure business

The Group, through its subsidiary NWS Holdings Limited ("**NWSH**"), has substantial investments in infrastructure projects in the PRC. In addition to the typical political risks associated with other investments in the PRC, there are a number of construction, financing, operating and other risks associated with infrastructure investments in the PRC. Infrastructure projects of the types undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before they become operational and generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in government priorities and other unforeseen circumstances. Any of these could give rise to delays in the completion of construction and/or to cost overruns. For instance, since the recent coronavirus outbreak in late-2019, toll road operations in the PRC have been affected with toll fees having been suspended since mid-February 2020, which in turn is expected to result in decreased toll fee income. The collection of toll fees for toll roads in the PRC was subsequently resumed on 6 May 2020. In relation to certain of the Group's infrastructure projects in the PRC, certain government approvals, permits, licences or consents may not yet be obtained. Delays in the process of obtaining or failure to obtain the requisite licences, permits or approvals from government agencies or authorities can also increase the cost or delay or prevent the commercial operation of a business, which could adversely affect the financial performance of the Group's PRC infrastructure business. Construction delays may result in the loss of revenues. The failure to complete construction according to its specifications may result in liabilities, reduced efficiency, delay in commencement of operations and thus lower financial returns. There can be no assurance that infrastructure projects undertaken by the Group will be completed on time, or at all, or that they will generate satisfactory returns.

Hotel business

The hotel business is sensitive to changes in global and national economies in general, and to other external factors. The recent economic downturn, coupled with Hong Kong's recent social unrest since June 2019 and in May 2020, and the global coronavirus outbreak since late-2019, have had, and any further economic downturn, social unrest or outbreaks could have, a negative impact on the level of business and leisure travel to Hong Kong, the PRC and elsewhere in South East Asia where the Group operates its hotels, which in turn has had, and may continue to have, a negative impact on the hotel industry in the region. In particular, a decline in business and leisure travel has had a negative impact on occupancy and room rates of the Group's hotels. A prolonged downturn in the hotel industry may have an adverse effect on the Group's business, operating results, financial condition and prospects.

The hotel industry may also be unfavourably affected by other factors such as government regulations, changes in local market conditions, competition in the industry, excess hotel supply or reduced international or local demand for hotel rooms and associated services, foreign exchange fluctuations, interest rate environment, the availability of finance and social factors.

Additionally, the Group's hotel operations may be adversely impacted by the Group's ability to control costs, including increases in wage levels, energy, healthcare, insurance costs and other operating expenses. This may result in lower operating profit margins or even losses and the relative mix of owned, leased and managed properties and the success of its food and beverage operations may be adversely affected.

Department store business

The Group, through its subsidiary New World Department Store China Limited ("**NWDS**"), operates a network of department stores in the PRC. The success of the department store business depends to a significant extent on NWDS' relationships with its concessionaires, which contribute a substantial amount of NWDS' revenue through the payment of commissions. NWDS also relies on its concessionaires to provide a variety of products and brands. In the event that a significant number of major brand concessionaires terminate or fail to renew their contracts with NWDS and NWDS fails to find other suitable brand concessionaires as replacements, or if the commission rate of concessionaire sales decrease, financial results of the department store business could also be adversely affected.

Most of the department stores are subject to lease agreements, and there can be no assurance that the landlord of each department store will renew the respective lease upon its expiry. In the event that NWDS ceases to occupy the leased properties, NWDS will be required to relocate or close down the relevant department store may have an adverse effect on the Group's business, operating results, financial condition and prospects.

NWDS and its concessionaires source merchandise worldwide. The standard agreement with concessionaires requires that neither the names of concessionaire stores nor the merchandise sold by them may infringe intellectual property rights, or in any other way be unlawful. In addition, the concessionaires may neither display nor sell any prohibited or illegal merchandise. The standard supply agreement with direct sales suppliers also provides that the merchandise sold by them do not infringe intellectual property rights. In the event that NWDS directly, or indirectly through its concessionaires, sells infringing goods at the department stores, NWDS may be found liable for infringement of intellectual property rights and be compelled to pay damages or penalties. Although NWDS's concessionaires and direct sales suppliers provide it with written indemnities covering the full extent of any third party liability that NWDS may incur through their operations and sales made in NWDS' department stores, there can be no assurance that NWDS can successfully obtain any such indemnity payment or that the indemnity payment will fully cover all of NWDS's costs associated with the original liability. If any claims alleging infringement of intellectual property rights are brought against NWDS or its concessionaires, the reputation of NWDS and the Group may also be damaged.

There are general risks associated with the retail business, including changing customer preferences, seasonal fluctuations, adverse weather conditions, suitable sites for expansion, sufficient human resources, obtaining and retaining direct sales suppliers, concessionaires and personnel, labour disputes and government approvals, some of which are beyond NWDS' and the Group's control. Failure to manage such risks may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Insurance business

Following the completion of acquisition of FTLife Insurance by NWSH in November 2019, FTLife Insurance became an indirect wholly-owned subsidiary of NWSH and an indirect non-wholly-

owned subsidiary of NWD. Since its completion, FTLife Insurance started its contribution to NWSH. FTLife Insurance's new products were well received in the Hong Kong market and support its business growth. Although FTLife Insurance has shown early signs of fruition in synergies, the insurance market is cyclical and faces high levels of competition. There may also be new entrants to the market or expansion by existing participants, which could then lead to increased competition, a reduction in premium rates, less favourable policy terms and fewer opportunities to underwrite insurance risks. Failure to manage such risks could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Risks relating to accidents or other hazards

The Group maintains insurance coverage in respect of 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 become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of high premium costs 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 may have an adverse effect on its business, operating results, financial condition and prospects. Further, 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 and other natural disasters may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, whilst every care is taken by the Group and its employees 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 its 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 may have an adverse effect on the Group's business, operating results, financial condition and prospects. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

Legal and regulatory considerations

The operations of the Group are subject to various laws and regulations of Hong Kong, 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 re-development 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.

Furthermore, 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 an adverse effect on the Group's business, operating results, financial condition and prospects.

Outbreaks of contagious diseases

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

In 2003, the Severe Acute Respiratory Syndrome ("**SARS**") that began in the PRC and Hong Kong had an adverse effect on all levels of business in Hong Kong and the PRC. The outbreak of SARS led to a significant decline in travel volumes and business activities throughout most of the Asian region.

Since late-2019, the outbreak of the novel coronavirus ("**COVID-19**") has resulted in a widespread and global health crisis, restrictions on travel and public transport and prolonged closures of workplaces. Such outbreak affects investment sentiment and results in sporadic volatility in global capital markets and oil prices. It has caused stock markets worldwide to lose significant value and has impacted economic activity worldwide. A number of governments have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, recession or depression despite monetary and fiscal interventions by governments and central banks globally. Any material change in the financial markets or global economy as a result of these events and development may disrupt the Group's business operations and consequently have an adverse effect on its financial condition and operating results.

Concerns about the outbreak and rapid spread of such contagious diseases, including COVID-19, have caused governments to take measures to prevent the spread of the virus. The outbreak of communicable diseases such as the ones listed above on a global scale has caused significant disruption to economies around the world, in particular the travel, tourism, hotel and retail segments and resulted in sporadic volatility in global capital markets. The outbreak of COVID-19 has resulted in restrictions on travel and transportation and prolonged closures of workplaces, businesses, schools and certain public areas which could have a material adverse effect on our business operations, financial condition and operating results. In response to the closure of certain properties due to COVID-19, rental reductions were provided to selected tenants for a limited period of time. As more travel restrictions are imposed, both locally and in terms of border-crossings, employees being asked to work from home and citizens being advised to stay at home as much as possible, traffic volumes may be adversely affected and result in lower revenues for the Group's various businesses, including hotels, toll roads, aircraft leasing, facilities management, transport, shopping malls and insurance. In particular, the impact on hotel businesses was more apparent, where the occupancy rate in hotels in Hong Kong dropped to lower than 10 per cent.. Demand for food & beverages and catering services also dropped as citizens avoided going to restaurants, hotels and other public places. In addition, toll fee exemption for vehicles travelling on all toll roads in the PRC was implemented from 17 February 2020 to 5 May 2020, which in turn affected the business operations, financial condition and operating results of the Group. There is no assurance how long such travel and transportation restrictions or advisories may be in place or whether traffic volumes will return to pre-epidemic levels even after such restrictions or advisories are lifted. Additionally, governments are taking unprecedented action to prevent the spread of COVID-19 and such current or future government

action could have a material adverse effect on the Group's business operations, financial condition and results of operations. Government measures or actions could also negatively impact the Group's contractors' ability to perform their contracts with the Group, including its construction contractors. As a result, the completion of the Group's projects may be delayed, which might in turn result in an increase in development costs, a decrease in sales and/or otherwise adversely affect the Group's financial condition and operating results. Additionally, if any of the Group's employees or the Group's contractors' employees are identified as a possible source of spreading COVID-19, Swine Flu, Avian Flu or any other similar epidemic, the Group may be required to quarantine employees that are suspected of being infected, or the Group's contractors may be required to quarantine its employees that are suspected of being infected, as well as others that have come into contact with those employees which could have an adverse effect on the Group's business operations, financial condition and operating results.

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

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

Civil unrest has had and may continue to have an adverse impact on the Group's business, financial condition or operating results

Civil unrest occurring in close proximity to the Group's shopping malls and hotels in various districts in Hong Kong, in particular the social unrest in Hong Kong since June 2019 and in May 2020, has disrupted and may further disrupt the Group's business. Protests, demonstrations or rioting have caused mass disruption to businesses and transportation and have resulted in a decrease in consumer foot traffic and 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. As a result, local businesses have been affected. There is no assurance that there will not be any future interruptions to the business and operations of the Group's shopping malls or hotels, or to the potential consumers' access to the activities therein. Civil unrest includes, without limitation, any protests occurring in close proximity to the Group's stores similar to the recent anti-extradition bill protests or the Occupy Central Movement that took place during the latter half of 2014. Moreover, inbound tourism may be affected by civil unrest or protests, with fewer tourists travelling to Hong Kong which in turn may negatively affect the Hong Kong retail market and hospitality industry. Civil unrest is outside the control of the Group and any such demonstrations, protests or riots occurring in close proximity to the Group's stores could adversely impact the Group's business, financial condition and results of operations.

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.

Limited availability of funds

The Group's businesses require substantial capital investment. The Group will require additional financing to fund working capital and capital expenditures, to support the future growth of its business and/ or to refinance existing debt obligations. The Group's core businesses will require substantial capital investment, particularly for its property development and investment, hotel, infrastructure and department store businesses. The Group has historically required and expects to continue to require 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, the 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 Hong Kong and the PRC. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on favourable terms. Any increase in interest rates would increase the cost of borrowing and adversely affect the Group's result of operations.

Joint venture risks

Co-operation and agreement among the Group and its joint venture partners on its existing or any future projects is 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 fulfill their obligations under the relevant joint venture or other agreements 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 does not have majority control of the joint venture. In most cases, the Group does, however, through contractual provisions or representatives appointed by it, have the ability to control or influence most 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.

Major shareholder of NWD

The major shareholder of NWD is Chow Tai Fook Enterprises Limited ("**CTFEL**") which, together with its subsidiaries, held approximately 44.35 per cent. of the issued share capital of NWD as at 31 December 2019. CTFEL is a private company ultimately owned as to approximately 81.03 per cent. by Chow Tai Fook Capital Limited which is controlled by the family members of the late Dato' Dr. Cheng Yu-Tung, one of the founders and the ex-chairman of NWD. CTFEL, the Cheng family members are therefore able to exert considerable influence over the management and affairs of the Group, and are able to influence the Group's corporate policies, appoint directors and officers and vote on corporate actions requiring shareholders' approval. The strategic goals and interests of CTFEL, the Cheng family members may not always be aligned with the Group's strategy and interests and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. The interests of the Group's major shareholder may also differ

from those of the Holders. Transactions between NWD and other companies in which the family has an interest, including Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, are also subject to the rules of the Hong Kong Stock Exchange which, in certain circumstances may require disclosure to, and approval from, the shareholders, excluding CTFEL, of NWD. NWD believes that all transactions between the Group and CTFEL are carried out on an arm's length basis. As a result of the above, the Group may lose some of its competitive advantage, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Franchise and licence risks

The Group and its associated companies and joint ventures operate and manage certain franchise businesses such as providing facilities services in respect of the Hong Kong Convention and Exhibition Centre (the "**HKCEC**"), operating public bus transportation services in Hong Kong, operating ferry transportation services in Hong Kong and operating duty free tobacco and alcohol sales under franchise and licence agreements. There can be no assurance that renewals of franchise and licence periods can be obtained or that if renewed, that the terms of such franchise and licence will not be on terms less favourable than currently obtained by the Group.

Intellectual property considerations

The Group has registered, or applied for registration of, various classes of the "New World" trademark for use in Hong Kong, the PRC, several other Asian countries, the USA and Canada and the "New World" trademark in Chinese (新世界) in some of these jurisdictions. Although the Group has not been subject to any intellectual property dispute in respect of the use of the "New World" trademark (both in English and Chinese), there can be no assurance that third parties will not assert trademark or other intellectual property infringement claims against the Group. Any such claims against the Group, with or without merit, as well as claims initiated by the Group against third parties, could be time consuming and expensive to defend or prosecute and resolve. If third party claims are successful, the Group may have to pay damages and legal costs, and may be restricted from using the "New World" trademark (both in English and Chinese), which may have a negative impact on the Group's reputation. The related costs or potential disruption to the Group's operations could have an adverse effect on the Group.

NWDS does not own the "新世界" (New World) trade name in Shanghai. The "新世界" (New World) trade name has been registered by an independent third party in Shanghai which operates a department store in Shanghai under such trade name. Although NWDS is neither related to nor associated with the owner of the "新世界" (New World) trade name in Shanghai or the store which it operates, negative publicity concerning such store may have an adverse impact on the image and brand recognition of NWDS, NWD or the Group. In order to avoid confusion with the department store operated in Shanghai by the independent third party, NWDS has relied on the "巴黎春天" (Ba Li Chun Tian) trade name for its Shanghai operations since 2001 pursuant to an exclusive and non-transferable licence granted by Shanghai Yimin Department Stores Joint Stock Company Limited. If the licence for the "巴黎春天" (Ba Li Chun Tian) trade name is terminated and NWDS is required to cease using the "巴黎春天" (Ba Li Chun Tian) trade name, NWDS will have to undertake measures, including the use of other trade marks or names for its stores in Shanghai. This may lead to additional marketing and advertising expenses for the purpose of promotion of a new trade mark or brand for stores in Shanghai and there can be no assurance that the use of other trade names or marks will be able to generate a level of reputation similar to that of the "巴黎春天" (Ba Li Chun Tian) trade name.

Generally, a deterioration in the Group's brand image, or any failure to protect the Group's brand and intellectual property rights, could have a negative impact on the Group's business. The

Group’s images play an integral role in all of the business operations. Any negative incident or negative publicity concerning the Group could adversely affect the Group’s reputation and business. Brand value is based largely on subjective consumer perceptions and can be damaged even by isolated incidents that degrade consumer trust. Consumer demand for the Group’s products and the Group’s brand value could diminish significantly if the Group fails to preserve the quality of the products, or fail to deliver a consistently positive consumer experience, or if the Group is perceived to act in an unethical or socially irresponsible manner. In addition, any unauthorised use of the Group’s brands, trademarks and other intellectual property rights could harm the Group’s competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorised use is difficult. The measures the Group take to protect the Group’s intellectual property rights may not be adequate. If the Group is unable to adequately protect the brand, trademarks and other intellectual property rights, the Group may lose these rights and the Group’s business may suffer materially.

Risks Relating to the PRC

The Group is subject to the political and economic risks of doing business in the PRC

A significant portion of the Group’s operations are located in the PRC. NWD expects that the Group will make further investments in the PRC, and that the Group’s assets in the PRC will continue to account for a sizeable share of its overall income base. NWD’s trading and financial condition, results of operations and future prospects depend to a large extent on the success of the Group’s operations in the PRC and are subject, to a significant degree, to the political and economic situation and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including, but not limited to:

- extent of government involvement;
- level of development;
- growth rate;
- economic and political structure;
- control of foreign exchange;
- allocation of resources; and
- regulation of capital reinvestment.

While the PRC economy has experienced significant growth in the past 25 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy but may also have a negative effect on the Group’s operations. For example, the Group’s business and financial condition may be adversely affected by the PRC government’s control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC

government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There is no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business and financial condition.

The legal system in the PRC is less developed than in certain other countries and laws in the PRC may not be interpreted and enforced in a consistent manner

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

Real estate is a highly regulated sector in Mainland China

The supply of land in Mainland China is controlled and regulated by the PRC government. The land supply policies adopted by the PRC government directly impact the Group's ability to acquire land use rights for development and the costs of such acquisitions. For example, in recent years, the PRC government has introduced a series of measures (and may implement further measures) to curb its overheating economy, including policies to prevent excessive rises in property prices in certain cities and sectors such as taxing capital gains to discourage speculation, restricting purchases of real estate by foreigners, limiting the amount of luxury villa developments and tightening of credit available to real estate developers and individual purchasers. Property developers must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC government adjusts its macroeconomic policies to encourage or restrict property development which may have a direct impact on the Group's business.

The PRC government's restrictive measures to control the property development industry's rate of growth could limit the Group's access to capital resources, reduce market demand and increase the Group's operating costs. The PRC government may adopt additional and more stringent measures in the future, which may further slow the development of the industry and materially and adversely affect the Group's business and result of operations. In particular, any additional or more stringent measures imposed by the PRC government in the future to curb high-end residential/mixed use real estate projects may materially and adversely affect the Group's business and results of operations.

The Group may, under certain land clearance agreements with relevant land authorities, be required to assist local governments with clearing land and relocating original residents with respect to some of its development property projects in accordance with the relevant PRC laws and regulations.

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

Although the Group has never been subject to any such penalties or required to pay idle fees or forfeit any of its land in the PRC, there can be no assurance that circumstances leading to possible forfeiture of land or delays in the completion of a project may not arise in the future.

Further, the Group must obtain various permits, certificates, relevant approvals from the relevant administrative authorities at various stages of development, including land use rights document, planning permits, construction permits and confirmation of completion and acceptance. Each approval is dependent on the satisfactory compliance with certain requirements or conditions. The Group can give no assurance that it will not encounter material delays or other impediments in fulfilling the conditions precedent to obtain these approvals.

These measures have to date focused on tier-one and tier-two cities, there is a risk that similar measures will be introduced in tier-three and tier-four cities which would have an adverse impact on the Group's developments in such cities.

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

The Group's ability to arrange adequate financing for land acquisitions or development properties on terms that will allow it to earn reasonable returns depends on a number of factors, many of which are beyond the Group's control. The PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten lending requirements for property developers, which, among other things:

- forbid PRC commercial banks from extending loans to property developers to finance land premiums;
- restrict PRC commercial banks from extending loans for the development of luxury residential properties;

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

The PBoC adjusts the reserve requirement ratio for commercial banks to curtail overheating of the property sector, or, as the case may be, in order to stimulate the PRC economy. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBoC against deposits (including margin deposits such as acceptances, letters of credit and letters of guarantee) made by their customers. Further increases in the bank reserve requirement ratio may negatively impact the amount of funds available to lend to businesses, including to the Group, by commercial banks in Mainland China. The China Banking and Insurance Regulatory Commission (the "**CBIRC**") also regulates the provision of 'shadow finance' in the form of wealth management products by banks and trust companies to curtail overheating of the property sector and to protect investors. The regulations include limitations on the pooling of assets, on the proportion of wealth management products relative to other assets, on proprietary trading and on the disclosure associated with the marketing of wealth management products.

The Group cannot assure investors that the PRC government will not introduce other initiatives which may limit the Group's access to capital resources. The foregoing and other initiatives introduced by the PRC government may limit the Group's flexibility and ability to use bank loans or other forms of financing to finance the Group's development properties and therefore may require the Group to maintain a relatively high level of internally sourced cash. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

Currency risks

A significant portion of the Group's revenue is denominated in Renminbi and must be converted to pay dividends or make other payments in freely convertible currencies. Under the PRC's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, strict foreign exchange controls continue to be implemented in respect of capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities.

Inflation risks

In recent years, the PRC economy has experienced periods of rapid expansion and highly fluctuating rates of inflation. During the past ten years, the rate of inflation in China has been as high as 5.9 per cent. and as low as -0.7 per cent., and as at June 2019, the consumer price index in China increased by 2.7 per cent. year over year, according to the National Bureau of Statistics of China. That has led to the adoption by the PRC government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the PRC government to impose controls on credit or prices, or to take other action, which could inhibit economic activity in China, which could materially and adversely affect our business, financial condition and results of operations.

In particular, such inflation in the PRC may result in increased construction and funding costs for the Group. The PRC government uses various measures to control inflation, including increasing

benchmark lending rates and reserve ratios on several occasions. As commercial banks in Mainland China link the interest rates on their loans to benchmark lending rates published by the PBoC, any increase in such benchmark lending rates will increase the funding costs for the Group. The PRC government is expected to continue to manage liquidity, cool down the real estate market and use price controls when needed. The Group's business, financial condition and results of operations in Mainland China may be adversely affected by increased construction and funding costs.

Pre-sale

Changes in laws and regulations with respect to pre-sale may also adversely affect the Group's cash flow position and performance. The Group uses proceeds from the pre-sale of its properties as a source of financing for its construction costs. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence the pre-sale of their property development projects and may use pre-sale proceeds to finance their developments. There can be no assurance that the PRC governmental authority will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group's properties are an important source of financing for its property developments. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditure the Group must incur prior to obtaining the pre-sale permit or any restriction on the use of pre-sale proceeds, would extend the time period required for recovery of the Group's capital outlays and would result in its needing to seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cash flow results of operations and financial condition.

The PRC tax authorities may challenge the basis on which the Group calculates its land appreciation tax ("LAT") obligations

Under PRC tax laws and regulations, the Group's properties developed for sale or transfer are subject to LAT, which is collected by local tax authorities. All income from the sale or transfer of land use rights relating to state-owned land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30 per cent. to 60 per cent. of the appreciation value as defined by the relevant tax laws, with certain exceptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20 per cent. of the total deductible items as defined in the relevant tax laws. In May 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection of Land Appreciation Tax that requires that the minimum LAT prepayment rate must be no less than 2 per cent. for provinces in eastern China, 1.5 per cent. for provinces in central and northeastern China and 1 per cent. for provinces in western China. If the LAT is calculated based on the authorized taxation method (核定徵收), the minimum taxation rate shall be 5 per cent. in principle. On 28 December 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises which came into effect on 1 February 2007 (the "**LAT Notice**"). Under the LAT Notice, local tax authorities can formulate their own implementation rules according to the notice and local situations and there are uncertainties as to how they will enforce this notice. In the event that relevant tax authorities change their requirements as to the amount or timing of payment of provisional LAT, the Group's cash flow may be materially and adversely affected.

The Group's management believes that it estimates and makes provision for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations, but only pays a portion of such provision each year as required by the local tax authorities. Although the Group's management believes that such provisions are sufficient, there can be no assurance that the tax authorities will agree with the basis on which the Group calculates its LAT obligations. In the event

that the local tax authorities believe a higher rate of LAT should be paid, the financial position of the Group may be adversely affected.

Specifically, in respect of development projects which have been completed and are eligible for tax audit, the NWCL Group has estimated and made provisions for the full amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations. In the event that the tax authorities collect the LAT that the NWCL Group has provided for in its accounts, the NWCL Group's will incur a cash outlay. Furthermore, in the event that LAT eventually collected by the tax authorities upon completion of the tax audit exceeds the amount that the NWCL Group has provided for, its net profits after tax may also be adversely affected. In respect of property developments that have not met the tax audit eligibility criteria, the NWCL Group has paid and will continue to pay provisional LAT as required by the tax authorities. The LAT that is ultimately payable upon completion of the tax audit of such projects in the future may be greater than the provisional LAT incurred by the NWCL Group which may adversely affect the business and financial condition of the NWCL Group.

Risks Relating to the Securities

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

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

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

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

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

The Issuer may, at its sole discretion, elect to defer any scheduled Distribution on the Securities for any period of time if, during the three months ending on the day before that scheduled Distribution Payment Date an Optional Deferral Event (as defined in "*Terms and Conditions of the Securities*") has occurred. Each of the Issuer and the Guarantor is subject to certain restrictions in relation to the payment of dividends and/or other distributions or payments on its Junior Securities or Parity Securities (as described in the Conditions) and the redemption and repurchase of its Junior Securities or Parity Securities until all outstanding Arrears of Distribution are satisfied. The Issuer is not subject to any limits as to the number of times Distributions can be deferred pursuant to the Conditions subject to compliance with the foregoing restrictions. Although Distributions are cumulative, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the Holders, and Holders have no rights to claim any Distribution, Arrears of Distribution or Additional Distribution Amount if there is such a deferral.

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

The Securities may be redeemed at the Issuer's option at any time on or after six years and three months after the Issue Date or the occurrence of certain other events

The Conditions provide that the Securities are redeemable at the option of the Issuer in whole, but not in part, at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption.

The Issuer also has the right to redeem the Securities at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption if (a) there are any amendments or changes to the Relevant Accounting Standard such that the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard, or (b) there are any changes to the laws or regulations of Hong Kong (in the case of the Guarantor) or the British Virgin Islands (in the case of the Issuer) or any political subdivision or any authority thereof or therein having power to tax such that the Issuer or the Guarantor has or will become obliged to pay additional amounts in respect of tax on the Securities or the Guarantee of the Securities as referred to in the Conditions. In addition, upon the occurrence of a Change of Control, the Issuer will give notice to Holders and the Fiscal Agent (in accordance with the "Terms and Conditions of the Securities") stipulating that a Change of Control has occurred and whether or not it will redeem the Securities at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amounts). The Securities may also be redeemed in the event that at least 75 per cent. in principal amount of the Securities originally issued has already been redeemed or purchased and cancelled.

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

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

Any scheduled Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings is limited to circumstances where payment has become due and the Issuer (failing which, the Guarantor) fails to make the payment when due and such failure continues for a period of ten days or more. The only remedy against the Issuer and the Guarantor available to any Holder of Securities, for recovery of amounts in respect of the Securities and/or the Guarantee of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities and/or the Guarantee of the Securities will be proving in such Winding-Up and/or claiming in the liquidation of the Issuer and/ or the Guarantor in respect of any payment obligations of the Issuer and/or the Guarantor arising from the Securities and/or the Guarantee of the Securities. In order to exercise such a remedy, Holders of not less than 5 per cent. in aggregate principal amount of the Securities will be required to take action collectively, and individual Holders holding less than such amount will not be able to proceed without the support of other Holders.

The Securities contain provisions regarding modification and waivers which may affect the rights of Holders

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

contrary to the majority. In addition, an Extraordinary Resolution in writing signed by or on behalf of the Holders of not less than 90 per cent. of the aggregate principal amount of Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held.

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

Majority interests in meetings of holders of the Securities

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

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

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

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

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the Securities. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

The Securities may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular and any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, 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;

- understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- 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.

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

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

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

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

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

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

Investors in the Securities may be subject to foreign exchange risk

The Securities are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars will be subject to foreign exchange risks by virtue of an investment in the Securities, due to, among other things, economic, political and other factors over which neither the Issuer nor the Guarantor has any control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Securities for an investor and could result in a loss when the return on the Securities is translated into such currency. Conversely, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Securities in the event of an appreciation.

The Securities are issued by a special purpose vehicle

The Issuer was established specifically for the issuance of debt securities (including, but not limited to, issuing the Securities) and on-lending the net proceeds from such issuances (including, but not limited to, the issue of the Securities) to the Guarantor. The Issuer does not have any

business activities other than the issue of debt securities, and its ability to make payments under the Securities will depend on their receipt of timely remittance of funds from the Guarantor and/or its subsidiaries. There is no assurance that the Issuer will be able to receive sufficient funds from the Guarantor and/or its subsidiaries to make payments under the Securities or any other securities issued by the Issuer.

TERMS AND CONDITIONS OF THE SECURITIES

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Securities, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Securities.

The U.S.$650,000,000 5.25 per cent. guaranteed senior perpetual capital securities (the "**Securities**", which expression includes any further securities issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of NWD Finance (BVI) Limited (the "**Issuer**") are constituted by a deed of covenant dated 22 June 2020 (as amended and/or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are the subject of (a) a deed of guarantee dated 22 June 2020 (as amended and/or supplemented from time to time, the "**Deed of Guarantee**") entered into by New World Development Company Limited (the "**Guarantor**") and (b) a fiscal agency agreement dated 22 June 2020 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Securities), The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Securities), the transfer agent named therein (the "**Transfer Agent**", which expression includes any successor or additional transfer agent appointed from time to time in connection with the Securities), the calculation agent named therein (the "**Calculation Agent**", which expression includes any successor or additional calculation agent appointed from time to time in connection with the Securities) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Securities). References herein to the "**Agents**' 'are to the Registrar, the Fiscal Agent, the Transfer Agent, the Calculation Agent and the Paying Agent(s) and any reference to an "**Agent**" is to any one of them. Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and subject to their detailed provisions. The Holders (as defined in Condition 3(a) (*Register, Title and Transfers —Register*)) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant are available for inspection by Holders with prior written notice during normal business hours at the principal office for the time being of the Fiscal Agent, being at the date hereof Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form and Denomination

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

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

(a) *Status of the Securities*: The Securities constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Guarantee of the Securities; Status of the Guarantee of the Securities*: The Guarantor has, in the Deed of Guarantee, unconditionally and irrevocably guaranteed the due and punctual payment of all sums payable by the Issuer in respect of the Securities. This guarantee (the "**Guarantee of the Securities**") constitutes a direct, general, unsecured, unconditional and unsubordinated obligations of the Guarantor which ranks at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the

Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Securities outside the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (each, a "**Certificate**") will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Upon issue, the Securities will be represented by a Global Certificate deposited with and registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). The Conditions are modified by certain provisions contained in the Global Certificate. See "The Global Certificate".*

(b) *Title*: The Holder of each Security shall (except as otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are Authorised Denominations. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor. No transfer of title to a Security will be valid unless and until entered on the Register.

Transfers of interests in the Securities evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(d) *Registration and delivery of Certificates*: Within five business days of the surrender of a Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day, excluding a Saturday and a Sunday, on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

Except in the limited circumstances described herein (see "The Global Certificate"), owners of interests in the Securities will not be entitled to receive physical delivery of Certificates.

(e) *No charge*: The transfer of a Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Holders may not require transfers to be registered during (i) the period of 15 days ending on the due date for any payment of principal or Distribution (as defined in Condition 4(a) (*Distribution — Accrual of Distribution*)) in respect of the Securities or (ii) during the period of 15 days ending on (and including) any date on which the Securities may be called for redemption by the Issuer at its option pursuant to Condition 5 (*Redemption and Purchase*).

(g) *Regulations concerning transfers and registration*: All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The parties to the Agency Agreement may agree, without the consent of the Holders, to any modifications to any provisions thereof (including the regulations concerning the transfer of Securities). A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

4. Distribution

(a) *Accrual of Distribution*: Subject to Condition 4(d) (*Distribution — Distribution Deferral*), the Securities confer a right to receive distribution (each a "**Distribution**") from 22 June 2020 (the "**Issue Date**") at the applicable Distribution Rate in accordance with this Condition 4. Subject to Condition 4(d) (*Distribution — Deferral of Distribution*), Distribution shall be payable on the Securities semi-annually in equal instalments in arrear on 22 June and 22 December of each year (each, a "**Distribution Payment Date**"), with the first Distribution Payment Date falling in December 2020.

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

Subject to Condition 4(c) (*Increase in Distribution following a Change of Control*), the amount of Distribution payable on each Distribution Payment Date shall be calculated by applying the applicable Distribution Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Security divided by the Calculation Amount, where "**Calculation Amount**" means U.S.$1,000 and "**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

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

(b) *Rate of Distribution*: Subject to Condition 4(c) (*Increase in Distribution following a Change of Control*), the rate of distribution (the "**Distribution Rate**") applicable to the Securities shall be:

(i) from, and including, the Issue Date to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and

(ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate.

(c) *Increase in Distribution following a Change of Control*:

(i) *Increase in Distribution Rate:* Upon the occurrence of a Change of Control, unless an irrevocable notice to redeem the Securities has been given to Holders by the Issuer pursuant to Condition 5(e) (*Redemption and Purchase — Redemption for Change of Control*) by the 30th day following the occurrence of the Change of Control, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (i) the next Distribution Payment Date; or (ii) if the date on which a Change of Control occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date.

(ii) *Decrease in Distribution Rate*: If following an increase in the Distribution Rate upon the occurrence of a Change of Control pursuant to Condition 4(c)(i) (*Increase in Distribution Rate*) such Change of Control is cured, remedied, no longer applicable or no longer continuing, then upon notification to the Holders and the Fiscal Agent accompanied by a certificate, signed by two directors of the Guarantor, stating that the Change of Control has been cured, remedied, is no longer applicable or is no longer continuing (as the case may be) and setting out the details of such circumstances, the Distribution Rate will decrease by 3.00 per cent. per annum with effect from the next Distribution Payment Date immediately following the date of the notification referred to in this Condition 4(c)(ii), provided that the maximum aggregate decrease in the Distribution Rate pursuant to this Condition 4(c)(ii) shall be 3.00 per cent.

(d) *Distribution Deferral*:

(i) *Optional Deferral*: The Issuer may, at its sole discretion, elect to defer Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an "**Optional Deferral Notice**") to the Holders (in accordance with Condition 14 (*Notices*)) not more than 10 nor less than 5 Business Days prior to a scheduled Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date no dividend, distribution or other payment has been paid or declared by the Issuer or the Guarantor on or in respect of its Junior Securities or its Parity Securities (except in connection with any benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants) (an "**Optional Deferral Event**").

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

(iii) *Requirements as to Notice*: Each Optional Deferral Notice shall be accompanied by a certificate in the form scheduled to the Agency Agreement signed by an authorised signatory of the Guarantor confirming that an Optional Deferral Event has occurred and is continuing.

(iv) *Cumulative Deferral*: Any Distribution deferred pursuant to this Condition 4(d) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the foregoing

notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution may be deferred pursuant to this Condition 4(d) except that Condition 4(d)(v) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

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

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

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

(B) at its discretion redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities, provided that such restriction shall not apply to an exchange by the Issuer or the Guarantor of any of its Parity Securities for Junior Securities or in relation to Parity Securities, on a *pro-rata basis*,

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

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

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

(B) in any event must satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earlier of (1) the date of redemption of the Securities in accordance with Condition 5(b) (*Redemption and Purchase — Redemption for tax reasons*), 5(c) (*Redemption and Purchase — Redemption for accounting reasons*), 5(d) *(Redemption and Purchase — Redemption at the option of the Issuer*), 5(e) (*Redemption and Purchase — Redemption for Change of Control*) or 5(f) (*Redemption and Purchase – Redemption for minimum outstanding amount*); (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(d)(v)

(*Distribution — Restrictions in the case of Deferral*) and (3) the date such amount becomes due under Condition 8 (*Non-payment*).

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

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

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

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

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

(i) any Person or Persons acting together acquires 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;

(ii) 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; or

(iii) one or more Persons acquires the beneficial ownership of all or substantially all of the Guarantor's issued share capital;

"**Comparable Treasury Issue**" means the U.S. Treasury security selected by the Issuer as having a maturity of 5 years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of 5 years;

"**Comparable Treasury Price**" means:

(i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third New York Business Day preceding the relevant Reset Date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities"; or

(ii) if such release (or any successor release) is not published or does not contain such prices on such New York Business Day:

(A) the average of the Reference Treasury Dealer Quotations for the relevant Reset Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations; or

(B) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations, if the Comparable Treasury Price cannot be determined in accordance with the above provisions, as determined by the Independent Investment Bank;

"**Control**" means the acquisition or control of more than 50 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;

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

"**Independent Investment Bank**" means an independent investment bank of international repute (acting as an expert) selected by the Issuer (at the expense of the Issuer) and notified to the Fiscal Agent and Calculation Agent in writing;

"**Initial Spread**" means 4.889 per cent.;

"**Junior Securities**" means:

(i) in respect of the Issuer, (a) any class of the Issuer's share capital (including preference shares) qualifying as equity under HKFRS, (b) any instrument or security issued or entered into by or other obligation of the Issuer which ranks, or is expressed to rank, junior to the Issuer's obligations under the Securities, and (c) any security or other obligation guaranteed by the Issuer where the Issuer's obligations under the relevant guarantee rank or are expressed to rank junior to the Issuer's obligations under the Securities, in each case where the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer, and

(ii) in respect of the Guarantor, (a) any class of the Guarantor's share capital (including preference shares) qualifying as equity under HKFRS, (b) any instrument or security issued or entered into by or other obligation of the Guarantor which ranks or is expressed to rank junior to the Guarantor's obligations under the Guarantee of the Securities, and (c) any security or other obligation guaranteed by the Guarantor where the Guarantor's obligations under the relevant guarantee rank or are expressed to rank junior to the Guarantor's obligations under the Guarantee of the Securities, in each case where the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Guarantor;

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

"**Parity Securities**" means, in relation to the Issuer or the Guarantor, as the case may be, any instrument or security issued, entered into or guaranteed by the Issuer or the Guarantor (i) which ranks or is expressed to rank, by its terms or by operation of law, pari passu with the Securities and (ii) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer or, as the case may be, the Guarantor;

a "**Person**", as used in this Condition 4 and in Condition 5(e) (*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) but does not include (i) the Guarantor's board of directors or any other governing board; (ii) the Guarantor's wholly-owned direct or indirect subsidiaries; (iii) late Dato' Dr. Cheng Yu-Tung, his relatives and/or extended family and/or companies

which are controlled by any of them and/or trusts in which late Dato' Dr. Cheng Yu-Tung, his relatives and/or extended family and/or companies which are controlled by any of them are beneficiaries and/or interests associated with any or some of them; and (iv) Chow Tai Fook Enterprises Limited ("**CTFEL**") and its Affiliates. For this purpose, "**Affiliates**" of CTFEL means any Person directly or indirectly Controlling, Controlled by or under common control with CTFEL;

"**Reference Treasury Dealer**" means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer in New York, selected by the Issuer (at the expense of the Issuer);

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any Reset Date, the average as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 5:00 p.m. on the third business day pursuant to Condition 4 (*Distribution*)) preceding such Reset Date;

"**Reset Date**" means the First Reset Date and each date that falls 5, or a multiple of 5, years following the First Reset Date;

"**Reset Distribution Rate**" means, in respect of any respective Reset Period, the applicable Distribution Rate per annum as calculated by the sum of (x) the U.S. Treasury Benchmark Rate in relation to that Reset Period, (y) the Initial Spread and (z) the Step-up Margin;

"**U.S. Treasury Benchmark Rate**" means the rate notified by the Calculation Agent to the Issuer and the Holders (in accordance with Condition 14 (*Notices*)) in per cent. per annum equal to the yield, under the heading that represents the average for the week ending two New York Business Days prior to each Reset Date for calculating the Distribution Rate under sub-paragraph (b)(ii) (*Rate of Distribution*) of Condition 4 (*Distribution*), appearing in the most recently published statistical release designated "H.15(519)" (weblink: http://www.federalreserve.gov/releases/h15/current/default.htm) or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded US Treasury securities adjusted to constant maturity under the caption "Treasury constant maturities" for the maturity corresponding to the Comparable Treasury Issue. If such release (or any successor release) is not published during the week preceding the relevant date for calculation or does not contain such yields, "**U.S. Treasury Benchmark Rate**" means the rate in per cent. per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the applicable Reset Date under paragraph Condition 4(b) (*Distribution - Rate of Distribution*); and

"**Step-up Margin**" means 3.00 per cent.

5. Redemption and Purchase

(a) *No fixed redemption date*: The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2 (*Status of the Securities and the Guarantee of the Securities*) and without prejudice to Condition 8 (*Non-payment*)), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) *Redemption for tax reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days'

notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any), if:

(i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 June 2020; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Securities) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Securities, or the Guarantor has or will become obliged to make any such withholding or deductions as to referred to in Condition 7 (*Taxation*) or the Guarantee of the Securities as the case may be, from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Securities, in either case 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 16 June 2020 and (B) 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 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Securities were then due or (as the case may be) a demand under the Guarantee of the Securities were then made.

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

(A) a certificate, signed by two directors of the Issuer, stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate, signed by two directors of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and

(B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment, provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

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

(c) *Redemption for accounting reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any), if, as a result of any changes or amendments to HKFRS or any other accounting standards that may replace HKFRS for the purposes of the consolidated financial statements of the Guarantor (the "**Relevant Accounting Standard**"), the Securities and/or the Guarantee of the Securities must not or must no

longer be recorded as "**equity**" of the Guarantor on a consolidated basis pursuant to the Relevant Accounting Standard.

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

(A) a certificate, signed by two directors of the Guarantor, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) an opinion of the Guarantor's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect, provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

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

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

(d) *Redemption at the option of the Issuer*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, on any business day on or after 22 March 2026 (each, a "**Call Date**") on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Date at their principal amount plus Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any)).

(e) *Redemption for Change of Control*: Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent in accordance with Condition 14 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control, stipulating that a Change of Control has occurred and whether or not it will redeem the Securities pursuant to this Condition 5(e). A notice given by the Issuer stipulating that it will redeem the Securities pursuant to this Condition 5(e) shall: (A) stipulate the Change of Control Call Date; (B) be irrevocable; and (C) oblige the Issuer to redeem the Securities on the Change of Control Call Date at their principal amount together with Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any).

The "**Change of Control Call Date**" shall be a date not less than 30 nor more than 60 days from the date of the notice referred to in the paragraph above.

(f) *Redemption for minimum outstanding amount*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Holders (which notice will be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any) if prior to the date of such notice at least 75 per cent. in principal amount of the Securities originally issued (including any further Securities issued pursuant to Condition 13 (*Further Issues*) and consolidated and forming a single series with the Securities) has already been redeemed or purchased and cancelled.

(g) *No other redemption*: The Issuer shall not be entitled to redeem the Securities and shall have no obligation to make any payment of principal in respect of the Securities otherwise than as provided in Conditions 5(b) (*Redemption for tax reasons*) to 5(f) (*Redemption for minimum outstanding amount*) above.

(h) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Securities in the open market or otherwise and at any price.

(i) *Cancellation*: All Securities so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.

The Agent shall not be required to take any steps to ascertain whether any event as provided in Conditions 5(b) (*Redemption for tax reasons*) to 5(f) (*Redemption for minimum outstanding amount*) above has occurred.

6. Payments

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

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

(c) *Payments subject to fiscal laws*: All payments in respect of the Securities are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and Distribution payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of Distribution payable other than on redemption) on the due date for payment. A Holder of a Security shall not be entitled to any Distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day, other than a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in New York City, Hong Kong and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

So long as the Securities are represented by the Global Certificate, each payment 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 of payment, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Security, the Issuer shall procure that the amount and date of such payment are noted on the

Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) *Record date*: Each payment in respect of a Security will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

7. Taxation

All payments of principal and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is as required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Security:

(a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Security; or

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

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

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

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands or Hong Kong, respectively, references in these Conditions to the British Virgin Islands or Hong Kong shall be construed as references to the British Virgin Islands or (as the case may be) Hong Kong and/or such other jurisdiction.

The Agent shall not be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Holder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), Distribution or other amount under or in respect of the Securities without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8. Non-payment

(a) *Non-payment when due*: Notwithstanding any of the provisions below in this Condition 8, the right to institute Winding-Up (as defined in Condition 8(e) (N*on-payment — Definitions*)) proceedings is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to defer that Distribution in accordance with Condition 4(d) (*Distribution — Distribution Deferral*).

(b) *Proceedings for Winding-Up*: If (i) an order is made or an effective resolution is passed for the Winding-Up of the Issuer or the Guarantor or (ii) the Issuer or the Guarantor shall not make payment in respect of the Securities or the Guarantee of the Securities, as the case may be, for a period of ten days or more after the date on which such payment is due, the Issuer and the Guarantor shall be deemed to be in default under the Securities (in the case of the Issuer) and the Guarantee of the Securities (in the case of the Guarantor) and Holders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Securities may institute proceedings for the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or prove in the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or claim in the liquidation of the Issuer, the Guarantor or both of them (as applicable) for such payment.

(c) *Enforcement*: Without prejudice to Condition 8(b) (*Non-payment — Proceedings for Winding-Up*), Holders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Securities may without further notice to the Issuer and/or the Guarantor institute such proceedings against the Issuer, the Guarantor or both of them (as applicable) as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor under the Securities or the Guarantee of the Securities (other than any payment obligation of the Issuer or the Guarantor under or arising from the Securities or the Guarantee of the Securities, including, without limitation, payment of any principal or premium or satisfaction of any Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities or the Guarantee of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) *Extent of Holders' remedy*: No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 8, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Securities or the Guarantee of the Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities or the Guarantee of the Securities.

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

9. Prescription

Claims for principal and Distribution on redemption shall become void unless the relevant Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Agents

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

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, fiscal agent, agent bank and additional or successor paying agent and transfer agent; **provided, however, that** the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar.

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

12. Meetings of Holders; Modification

(a) *Meetings of Holders*: The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Securities, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Holders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, two or more persons being or representing Holders whatever the principal amount of the Securities held or represented; **provided, however, that** certain proposals (including any proposal to change any date fixed for payment of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, to reduce the amount of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) payable on any date in respect of the Securities, to alter the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, to change the currency of payments under the Securities, to amend the terms of the Guarantee of the Securities or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which two or more persons holding or representing not less than 66 per cent. or, at any adjourned meeting, 33 per cent. of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

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

So long as the Securities are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Holders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

(b) *Modification*: The Securities, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Holders to modify any provision of a formal, minor or technical nature or to correct a manifest error. 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 Holders, 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 such parties, not materially prejudicial to the interests of the Holders.

13. Further Issues

The Issuer may (with the prior written consent of the Guarantor) from time to time, without the consent of the Holders, create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of Distribution) so as to form a single series with the Securities.

14. Notices

Notices to the Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Holders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

15. Governing Law and Jurisdiction

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

(b) *Jurisdiction*: The Issuer (i) agrees for the benefit of the Holders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Securities (including any non-contractual obligation arising out of or in connection with the Securities); (ii) agrees that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; and (iii) has designated a company in England to accept service of any process on its behalf.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Securities in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

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

Under the Global Certificate, the Issuer, for value received, promises to pay distributions on such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

The Global Certificate will become exchangeable in whole, but not in part, for individual certificates ("**Individual Certificates**") if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) upon a Winding-Up (as defined in the Conditions) of the Issuer or the Guarantor.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Securities scheduled thereto and, in particular, shall be effected without charge to any Holder or the Agents, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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

Record date: Notwithstanding Condition 6(f) (*Record date*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**")**,** each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Notices: Notwithstanding Condition 14 (*Notices*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or an Alternative Clearing System, notices to Holders of Securities represented by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

Determination of entitlement: The Global Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined in accordance with the Register and only the Holder is entitled to payment in respect of the Global Certificate.

Electronic Consent: While the Securities evidenced by the Global Certificate are registered in the name of any nominee for, or a nominee for any common depositary for, Euroclear, Clearstream or any Alternative Clearing System (as the case may be), then (a) approval of a resolution proposed by the Issuer or the Guarantor (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Securities then outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including in relation to Reserved Matters (as defined in the Agency Agreement)), take effect as an Extraordinary Resolution passed at a meeting of Holders duly convened and held, and shall be binding on all Holders whether or not they participated in such Electronic Consent; and (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, subject to certain requirements set out in the Agency Agreement, the Issuer, the Guarantor and the Fiscal Agent shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the Guarantor or the Fiscal Agent, as the case may be, by accountholders in the relevant clearing system with entitlements to Securities evidenced by the Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds such entitlement directly with the accountholder or via one or more intermediaries.

USE OF PROCEEDS

The net proceeds from the issue of the Securities will be approximately U.S.$645,000,000 which will be used for the Guarantor’s general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Guarantor

As at 31 December 2019, the issued share capital of the Guarantor was approximately 10,226.4 million ordinary shares.

The following table sets forth the total capitalisation and indebtedness of the Guarantor as at 31 December 2019, which has been extracted from the unaudited condensed consolidated statement of financial position of the Guarantor as at the same date. This table should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2019 and the notes thereto.

	As at 31 December 2019		
	Actual	**As Adjusted**	**As Adjusted**
	HK$ million	*HK$ million*	*US$ million*(1)
Current portion of borrowings and other interest-bearing liabilities			
Short-term borrowings and current portion of long-term borrowings and other interest-bearing liabilities	44,931.9	44,931.9	5,760.5
Non-current portion of borrowings and other interest-bearing liabilities			
Long-term borrowings and other interest-bearing liabilities(2)	141,163.7	141,163.7	18,097.9
Total borrowings and other interest-bearing liabilities	186,095.6	186,095.6	23,858.4
Shareholders' funds			
Share capital	77,939.6	77,939.6	9,992.2
Reserves	138,334.3	138,334.3	17,735.2
	216,273.9	216,273.9	27,727.4
Perpetual capital securities	30,447.1	30,447.1	3,903.5
Perpetual capital securities to be issued(3)	-	5,070.0	650.0
Total capitalisation(4)	387,884.7	392,954.7	50,378.8
Current portion of total borrowings and total capitalisation	432,816.6	437,886.6	56,139.3

Notes:

(1) A rate of HK$7.80 to US$1.00 was adopted for the conversion of Hong Kong dollars to US dollars.

(2) On 19 May 2020, NWD (MTN) Limited issued U.S.$600 million in aggregate principal amount of 4.50 per cent. guaranteed notes due 2030 under the U.S.$6 billion guaranteed medium term note programme which are unconditionally and irrevocably guaranteed by the Guarantor, which have not been accounted for in this table.

(3) Perpetual capital securities to be issued represent the aggregate principal amount of the Securities, before deduction of underwriting fees and commissions, and other estimated transaction expenses payable.

(4) Total capitalisation represents non-current portion of borrowings and other interest-bearing liabilities, shareholders' funds, perpetual capital securities issued as at 31 December 2019 and perpetual capital securities to be issued.

Other than as stated herein, there has been no material change in the capitalisation and indebtedness of the Guarantor since 31 December 2019.

Capitalisation and Indebtedness of the Issuer

As at 2 April 1992, the date of its incorporation, NWD Finance (BVI) Limited was authorised to issue a maximum of 50,000 U.S.$1.00 par value shares of a single class and series, of which one share is held by the Guarantor. As at the date of this Offering Circular, NWD Finance (BVI) Limited has issued securities in an aggregate principal amount of U.S.$2,500,000,000.

DESCRIPTION OF THE ISSUER

Formation

NWD Finance (BVI) Limited was incorporated as an international business company on 2 April 1992 under the International Business Companies Act (Cap 291) of the British Virgin Islands (Company Number: 60211) and was automatically re-registered as a business company on 1 January 2007 under the BVI Business Company Act 2004 of the British Virgin Islands. Its registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Issuer is a wholly-owned subsidiary of NWD.

Business Activity

The Issuer was established pursuant to the unrestricted objects and powers set out in its memorandum of association. 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 wholly-owned subsidiary of NWD and those incidental to the issuance of securities from time to time.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

Directors and Officers

The directors of the Issuer are Messrs. Sitt Nam-Hoi, Lam Jim and Yam Yuen-Tung, each of their business addresses is c/o NWD at 30/F., New World Tower, 18 Queen's Road Central, Hong Kong. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer.

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

DESCRIPTION OF THE GUARANTOR

Introduction

NWD is the holding company of one of the largest Hong Kong-based property developers listed on the Hong Kong Stock Exchange in terms of market capitalisation. Established in 1970, NWD was listed on the Hong Kong Stock Exchange in 1972 and its shares are currently a constituent stock of the Hang Seng Index. As at 31 December 2019, based on the closing price of its shares on the Hong Kong Stock Exchange, NWD had a market capitalisation of approximately HK$109,218.0 million.

The Group's operations are based primarily in Hong Kong, Macau and the PRC, and include business activities in the following segments:

- *Property:* The Group is one of the major property developers and investors in Hong Kong and the PRC and is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment property portfolio comprising shopping malls, offices, hotels and serviced apartments. The Group undertakes its property development and investment businesses in the PRC primarily through NWCL, its subsidiaries, associated companies and joint ventures (the "**NWCL Group**").

- *Service:* The Group, through NWSH and its subsidiaries, associated companies and joint ventures (the "**NWSH Group**"), is engaged in a diversified range of service businesses including construction, facilities management, transport and strategic investments in Hong Kong, Macau and the PRC.

- *Infrastructure:* The Group is one of the largest foreign investors and operators of infrastructure projects in Hong Kong, Macau and the PRC. Its infrastructure portfolio comprises roads, aviation, environment and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.

- *Hotels:* As at 31 December 2019, the Group operated 17 hotel properties in Hong Kong, Mainland China and Southeast Asia with 7,400 guest rooms.

- *Department Stores:* As at 31 December 2019, the Group, through NWDS and its subsidiaries, operated and managed 31 department stores and shopping malls in the PRC.

Within the business segments, the Group focuses on its current core businesses, which include property development, property investment, roads, aviation and construction.

The following sets forth an overview of the Group's organisation structure showing its principal functional units and business activities as at 31 December 2019:

新世界發展有限公司
New World Development Company Limited
HK stock code: 17

Hong Kong Property
Development and Investment

NWSH (HK stock code: 659)	NWCL	NWDS (HK stock code: 825)
Infrastructure & Service	Mainland Property	Mainland Department Store
Approximately 61 per cent.	100 per cent.	Approximately 75 per cent.

For the year ended 30 June 2019

For the year ended 30 June 2019, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK$76,763.6 million. Profit attributable to shareholders of the Guarantor amounted to HK$18,160.1 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK$8,814.1 million, up 10 per cent. year-on-year.

For the six months ended 31 December 2019

For the six months ended 31 December 2019, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK$32,464.4 million. Profit attributable to shareholders of the Guarantor amounted to HK$1,017.3 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK$3,929.2 million.

Strategy

- NWD's overall strategic objective is to enhance shareholders' value by focusing on developing, expanding and synergising its core businesses of property development, property investment, roads, aviation and construction operations in Hong Kong, Macau and the PRC. In particular, in Hong Kong, the Group's strategy is to maintain its core position as a comprehensive property developer. The Group has continued to replenish its land bank through various means, including public auction and tender, old building redevelopment as well as agricultural land conversion. Resources consumed in its current development were replenished to provide the Group with a steady pipeline of land supply in the coming years and to plan for property development and strategies in the long term. Through these means, the Group will be able to maintain a stable level of quality land bank and thus establish a solid foundation for the Group's property development business in Hong Kong that continues to contribute to the Group's sales revenue. The launch of new residential projects including ARTISAN GARDEN, TIMBER HOUSE and ATRIUM HOUSE offer abundant saleable resources in Hong Kong.

- With a proven underlying profit track record, the Group adopts a prudent and proactive approach in financial management and execution. To strengthen the profit contributions from the Group's investment property portfolio in Hong Kong, the Group proactively reviews its assets and investments with a view to achieving substantial growth through enhancing product quality and service delivery. In the past, the Group has regularly made dividend payments.

- In the PRC, the Group's strategy is to maintain a reasonable development pace to realise the capital value of its substantial land bank in the PRC with particular focus on the development of mid-scale and large-scale mixed-use projects with varying combinations of residential, office and retail spaces. As one of the largest and earliest foreign investors in the PRC with over 30 years of experience, NWD believes it has developed strong relationships and operating experience in the PRC that give it a competitive advantage, particularly in the Greater Bay Area. NWD believes that an increasing proportion of the Group's revenues and profits will, over the next few years, be generated from the PRC activities as the Group's PRC projects continue to mature and will seek to maintain a balance between revenues from property development and property investment. The Group will continue to develop properties in top-tier cities whilst focusing on geographical diversification into emerging second-tier cities. NWD believes that the Group's geographical diversification will enable it to benefit from the stable economic growth of top-tier cities as well as the emerging infrastructure development in high growth second-tier cities, alleviate the risks associated with having too much of its operation concentrated in one particular city or region in the PRC, strengthen its regional property portfolios and

position the Group as one of the leading national property developers and investors in the PRC.

- The Group's strategy in relation to its service businesses is to focus further on the construction business. For the remaining facilities management, transport and strategic investment aspects of the business, they are grouped under the strategic portfolio and the Group is looking to continue to benefit from stable income generated by its service operations.

- The Group's strategy in relation to its infrastructure businesses is to streamline the business portfolio and to focus further on the core businesses of roads and aviation. The Group continues to acquire quality road assets including a 40 per cent. interest of Hunan Sui-Yue Expressway. The Group also invests in commercial aircraft leasing investments given their strong earnings and growth potential. This stable and recurrent income stream is expected to help fund the Group's organic growth. Environment and logistics businesses are grouped under the Group's strategic portfolio and the focus is to maintain operations within its current range, which provide steady and diversified sources of income to the Group.

- In relation to hotel operations, the Group aims to continue to achieve better returns from the hotels in terms of both occupancy and average room rate.

- In relation to department store operations, the Group will delve deep into its core business of offline department store retail, empower it with new technologies and continue to seek innovations and breakthroughs along the path of product differentiation and towards stereoscopic experiences. Leveraging relevant work on business reshaping and store network adjustment, the Group will adhere to its proven and effective capitalised store management principles and establish benchmark stores in its three operating regions, so as to drive resource integration in the regions and to form a strategic setup with synergised development across multiple stores. In the long run, the Group will focus on fortifying its presence, while consistently implementing the strategies of "multiple presences within a single city" and "radiation city" to reinforce the Greater Beijing, the Greater Shanghai, the Greater South Western markets.

- As part of the Group's established strategies, the Group strives to focus on developing its current core businesses to optimise its assets and business portfolio while disposing of non-core assets. Under its dual growth engine strategy, the Group complements development properties sales with recurring investment property rentals. The Group also strives to develop strategic businesses such as HUMANSA.

Business

The following tables set forth the revenues and results for the business segments of the Guarantor and its subsidiaries for the fiscal years indicated:

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Revenue				
Property sales	38,511.5	50.2	23,380.8	38.5
Rental	3,669.4	4.8	3,109.9	5.1
Contracting	17,359.6	22.6	15,488.2	25.5

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Provision of services	9,238.8	12.0	10,423.5	17.2
Infrastructure operations	2,698.5	3.5	2,814.6	4.7
Hotel operations	1,490.9	1.9	1,479.0	2.5
Department store operations	3,357.8	4.4	3,670.9	6.0
Others	437.1	0.6	321.8	0.5
Total	76,763.6	100.0	60,688.7	100.0

Note:

(1) Revenue breakdown shown above reflects the Group's Executive Committee Categorisation, and differs slightly from the announced segmental results.

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Segment results (including share of results of joint ventures and associated companies)				
Property development	15,037.1	73.5	9,475.5	60.1
Property investment	2,142.9	10.5	2,452.2	15.5
Service	111.6	0.5	858.4	5.4
Infrastructure	3,689.8	18.0	3,201.4	20.3
Hotel operations	(249.5)	(1.2)	(76.5)	(0.5)
Department stores	202.2	1.0	232.4	1.5
Others	(468.9)	(2.3)	(369.9)	(2.3)
Total	20,465.2	100.0	15,773.5	100.0

The following tables set forth the Guarantor and its subsidiaries' share of results of joint ventures (those over which the Guarantor and its subsidiaries exercise joint control along with their partners pursuant to contractual arrangements) and their associated companies (those over which the Guarantor and its subsidiaries may exert influence through representations on the board of directors of such companies), by business segments for the fiscal years indicated:

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of joint ventures				
Property development	1,603.0	43.7	264.7	14.0
Property investment	326.2	8.9	451.0	23.9
Service	194.0	5.3	152.8	8.1

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Infrastructure.................................	1,752.8	47.7	1,183.4	62.8
Hotel operations.............................	11.8	0.3	32.8	1.7
Department stores	—	—	—	—
Others	(217.5)	(5.9)	(198.5)	(10.5)
Total	3,670.3	100.0	1,886.2	100.0

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of associated companies				
Property development....................	(4.1)	(0.4)	46.8	3.9
Property investment.......................	199.1	19.7	373.2	31.2
Service...	10.8	1.1	60.1	5.0
Infrastructure..................................	802.5	79.2	708.9	59.3
Hotel operations.............................	—	—	—	—
Department stores	—	—	(0.6)	(0.1)
Others	4.5	0.4	8.0	0.7
Total	1,012.8	100.0	1,196.4	100.0

During the six months ended 31 December 2019, following the completion of FTLife Insurance's acquisition and to better reflect the nature of the Group's income streams and group strategies, the Group reclassified its reporting business segments. The Executive Committee of the Guarantor considers its business from products and services perspectives, which comprise property development, property investment, roads, aviation, construction, insurance, hotel operations and others (including facilities management, transport, environment, logistic, department store, media and technology and other strategic businesses) segments. The comparative figures for the six months ended 31 December 2018 have been aligned to conform with the presentation below accordingly.

The following tables set forth the revenues and results for the business segments of the Guarantor and its subsidiaries for the periods indicated:

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Revenue				
Property development..........................	11,986.6	36.9	29,905.3	60.7
Property Investment.............................	2,188.5	6.7	1,786.1	3.6
Roads	1,430.8	4.4	1,292.2	2.6

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Aviation	—	—	161.6	0.3
Construction	8,186.4	25.2	8,950.9	18.2
Insurance	1,998.6	6.2	—	—
Hotel operations	838.7	2.6	684.3	1.4
Others	5,834.8	18.0	6,486.7	13.2
Total	32,464.4	100.0	49,267.1	100.0

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Segment results (including share of results of joint ventures and associated companies)				
Property development	6,800.9	72.7	8,885.1	71.6
Property investment	1,178.4	12.6	1,220.2	9.9
Roads	1,122.3	12.0	1,097.1	8.8
Aviation	266.8	2.8	218.6	1.8
Construction	662.2	7.1	602.4	4.9
Insurance	112.0	1.2	—	—
Hotels operations	(425.2)	(4.6)	(60.5)	(0.5)
Others	(359.8)	(3.8)	438.6	3.5
Total	9,357.6	100.0	12,401.5	100.0

The following tables set forth the Guarantor and its subsidiaries' share of results of joint ventures (those over which the Guarantor and its subsidiaries exercise joint control along with their partners pursuant to contractual arrangements) and their associated companies (those over which the Guarantor and its subsidiaries may exert influence through representations on the board of directors of such companies), by business segments for the periods indicated:

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of joint ventures				
Property development	224.7	24.7	42.3	4.5
Property investment	(49.1)	(5.4)	112.2	11.9
Roads	321.8	35.3	348.5	36.8
Aviation	269.1	29.6	188.3	19.9

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Construction	—	—	1.7	0.2
Insurance	—	—	—	—
Hotel operations	(79.1)	(8.7)	(1.1)	(0.1)
Others	223.1	24.5	253.9	26.8
Total	910.5	100.0	945.8	100.0

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of associated companies				
Property development	6.3	1.9	0.5	0.1
Property investment	51.4	15.4	101.8	14.3
Roads	89.8	27.0	91.9	13.0
Aviation	—	—	—	—
Construction	164.7	49.5	238.2	33.6
Insurance	—	—	—	—
Hotel operations	—	—	—	—
Others	20.8	6.2	276.0	39.0
Total	333.0	100.0	708.4	100.0

Recent Developments

Property

Hong Kong – Property overview

The Group is one of the major property developers in Hong Kong and is engaged in the development of residential, retail, office and hotel properties. As at 31 December 2019, the Group possessed a land bank with attributable gross floor area ("**GFA**") of approximately 9.0 million sq.ft. in Hong Kong available for immediate development. Of which, attributable residential GFA amounted to approximately 4.2 million sq.ft. Meanwhile, the Group had a total of approximately 16.6 million sq.ft. of attributable agricultural land area in the New Territories pending for usage conversion, which are mainly located in Yuen Long. Sales of property in Hong Kong historically have been a significant source of the Group's operating profits.

Despite the downward pressure on the economy, more than 20,000 primary residential transactions were recorded in 2019, in the context of strong pent-up housing demand and raise of mortgage cap under the new mortgage insurance by the Hong Kong government. Robust sales performance was recorded from those new projects that were priced below the new mortgage ceiling, and the secondary market is regaining momentum. Hong Kong banks followed the U.S. Federal Reserve in lowering interest rate which also eased the pressure on buyers and demand has been further unleashed.

Through its subsidiaries, NWD oversees and largely performs all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for zoning and modifications, the design and construction of development projects, and the marketing, leasing and management of completed projects. The typical development cycle for vacant land in Hong Kong from acquisition of the site and preparation of architectural plans until expected completion date is approximately three to five years. However, if there is a variance of land usage required, the process may take longer and may involve the payment to the government of substantial land premiums in connection with the modification of the land use restrictions. The development cycle for urban property may also be longer, since such sites generally are not vacant and frequently contiguous multiple sites or separate units within a site must be assembled before development can begin.

In general, the Group's practice is to pre-sell its developments before completion and the granting of occupation permits by government authorities in order to improve its financial liquidity and reduce market risk. Revenues and profits from such sales are only recognised when or as the control is transferred to the customer. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

Hong Kong – Property investment

The completed investment property portfolio of the Group in Hong Kong amounted to approximately 19.3 million sq.ft. of total GFA (approximately 11.2 million sq.ft. of total attributable GFA) as at 31 December 2019. The business segment continues to be a key source of income for the Group in the medium to long term.

The portfolio consists of retail shopping centres and office buildings which collectively accounted for approximately 43.3 per cent. of the Group's completed investment properties in attributable GFA terms, with the balance being luxury serviced apartments and hotels (which together accounted for approximately 27.9 per cent. of the Group's completed investment properties), logistic centres and carparks.

The rentals of Super Grade A office buildings in Central continued to stay high during the six months ended 31 December 2019. Corporates accelerated adjustments in their development plans and strengthened cost management, the ongoing decentralisation trend further stimulated office leasing demand in sub-prime sectors such as Island East and Kowloon. However, the China-U.S. trade dispute has brought pressure on the local economy, coupled with social events in Hong Kong, the number of tourist arrivals in Hong Kong has dropped, and local consumer sentiment has become more cautious, which has put tremendous pressure on the overall retail sales and related property rental performance in the short term. However, from 2019, due to the US-China trade tension, the depreciation of RMB and recent social events, consumer sentiment became more cautious.

The Group performs the rental management and marketing of most of its investment properties through a division of NWD and a subsidiary, K11 Concepts Limited. The Group proactively reviews its investment assets with a view to enhancing its product quality and service delivery including performing periodic property renovations.

The leases the Group has granted are typically for two or three years for office and retail tenants occupying relatively small commercial floor space and longer lease periods can be granted for those tenants occupying relatively large commercial floor space. Notwithstanding that such properties are classified as investment properties, the Group will evaluate offers from potential purchasers and may dispose of certain of its investment properties if the price offered is competitive.

In accordance with HKFRS, the Group values its investment properties at every reporting balance sheet date at their fair market value determined by professional valuation. Any change in the valuation is charged or credited, as the case may be, to the consolidated income statement. The Group's financial performance is therefore subject to fluctuation from period to period in light of the movements in property value in Hong Kong, which has been cyclical in the past and could result in a significant accounting profit or loss for the Group.

The Group's rents in Hong Kong are generally quoted in sq.ft. per lettable area. In most cases, the rents quoted by the Group do not include property management charges or government rates payable by its tenants.

The table below sets out the Group's major property investment and other projects in Hong Kong as at 30 June 2019.

No.	Name of project	Total GFA (sq.ft.)	Total attributable GFA (sq.ft.)	Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Serviced apartment (sq.ft.)	Others (sq.ft.)	Total number of carpark	Land lease expiry
	COMPLETED									
	Hong Kong Island									
1	Manning House, Central	110,040	110,040	63,383	46,657					2843
2	New World Tower, Central	640,135	640,135	77,948	562,187				385	2863
3	K11 ATELIER KING'S ROAD, North Point	487,504	487,504	7,160	480,344				165	2083 2088 2090
4	Shun Tak Centre, Shopping Arcade, Sheung Wan	214,336	96,451	96,451					85	2055
5	Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai	87,999	87,999	69,173				18,826[2]	1,070	2060
6	Grand Hyatt Hong Kong	524,928	262,464			262,464				2060
7	Renaissance Harbour View Hotel Hong Kong	544,518	272,259			272,259				2060
8	Pearl City, Causeway Bay — Ground Floor to 4th Floor	53,691	21,476	21,476						2868
	Pearl City, Causeway Bay — Ground Floor to Basement	24,682	24,682	24,682						2868
9	EIGHT KWAI FONG, Happy Valley	65,150	57,965				57,965			2079
10	Methodist House, Wan Chai[1]	40,813	40,405		40,405					2084
	Subtotal	2,793,796	2,101,380	360,273	1,129,593	534,723	57,965	18,826	1,705	
	Kowloon									
11	K11 ATELIER of Victoria Dockside, Tsim Sha Tsui	435,145	435,145		435,145					2052
	Rosewood Hong Kong & Rosewood Residences of Victoria Dockside, Tsim Sha Tsui	1,105,644	1,105,644			1,105,644				2052
	K11 MUSEA of Victoria Dockside, Tsim Sha Tsui	1,156,356	1,156,356	1,156,356						2052
	K11 ARTUS of Victoria Dockside, Tsim Sha Tsui	379,720	379,720				379,720		1,116[7]	2052
12	Telford Plaza, Kowloon Bay[1]	335,960	335,960	335,960					136	2047
13	K11, Tsim Sha Tsui	335,939	335,939	335,939					240	2057
	Hyatt Regency Hong Kong, Tsim Sha Tsui	277,877	138,939			138,939				2057
14	pentahotel Hong Kong, Kowloon	285,601	285,601			285,601				2057
15	KOHO, Kwun Tong	204,514	204,514	1,567	202,947				28	2047
16	THE FOREST, Mong Kok[1]	53,337	26,669	26,669					7	2062
17	ARTISAN HUB, San Po Kong	64,519	64,519	31,087	33,432					2047

No.	Name of project	Total GFA (sq.ft.)	Total attributable GFA (sq.ft.)	Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Serviced apartment (sq.ft.)	Others (sq.ft.)	Total number of carpark	Land lease expiry
	Subtotal	4,634,612	4,469,006	1,887,578	671,524	1,530,184	379,720		1,527	
	New Territories									
18	ATL Logistic Centre, Kwai Chung	9,329,000	3,190,518					3,190,518[3]		2047
19	D • PARK, Tsuen Wan	466,400	466,400	466,400					1,000	2047
20	PopCorn II, Tseung Kwan O[1]	125,730	88,011	88,011					50	2047
21	Hyatt Regency Hong Kong, Sha Tin[1]	538,000	538,000			538,000			100	2047
22	Citygate, Tung Chung[4]	659,003	131,801	99,697	32,104				1,231	2047
	Novotel Citygate Hong Kong	236,758	47,352			47,352			7	2047
23	Tung Chung Town Lot No. 11, Tung Chung	473,655	94,731	68,231		26,393		107	127	2063
24	PARK SIGNATURE, Yuen Long	24,155	24,155	24,155						2058
	Subtotal	11,852,701	4,580,968	746,494	32,104	611,745		3,190,625	2,515	
	Grand Total	19,281,109	11,151,354	2,994,345	1,833,221	2,676,652	437,685	3,209,451	5,747	
	TO BE COMPLETED/UNDER CONSTRUCTION									
25	21 Luk Hop Street, San Po Kong	100,798	100,798					100,798[5]		2047
26	New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan	998,210	998,210	38,062	960,148					2067
27	SKYCITY Project[1]	3,767,389	3,767,389	2,707,491	562,311			497,587[6]		2066

Notes:

(1) Properties in which the Group has a development interests: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements after completion

(2) Meeting rooms

(3) Logistics centre

(4) Includes Tung Chung Crescent

(5) Industrial

(6) Includes carparking and transport terminal

(7) Total number of carpark of Victoria Dockside

Set forth below is a brief description of selected rental property:

Victoria Dockside, a new global landmark located at the core area of Tsim Sha Tsui waterfront in Kowloon with a total GFA of approximately 3 million sq.ft., accommodates K11 ATELIER, K11 ARTUS, K11 MUSEA, Rosewood Hong Kong and Rosewood Residences.

The Grade A office building K11 ATELIER commenced operation in the second half of 2017. As at 31 December 2019, around 80 per cent. were leased, with several large multinational corporations engaged. K11 ARTUS is the first luxury hospitality and serviced apartment extension of K11 which shapes up a unique hospitality culture. The project comprises 287 suites and has begun operation in stages since July 2019, with leading monthly rent for serviced apartments in Kowloon.

K11 MUSEA, a cultural landmark situated in the heart of Victoria Dockside, commenced operation in late August 2019 to create a new museum-retail experience for consumers. Created by 100 local and international designers, K11 MUSEA houses more than 250 international brands and flagship stores. As at 31 December 2019, over 90 per cent. were leased and the average monthly footfall reached 1.6 million.

K11 ATELIER KING'S ROAD, a Grade A office building on Island East and the first in the world to achieve three green building certifications - the WELL Building Standard™ platinum pre-certification, the U.S. LEED platinum pre-certification and the HK Green BEAM Plus provisional platinum certification, occupies a total GFA of approximately 488,000 sq.ft. and is located next to the Quarry Bay MTR station. This Grade A office building commenced operation in late 2019. As at 31 December 2019, around 50 per cent. was leased.

During the financial year ended 30 June 2020 (the "**FY2020**"), a total area of more than 1.5 million sq ft (K11 MUSEA and K11 ATELIER King's Road) was added to the Hong Kong property investment flagships which will begin to provide full-year contributions in the financial year ended 30 June 2021 (the "**FY2021**"). The recurring income growth of property investment is entering an acceleration stage. Citygate extension in Tung Chung, in which the Group has a 20 per cent. interest, opened in August 2019. With a total GFA of approximately 470,000 sq.ft., 98 per cent. was leased. In addition, the development of Grade A office building project in King Lam Street, West Kowloon is on schedule. With a total GFA of approximately 1 million sq.ft., the project will contribute to the development of the emerging business district.

For office buildings, New World Tower and Manning House located in Central recorded a solid and stable performance with occupancy rates of 95 per cent. and 100 per cent. achieved respectively as at 31 December 2019, whereas the malls including Hong Kong K11, D•PARK and THE FOREST have an occupancy ranging from 94 per cent. to 99 per cent. as at 31 December 2019.

For the six months ended 31 December 2019, the Group's revenues and segment results of property investment in Hong Kong was HK$1,344.4 million and HK$848.0 million, respectively, representing an increase of 36 per cent and 20 per cent., respectively, as compared to the same period in 2018. The new global landmark Victoria Dockside, located in the core area of Tsim Sha Tsui Waterfront, Kowloon, with a total GFA of approximately 2 million sq ft excluding hotel, was fully opened during the six months ended 31 December 2019 and the Group's rental income base was significantly enhanced. The overall occupancy rate of other major projects recorded solid performance.

For the six months ended 31 December 2018, the Group's revenues and segment results of property investment in Hong Kong was HK$992.1 million and HK$705.4 million, respectively.

Hong Kong – Property development

Despite the downward pressure on the economy, more than 20,000 primary residential transactions were recorded in 2019, in the context of strong pent-up housing demand and raise of mortgage cap under the new mortgage insurance by the Hong Kong government. Robust sales performance was recorded from those new projects that were priced below the new mortgage ceiling, and the secondary market is regaining momentum. Hong Kong banks followed the U.S. Federal Reserve in lowering interest rates which also eased the pressure on buyers and demand has been further unleashed.

On 16 October 2019, the Hong Kong government announced plans to expand eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio will be raised from HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent loan-to-value ratio will also be raised from HK$6 million to HK$10 million.

For the six months ended 31 December 2019, the Group's revenues and segment results of property development in Hong Kong and Singapore, including joint development projects,

amounted to HK$3,666.9 million and HK$1,777.0 million, respectively. The contributions were mainly attributable to residential projects including MOUNT PAVILIA, The Masterpiece, FLEUR PAVILIA in Hong Kong and ARTRA in Singapore, together with the disposal of the carparks in Riveria Gardens, Tsuen Wan.

For the six months ended 31 December 2018, the Group's revenues and segment results of property development in Hong Kong and Singapore, including joint development projects, amounted to HK$21,007.3 million and HK$5,734.6 million, respectively. The contributions were mainly attributable to residential projects including THE PAVILIA BAY, MOUNT PAVILIA, ARTISAN HOUSE, FLEUR PAVILIA, THE PAVILIA HILL, PARK VILLA and THE PARKVILLE.

For the six months ended 31 December 2019, the Group's attributable contracted sales in Hong Kong amounted to HK$3 billion, which were mainly contributed by residential projects including MOUNT PAVILIA, FLEUR PAVILIA and ATRIUM HOUSE. For the six months ended 31 December 2018, the Group's attributable contracted sales in Hong Kong amounted to HK$3.4 billion. The attributable contracted sales were mainly contributed by residential projects including FLEUR PAVILIA, MOUNT PAVILIA, The Masterpiece and the Double Cove series, together with the disposal of two non-residential projects.

As at 31 December 2019, the Group had a total of 287 residential units in Hong Kong available for sale, of which, 153 residential units were under the lead of the sales management of the Group.

In the first half of 2019, the Group launched three new residential projects, namely ARTISAN GARDEN, TIMBER HOUSE and ATRIUM HOUSE, offering 847 units in total. Among them, as at the date of this Offering Circular, ARTISAN GARDEN and TIMBER HOUSE are sold out and nearly 94 per cent. of the units of ATRIUM HOUSE have been sold.

The Group's key residential project at Tai Wai Station in Sha Tin, involving more than 3,000 residential units, will be launched in phases in 2020 and 2021. A total of approximately 2,200 units in the first and second phases will be gradually launched this year. Of which, the pre-sale consent application for Phase 1 was submitted in February 2020. The project is the only large-scale new project in the district in recent years, taking fully the market potentials of the comprehensive railway network. An office project located on Cheung Shun Street in West Kowloon which has a total GFA of approximately 520,000 sq ft, is also planned to be launched in the second half of 2020.

The table below sets out the Group's major property development projects in Hong Kong as at 30 June 2019:

					Attributable GFA					
No.	**Name of Property Development Projects**	**Site Area**	**Total GFA**	**The Group's Interest**	**Residential**	**Retail**	**Office**	**Others**	**Total Attributable GFA**	**Stage of Completion[1]**
		(sq.ft.)	*(sq.ft.)*	*(%)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	
	Hong Kong Island									
1	4A-4P Seymour Road, Mid-levels.	52,466	472,186	35.00	165,265				165,265	F
	Subtotal.....................................		**472,186**		**165,265**				**165,265**	
	Kowloon									
2	TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin.......................	11,256	94,974	51.00	43,055	5,382			48,437	S
3	ARTISAN GARDEN, 68 Kowloon City Road, Ma Tau Kok[2].............	14,897	111,730	100.00	111,730				111,730	S
4	Yau Tong Redevelopment Project, Kowloon East..............................	810,454	3,992,604	10.88	423,683	10,793			434,476	LE
5	New Kowloon Inland Lot No. 6574, 4B3, Kai Tak...............................	104,475	574,615	29.30	168,362				168,362	P
6	New Kowloon Inland Lot No. 6552, 4C2, Kai Tak...............................	105,110	641,168	18.00	111,624	3,786			115,410	P

No.	Name of Property Development Projects	Site Area	Total GFA	The Group's Interest	Attributable GFA Residential	Retail	Office	Others	Total Attributable GFA	Stage of Completion[1]
		(sq.ft.)	*(sq.ft.)*	*(%)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	
7	New Kowloon Inland Lot No. 6576, 4B1, Kai Tak................................	103,151	722,060	10.00	72,206				72,206	P
8	New Kowloon Inland Lot No. 6582, Cheung Shun Street, Cheung Sha Wan..	44,897	524,766	100.00		152	488,256	36,358(3)	524,766	F
9	New Kowloon Inland Lot No. 6572, Wing Hong Street, Cheung Sha Wan..	30,925	363,094	100.00		5,234	357,860		363,094	F
	Subtotal.....................................		**7,025,011**		**930,660**	**25,347**	**846,116**	**36,358**	**1,838,481**	
	New Territories									
10	STTL No. 520, Tai Wai Station Property Development, Sha Tin[2].	521,107	2,050,327	100.00						
	Phase 1				495,323				495,323	S
	Phase 2				871,965				871,965	S
	Phase 3				683,039				683,039	F
11	Reach Summit, Sereno Verde Phase 5, 99A Tai Tong Road, Yuen Long	48,933	171,265	20.97	35,914				35,914	S
12	ATRIUM HOUSE, 99 Shap Pat Heung Road, Yuen Long.............	24,230	121,148	100.00	121,148				121,148	S
13	Lung Tin Tsuen (Phase 2), Yuen Long	88,157	440,785	100.00	440,785				440,785	LE
14	Tong Yan San Tsuen (Phase 3), Yuen Long	88,658	88,658	100.00	88,658				88,658	LE
15	Tong Yan San Tsuen (Phase 4), Yuen Long	193,591	193,591	100.00	193,591				193,591	
16	Sha Po North (Phase 2), Yuen Long	TBC	373,240	34.81	129,925				129,925	
17	DD110, Kam Tin, Yuen Long........	169,855	67,942	100.00	67,942				67,942	LE
18	DD221, Sha Ha, Sai Kung...........	593,635	890,452	76.00	676,744				676,744	P
	Subtotal.....................................		**4,397,408**		**3,805,034**				**3,805,034**	
	Grand Total		**11,894,605**		**4,900,959**	**25,347**	**846,116**	**36,358**	**5,808,780**	

Remarks:

(1) P=Planning; D=Demolition; SP=Site Preparation; F=Site Formation / Foundation; S=Superstructure; C=Completed (OP Issued); LE=Land Exchange; TBC=To be confirmed

(2) Property in which the Group is entitled to a share of development profits in accordance with the terms and conditions of the respective development agreements

(3) Include public carpark, but exclude government accommodations (i.e., children care centre and elderly care centre)

Furthermore, the Group reviews its business portfolio from time to time and seeks opportunities in non-core assets disposal to unlock values and optimise its asset portfolio, which provides extra resources for core businesses.

As at 31 December 2019, unrecognised attributable income from sales of properties in Hong Kong and Singapore amounted to HK$7,944 million. Of which, HK$391 million is to be booked in the second half of FY2020, HK$6,380 million to be booked in FY2021 and HK$1,173 million to be booked in FY2022.

Estimated completion schedule of property development in Hong Kong

Fiscal year	Project
FY2020	Nil
FY2021	ATRIUM HOUSE, ARTISAN GARDEN, TIMBER HOUSE and Reach Summit

Sales of property development in Hong Kong to be recognised in FY2020 (as at 31 August 2019)	Total no. of units	Attributable income
		HK$ million
MOUNT PAVILIA	86	2,770
The Masterpiece	3	339
FLEUR PAVILIA	32	276
THE PAVILIA HILL	1	127
Others and carparks	—	528
Total		4,040

Sales of property development in Hong Kong to be recognised in FY2021 (as at 31 August 2019)	Total no. of units	Attributable income
		HK$ million
ARTISAN GARDEN	294	1,772
PARK VILLA	38	1,583
ATRIUM HOUSE	213	1,108
Reach Summit	481	478
The Masterpiece	3	395
MOUNT PAVILIA	8	358
FLEUR PAVILIA	32	322
Others and carparks	—	30
Total		6,046

Hong Kong – Land bank

It is the Group's policy to use various channels to replenish its Hong Kong land bank. Apart from public auction and tender, the Group has also pursued diversified means, including old building acquisitions and agricultural land usage conversion, to replenish its landbank in Hong Kong and actively undertook old building acquisitions and farmland conversions in order to secure a stable supply of land resources for development. The private housing supply in 2019–2020 by the government fell behind the target. In addition, the split between public and private housing supply has been adjusted from 60:40 to 70:30. The government has stated their intention to launch the "Land Sharing Pilot Scheme" this year. The Group will continue to actively study the changes and the content in land policies and properly plan its development in order to achieve a win-win situation for the Group and the society.

As at 31 December 2019, the Group possessed a land bank with attributable GFA of approximately 9.0 million sq.ft. for immediate development. Of which, attributable residential GFA amounted to approximately 4.2 million sq.ft. Meanwhile, the Group had a total of approximately 16.6 million sq.ft. of attributable agricultural land area reserve in the New Territories pending for usage conversion, which are mainly located in Yuen Long.

Eight projects with a total GFA of approximately 1.8 million sq ft located in Yuen Long and Fanling are under active negotiation with relevant authority of the government on usage conversion, of which a total GFA of approximately 0.5 million sq ft has entered the final stages.

Land bank by district	Property development total attributable GFA	Property investment and others total attributable GFA	Total attributable GFA
	(sq.ft. '000)	*(sq.ft. '000)*	*(sq.ft. '000)*
Hong Kong Island	165.3	-	165.3
Kowloon	1,842.5	1,099.0	2,941.5
New Territories	2,207.4	3,767.4	5,974.8
Total	**4,215.2**	**4,866.4**	**9,081.6**

Agricultural land bank by district	Total land area	Total attributable land area
	(sq.ft.'000)	*(sq.ft.'000)*
Yuen Long District	12,410.4	11,411.6
North District	2,500.1	2,195.4
Sha Tin District and Tai Po District	1,944.3	1,890.4
Sai Kung District	1,307.2	1,116.5
Tuen Mun District	19.2	19.2
Total	**18,181.2**	**16,633.1**

The Group through a consortium was awarded the bids for three residential sites on the Kai Tak runway. The three projects have a total GFA of 1.9 million sq.ft. in aggregate, of which approximately 360,000 sq.ft. is attributable to the Group. In furtherance of the Group's strategy of development in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"), on 2 May 2018, the Group won a successful bid for an iconic world-class commercial development in SKYCITY at Hong Kong International Airport ("**HKIA**"). Situated next to HKIA, the development will involve total investment of HK$20 billion and take up a GFA of approximately 3.77 million sq.ft., comprising 2.1 million sq.ft. for dining and retail outlets and 570,000 sq.ft. each for experience-based entertainment facilities and office space. The remaining floor area will be used for public facilities and carparks. The project is scheduled to be completed in phases from 2023 to 2027.

The Group will be responsible for the design, development and management of the entire project, aiming to build this strategically located project into a commercial and entertainment hub in Hong Kong and the Greater Bay Area at large, offering high-tech experiential entertainment, making it a new landmark in Hong Kong for locals and visitors from overseas and a population of more than 60 million people of the Greater Bay Area.

The acquisition of over 90 per cent. of ownership of State Theatre Building, a residential and commercial property located at 277-291 King's Road, North Point was completed. The site area of this old building redevelopment project is approximately 36,200 sq.ft. and the court application for compulsory sale has been made.

The Group attaches great importance to creating shared value. During the six months ended 31 December 2019, the Group took the lead in responding to the Hong Kong government's advocacy for the development of transitional housing. The Group and the Hong Kong government are working hand in hand with social enterprises to provide short-term residence for families in need, by using part of its medium- and long-term agricultural land reserve that is not available for development in short to medium term at a nominal rent.

The PRC – Property overview

The Group entered the PRC property market in the early nineties and has since then expanded its business operations to the southern, central, eastern, northern and north-eastern regions of the PRC. The Group is now one of the largest foreign property developers and investors in the PRC. The Group is engaged in property development and investment in the PRC principally through its solely-owned subsidiary, the NWCL.

The NWCL Group's core business is the development and sale of mid-sized to large-scale residential projects. The NWCL Group is also engaged in other complementary property-related businesses such as land preparatory work, property investment, hotel operations and property management services.

As at 31 December 2019, the NWCL Group had a total land bank (excluding carpark) held for property development of approximately 6.7 million square metres ("**sq.m.**") available for immediate development in the PRC, of which, residential GFA amounted to approximately 2.8 million sq.m. As at 31 December 2019, the NWCL Group's core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Hangzhou, Ningbo, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.9 million sq.m., of which 50 per cent. was located in the Greater Bay Area and 1.9 million sq.m. was for residential use.

The PRC – Property Investment

The NWCL Group's investment property portfolio comprises completed residential, commercial and office properties and car park spaces held for long-term investment, and as at 31 December 2019, amounted to 3.0 million sq.m. in total GFA.

Affected by the trade dispute between China and the U.S. as well as the fluctuations in the RMB exchange rate, the growth of China's total retail sales of consumer goods in 2019 had slowed down compared to last year. However, it rebounded to 8 per cent. at the end of 2019, with a nominal annual growth rate of 8 per cent. as policies such as tax and fee cuts, adjustments on import tariffs and consumption environment optimisation were being implemented. Trend of consumption upgrade together with cultural and entertainment experiences dominates the retail market.

For the year ended 30 June 2019, the Group recorded a gross rental income of HK$1,727.1 million in Mainland China, representing an increase of 26 per cent. from the year ended 30 June 2018.

For the six months ended 31 December 2019, the Group's revenues and segment results of property investment in Mainland China was HK$844.1 million and HK$462.3 million, respectively, representing an increase of 6 per cent. and 2 per cent. , respectively, as compared to the same period in 2018.

For the six months ended 31 December 2018, the Group's revenues and segment results of property investment in Mainland China was HK$794.0 million and HK$451.9 million, respectively.

The NWCL Group's investment property portfolio (including those held by joint ventures and associated companies) as of 31 December 2019 comprise property projects in the Pearl River Delta region and top-tier and second-tier cities in the PRC, including Beijing, Guangzhou, Shenyang, Wuhan, Tianjin, Dalian, Anshan, Tangshan, Foshan, Nanjing, Jinan, Zhaoqing, Langfang and Changsha. New World • NEW PARK in Guangzhou commenced operation in December 2018. Shanghai Hong Kong New World Tower which houses Shanghai K11, the first art mall in Mainland China, recorded satisfactory occupancy rate. Such investment properties are typically developed by the NWCL Group and are located within its property developments. Developments of investment properties are conducted in accordance with the specific requirements of the approved master design plans. It is the NWCL Group's policy to commence the development of the commercial properties at the early stage of the property development. Since a well-equipped living environment is of utmost importance in formulating the NWCL Group's marketing strategy and promoting the overall image of its quality property projects, the NWCL Group believes that the provision of commercial facilities for residents at an early stage of its residential community project could enhance the value of the project. The Group is actively upgrading its investment property portfolio in the PRC, several core projects such as Shanghai K11 Art Mall will play a modeling role. Meanwhile, a series of high-quality composite projects in prime cities will gradually be delivered and will be operated through the Group's unique brands K11 and D • PARK, which will further stimulate the rental contribution in The PRC.

The NWCL Group's rents are generally quoted per sq.m. of lettable area. In most cases, the rents that it quotes do not include property management charges and rates payable by its tenants. Commercial and office leases are typically entered into for two to three year terms, some of which have the option to renew. In connection with longer term leases, the tenancy agreements usually contain rent review clauses or rent adjustment provisions. The majority of the completed investment properties of the NWCL Group are being managed by the NWCL Group's own property management companies for the purposes of providing premier estate management services and maintaining high quality and conditions of the premises. Only some of the investment properties of the NWCL Group are managed by outsourced management companies. Notwithstanding that such commercial facilities are classified as investment properties, the NWCL Group will evaluate offers from potential purchasers and may dispose of certain of its investment properties if the price offered is competitive. Set forth below is a brief description of some of the NWCL Group's and NWD Group's major investment property projects in the PRC:

Beijing New World Centre, Phases I and II

Beijing New World Centre comprises joint ventures between the NWCL Group and local partners, providing NWCL with a 70 per cent. and 100 per cent. attributable interest for the development of Phases I and II respectively. Phase I, which has approximately 94,188 sq.m. of total GFA, comprises a large retail shopping arcade and two levels of basement parking. Phase II, which has approximately 74,359 sq.m. of total GFA, mainly comprises a large retail shopping arcade and basement parking facilities.

Tianjin Xin An New World Plaza

Tianjin Xin An New World Plaza is owned by a wholly-owned subsidiary of the NWCL Group. The project, which was completed in June 1997, is among the PRC's largest shopping arcades, comprising retail and commercial space of approximately 98,338 sq.m. of total GFA.

Tangshan New World Centre

Tangshan New World Centre is fully owned by the NWCL Group. The project, which is adjacent to 150,000 sq.m. Dazhao Park, comprises offices, retail shops and service apartments.

Wuhan New World International Trade Towers, Towers I and II

The NWCL Group holds a 100 per cent. attributable interest in Wuhan New World International Trade Tower for the development of Towers I and II. Towers I and II have in aggregate approximately 131,833 sq.m. of total GFA and primarily comprises office space.

Wuhan New World Centre

Wuhan New World Centre is a mixed development complex which comprises retail, office and car park spaces of approximately 76,164 sq.m. of total GFA.

Wuhan Guanggu New World

The NWD Group holds a 100 per cent. attributable interest in Wuhan Guanggu New World. The project is divided into commercial and residential sections, including hotel, shops and grade A office and space for innovative enterprises which offer attractive rental rates.

Langfang New World Centre

The NWCL Group holds a 100 per cent. attributable interest in Langfang New World Centre. The project is located in the commercial district of Zhougezhuang. This project comprises high-end offices, hotel and retail shops.

Guangzhou Park Paradise

The NWCL Group holds a 100 per cent. attributable interest in Guangzhou Park Paradise. The project comprises seven high-rise buildings complemented by a 500,000 sq.m mixed-use complex that includes service apartments, retail shops and recreational facilities.

The table below sets out the NWCL Group's major property investment projects in the PRC as at 30 June 2019.

No	Name of completed project	Accounting classification	Attributable interest	Total GFA	Serviced apartment	Commercial	Office	Carpark and others
				(sq m)	*(sq m)*	*(sq m)*	*(sq m)*	*(sq m)*
1	Guangzhou Covent Garden	Subsidiary	100%	48,212		23,752		24,460
2	Guangzhou Park Paradise	Subsidiary	100%	181,712	22,112	58,872		100,728
3	Guangzhou Xintang New World Garden.....................................	Joint venture	63%	37,892		27,299		10,593
4	Guangzhou Central Park-view Area L8....................................	Subsidiary	91%	52,434	29,869	17,408		5,157
5	Guangzhou New World Oriental Garden Phase 1	Subsidiary	100%	22,483		21,654		829
6	Guangzhou Dong Yi Garden Phase 2	Subsidiary	100%	7,937		7,443		494
7	Canton First Estate CF19A (T5, T6)....................................	Subsidiary	85%	11,043	11,043			
	Canton First Estate CF21.........	Subsidiary	85%	3,375		3,375		
8	Zhaoqing New World Garden...	Subsidiary	100%	15,062		15,062		
9	Shunde New World Centre.......	Joint venture	42%	48,517		33,577		14,940
10	Wuhan Guanggu New World A	Subsidiary	100%	103,742			81,771	21,971
	Wuhan Guanggu New World B	Subsidiary	100%	2,521		2,521		
	Wuhan K11 Select...................	Subsidiary	100%	112,592		56,354	801	55,437
11	Wuhan New World International Trade Tower 1	Subsidiary	100%	121,828			104,556	17,272
	Wuhan New World International Trade Tower 2	Subsidiary	100%	10,005			10,005	
12	Wuhan New World Centre........	Subsidiary	100%	76,164		45,766	2,504	27,894
13	Wuhan K11 Gourmet Tower.....	Subsidiary	100%	20,947		10,367		10,580
14	New World Wuhan Hotel	Joint venture	60%	6,202			563	5,639
15	Nanjing New World Centre.......	Subsidiary	100%	52,794		41,712		11,082

No	Name of completed project	Accounting classification	Attributable interest	Total GFA	Serviced apartment	Commercial	Office	Carpark and others
				(sq m)	*(sq m)*	*(sq m)*	*(sq m)*	*(sq m)*
16	Shanghai Hong Kong New World Tower..	Subsidiary	50%	130,385		35,474	80,549	14,362
17	Beijing New World Centre Phase 1	Joint venture	70%	94,188		74,232		19,956
	Beijing New World Centre Phase 2	Subsidiary	100%	74,359		47,345		27,014
18	Beijing New View Garden.........	Joint venture	70%	20,018		4,030		15,988
19	Beijing Xin Yu Garden	Joint venture	70%	24,800		3,603		21,197
20	Beijing Xin Kang Garden	Joint venture	70%	40,196		12,011		28,185
21	Beijing Baoding Building Shopping Arcade	Subsidiary	100%	62,286		40,286		22,000
22	Tianjin Xin An New World Plaza	Subsidiary	100%	98,338		80,440	6,614	11,284
23	Tianjin Xin Hui Hua Ting...........	Subsidiary	100%	25,876		25,876		
24	Langfang New World Centre B.	Subsidiary	100%	7,016		7,016		
25	Tangshan New World Centre Phase 2	Subsidiary	100%	86,061		37,776	48,285	
26	Jinan New World Sunshine Garden West	Subsidiary	100%	4,498		4,498		
27	Shenyang New World Garden Phase 1E..................................	Subsidiary	100%	27,543		5,026		22,517
	Shenyang New World Garden Phase 2A..................................	Subsidiary	100%	159,624		4,601		155,023
	Shenyang New World Garden Phase 1XA................................	Subsidiary	100%	5,862		3,859	2,003	
	Shenyang New World Garden Phase 2D1................................	Subsidiary	100%	62,182		7,911		54,271
	Shenyang New World Garden Phase 2D2................................	Subsidiary	100%	76,636		11,314		65,322
28	Shenyang New World Centre...	Subsidiary	100%	501,972		264,038		237,934
29	Anshan New World Garden......	Subsidiary	100%	153,256		5,083		148,173
30	Dalian New World Plaza...........	Subsidiary	88%	69,196		49,413		19,783
31	Dalian New World Tower..........	Subsidiary	100%	51,146		29,231		21,915
	Total..			2,710,900	63,024	1,118,225	337,651	1,192,000

The PRC – Property Development

Overview: The NWCL Group has extensive experience in property development in Beijing, Wuhan, Shenyang, Tianjin, Guangzhou, Shenzhen and the Pearl River Delta region and has expanded into other major cities in the PRC including Changsha, Foshan, Anshan, Langfang, Yiyang, Ningbo, Jinan and Huizhou. Development of the NWCL Group's properties usually entails seven phases: land acquisition, project planning, financing, design, project construction, pre-sales and sales, and after-sales services. The Group's property business in the PRC is mainly concentrated in core cities like Shenzhen and Guangzhou in the Greater Bay Area and cities located in certain important economic clusters. In particular, around 50 per cent. of the Group's core landbank in the PRC is located in the Greater Bay Area.

For the years ended 30 June 2019 and 30 June 2018, the NWCL Group's consolidated revenue derived from property development amounted to approximately HK$20,914.1 million and HK$16,213.7 million, respectively. For the six months ended 31 December 2019, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$8,319.7 million and HK$5,023.9 million, respectively. For the six months ended 31 December 2018, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$8,898.0 million and HK$3,150.5 million,

respectively. The contribution was mainly attributable to the sales of residential projects in Guangzhou, Shenzhen, Foshan, Shenyang and Beijing. For the six months ended 31 December 2019, the total contracted sales area of properties in the PRC was approximately 309,000 sq m, with total sales proceeds amounted to RMB11.6 billion. For the six months ended 31 December 2018, the total contracted sales area of properties in the PRC was approximately 313,000 sq m, with total sales proceeds amounted to RMB9.3 billion. The average selling price of overall residential contracted sales was over RMB33,000 per sq m. Nearly half of the contribution was delivered by sales of residential projects in the Greater Bay Area including Guangzhou Park Paradise, Guangzhou Covent Garden, Guangzhou Foshan Canton First Estate and Shenzhen Prince Bay BAYHOUSE.

At the Central Economic Work Conference held in December 2019, the PRC government demanded full implementation of a long-standing management and control mechanism that stabilises land prices, housing prices, and expectations in accordance with city-specific policies and category-based guidance. Local governments have the flexibilities to fine-tune the policies in line with the actual supply and demand in the local market. For example, Shenzhen has relaxed the standard for ordinary commodity housing which was originally subject to value-added tax and lifted the sales restrictions on business apartments. At the same time, large cities with a permanent resident population of 3 to 5 million have relaxed their requirements for permanent household registration. Guangdong Province announced in January 2020 that it would relax restrictions on the permanent household registration in cities other than Guangzhou and Shenzhen, accelerating the population flow and urbanisation in the region.

In September 2019, the Group entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset of this company is Changsha La Ville New World. The disposal enables the Group to realise cash resources and unlock asset value at fair market value and further validated the Group’s strategy of disposing of non-core assets.

As at 31 December 2019, unrecognised attributable income from sales of properties in the PRC amounted to HK$5,211 million. of which HK$307 million is to be booked in the second half of FY2020, HK$4,397 million to be booked in FY2021 and HK$507 million to be booked in FY2022.

Properties under development: As at 31 December 2019, the NWCL Group has a total GFA of 8.89 million sq.m. of properties under development, which comprise residential, commercial, office, hotel properties and car park spaces in the Pearl River Delta region and top-tier and second-tier cities in the PRC, including Guangzhou, Shenzhen, Foshan, Shenyang, Wuhan, Beijing, Changsha, Anshan, Ningbo, Yiyang, Langfang, Jinan and Huizhou.

Land acquisition strategy: The NWCL Group has an established land acquisition strategy which takes into account its short-, medium- to long-term development requirements. The NWCL Group focuses on acquiring land in prime urban locations of key top-tier cities with a sizable population of middle to high income households.

The NWCL Group places a strong emphasis on its land acquisition strategy and considers it fundamental to the success of a property development project. The NWCL Group typically prefers to acquire interests in land through cooperative investment or acquisition of existing interests as opposed to acquisition through public tenders. The major considerations the NWCL Group applies are:

- location and population demographics: focus on acquiring land in prime urban locations with a sizable population of middle to high income households;
- cost, investment and financial returns;

- site area: focus on sites with a GFA of less than 500,000 sq.m.;
- accessibility of the site and availability of infrastructure support; and
- synergies with other existing projects located within the same region.

The NWCL Group designs and develops the land granted to it according to its overall master development plan. The NWCL Group is actively involved in all of the different stages of the development process in order to control the costs, schedule and quality of its projects including the selection and acquisition of land, the resettlement process, the preparation of feasibility studies and market surveys, the obtaining of government approvals for development, the design of development projects, the supervision of construction and the sales and marketing and management of completed projects.

	Residential contracted sales		**Non-residential contracted sales**	
Region	**Area (sq m '000)**	**Proceeds (RMB million)**	**Area (sq m '000)**	**Proceeds (RMB million)**
Southern region (i.e. the Greater Bay Area)	131.1	5,990	5.8	170
Central region	16.6	240	4.8	2,200(1)
Eastern region	9.2	440	—	—
Northern region	16.4	340	2.0	30
North-eastern region	84.1	1,660	39.6	520
Total	**257.4**	**8,670**	**52.2**	**2,920**

(1) Includes the disposal of entire interest in Hunan Success New Century Investment Company Limited.

For the six months ended 31 December 2019, the total area of development property completed (excluding carpark) amounted to 92,580 sq m, which was located in Wuhan and Shenyang. The area of completion is expected to reach 524,327 sq m in the second half of FY2020.

1HFY2020 project completion in the PRC — property development (Total area/sq m)

Project	**Residential**	**Total (excluding carpark)**	**Total (including carpark)**
Wuhan New World•Times site B	37,345	37,345	96,501
Shenyang New World Garden 2E	55,235	55,235	55,235
Total	**92,580**	**92,580**	**151,736**

1HFY2020 project completion in the PRC — property investment, hotel and others (Total area/sq m)

Project	Total (excluding carpark)	Total (including carpark)
Shenyang New World Garden 2E	—	40,878
Total	**—**	**40,878**

2HFY2020 estimated project completion in the PRC — property development (Total area/sq m)

Project	Residential	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou Foshan Canton First Estate CF-30, 27B, 31, 35	99,288	—	—	99,288	100,002
Ningbo New World Plaza Land No. 7–10, 11, 12	137,652	43,760	69,386	250,798	412,700
Beijing New View Commercial Centre	—	9,063	12,231	21,294	25,367
Shenyang New World Centre SA3	75,354	—	—	75,354	75,354
Anshan New World Garden Phase 1B2, Phase 2B1	68,982	8,611	—	77,593	94,920
Total	**381,276**	**61,434**	**81,617**	**524,327**	**708,343**

2HFY2020 estimated project completion in the PRC — property investment, hotel and others (Total area/sq m)

Project	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou Park Paradise District 5 Land No. 2	2,596	—	2,596	4,974
Wuhan New World Centre Phase 3 — Wuhan K11	32,294	56,320	88,614	145,333
Total	**34,890**	**56,320**	**91,210**	**150,307**

The PRC – Land Bank

Positioning in the Greater Bay Area and selected key cities and diversified channels in landbank management are the keys of the Group's ability to successfully stand out and differentiate among many large mainland developers. Over the past three years, the Group has successfully won the

rights to develop multiple projects in the Greater Bay Area through different means, reflecting the unique strengths and robust execution of its professional teams.

In September 2019, the Group obtained the Tagang Village project on Yongning Street in the Zengcheng District of Guangzhou with the reserve price of RMB3.4 billion. The Tagang Village project is a Class 2 residential land with a total GFA of over 320,000 sq m.

To optimise project coverage in key cities other than the Greater Bay Area, the Group acquired the remaining 51 per cent. interest in the commercial and residential complex project Ningbo New World, for RMB4.01 billion in July 2019. During the same period, the Group also successfully acquired a land parcel for commercial and residential purposes in Wangjiang New Town, Shangcheng District, Hangzhou through a public tender at a price of approximately RMB9.79 billion, with a total GFA of approximately 454,000 sq m. The project will strengthen the strategic layout of the Group in key cities in the Yangtze River Delta.

With the competitive advantages of brands and excellent project operational management in its unique ecosystem, the Group has become the only Hong Kong developer that actively participates in the arena of old city redevelopment in the PRC.

As at 31 December 2019, the Group has successfully become the only intended cooperative enterprise for several old village redevelopment projects including the Xili Project in Nanshan District of Shenzhen, the Shancun Project in Liwan District of Guangzhou, the Nanji Village Project in Haizhu District of Guangzhou, and the Tagang Village Project in Zengcheng District of Guangzhou. The above projects are expected to be included in the Group's landbank gradually starting in 2022 and with their prime locations and more reasonable acquisition costs compared to public tender, it will significantly boost the resources for the Group's long-term development. In addition, the remodeling cooperation project of Economic Belt at Man Kam To Crossing in Lo Wu district, Shenzhen, is also actively underway.

As at 31 December 2019, the total GFA of the NWCL Group's land bank (excluding carpark) held for property development amounted to 6.7 million sq.m.. Out of the total GFA of approximately 6.7 million sq.m available for immediate development in the PRC, 2.8 million sq. m of which was for residential use. Core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Hangzhou, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.9 million sq m, of which 50 per cent. was located in the Greater Bay Area and approximately 1.9 million sq m was for residential use.

Region	**Total GFA (excluding carpark) (sq m '000)**	**Residential total GFA (sq m '000)**
Southern region (i.e. the Greater Bay Area)	2,916.4	1,907.6
Central region	736.6	288.3
Eastern region	941.3	288.3
Northern region	610.2	254.5
North-eastern region	1,468.4	772.2
Total	**6,672.9**	**3,510.9**
Of which, core projects	**5,850.5**	**2,837.2**

The following table sets forth a breakdown of the NWCL Group's land bank by development stage and usage as at 30 June 2019:

	Total GFA	Residential	Commercial	Office	Hotel	Carpark and others
			(sq.m.)			
Properties under development	4,107,475	1,479,246	433,803	851,837	254,891	1,087,698
Properties under planning	4,787,404	2,429,788	594,295	354,709	84,891	1,323,721
Total	8,894,879	3,909,034	1,028,098	1,206,546	339,782	2,411,419

The following table sets forth a breakdown of the NWCL Group's land bank by usage and location as at 30 June 2019:

	Total GFA	Residential	Commercial	Office	Hotel	Carpark and others
			(sq.m.)			
Region						
Beijing	916,895	236,590	252,172	41,171	—	386,962
Langfang	41,238	17,860	—	—	—	23,378
Jinan	80,837	—	5,697	37,162	19,545	18,433
Shenyang	1,331,356	828,288	50,286	189,231	99,675	163,876
Anshan	455,103	385,303	22,969	—	—	46,831
Wuhan	663,941	37,522	64,244	320,557	—	241,618
Changsha	517,378	348,851	17,631	—	—	150,896
Yiyang	433,669	287,920	63,475	—	—	82,274
Shenzhen	822,102	54,726	272,087	227,949	—	267,340
Foshan	1,158,613	802,512	1,092	—	84,891	270,118
Guangzhou	1,560,971	709,481	149,307	202,000	94,402	405,781
Ningbo	816,698	137,652	121,698	188,476	41,269	327,603
Huizhou	96,078	62,329	7,440	—	—	26,309
Total	8,894,879	3,909,034	1,028,098	1,206,546	339,782	2,411,419

Hotel operations

NWD is engaged in hotel investment through various subsidiaries and joint ventures. As at 31 December 2019, the Group owned a total of 17 completed and operating hotels over 7,400 guest rooms in Hong Kong, the PRC and Southeast Asia.

For the six months ended 31 December 2019, hotel operations recorded a loss mainly due to the impact of Hong Kong's social events, the drop in tourist arrivals and the pre-operational expenses of new hotel projects in the PRC.

The average occupancy and room rates of the Group's hotels in Hong Kong which are oriented towards high-end business travellers, have been affected in varying degrees. For the six months ended 31 December 2019, the average occupancy rate of Hyatt Regency Hong Kong, Tsim Sha Tsui, Grand Hyatt Hong Kong and Renaissance Harbour View Hotel was 65 per cent., 53 per cent. and 58 per cent., respectively. It is expected that the operating performance of hotels in Hong Kong and the PRC will continue to be affected by the virus outbreak in the near term and will further weaken in 2020.

In Mainland China, the three hotels of different segments operated by the Group in Beijing have recorded an average occupancy rates ranging from 84 per cent. to 87 per cent. for the six months

ended 31 December 2019 and from 79 per cent. to 87 per cent. for the six months ended 31 December 2018.

Rosewood Hong Kong, situated in Victoria Dockside at the core location of Tsim Sha Tsui in Kowloon, opened in March 2019 and offers 413 guest rooms and 186 luxury Rosewood Residences. The hotel has a 34,450 sq.ft. meeting and event space. In addition, the pillarless Grand Ballroom with an area of 10,700 sq.ft., the Pavilion with an area of 10,700 sq.ft., and Pavillion Hall with an area of 3,122 sq.ft. are being offered.

The table below sets forth the number of rooms and the Group's effective interest in its hotel properties as at 31 December 2019.

No.	Name of Hotels	Total Number of Rooms as at 31 December 2019	The Group's effective interest
	Hong Kong		
1	Grand Hyatt Hong Kong	542	50%
2	Renaissance Harbour View Hotel	861	50%
3	Rosewood Hong Kong[2]	599	100%
4	Hyatt Regency Hong Kong, Tsim Sha Tsui	381	50%
5	pentahotel Hong Kong, Kowloon	695	100%
6	Hyatt Regency Hong Kong, Sha Tin	562	[1]
7	Novotel Citygate Hong Kong	440	20%
	Subtotal	4,080	
	Mainland China		
8	Rosewood Beijing	283	82%
9	New World Beijing Hotel	309	70%
10	pentahotel Beijing	307	55%
11	New World Shunde Hotel	370	37%
12	New World Wuhan Hotel	327	60%
13	KHOS Langfang	292	100%
	Subtotal	1,888	
	Southeast Asia		
14	New World Makati Hotel, The Philippines	584	62%
15	New World Saigon Hotel, Vietnam	533	67.5%
16	Renaissance Riverside Hotel Saigon, Vietnam	336	72%
17	Rosewood Phuket, Thailand	71	100%
	Subtotal	1,524	
	Grand Total	7,492	

Notes:

(1) Hotel properties in which the Group has development interests. The Group financed the construction costs (occasionally land costs) whilst the corresponding land are provided by other parties. The Group is entitled to share of operation and development profits in accordance with terms and conditions of the respective joint development agreements.

(2) Rosewood Hong Kong: 413 rooms; Rosewood Residences: 186 rooms.

Services

The Group is engaged in a diversified range of services businesses, including construction, insurance, facilities management, transport and strategic investments covering mainly Hong Kong and primarily through its 60.86 per cent.-owned subsidiary, NWSH, the shares of which are listed on the Hong Kong Stock Exchange with a total market capitalisation of HK$42,709.6 million as at 31 December 2019. The NWSH Group's services businesses generate recurring cash flows and have a strong track record in Hong Kong.

Construction

The NWSH Group's construction business offers professional construction services in Hong Kong and Macau. For the year ended 30 June 2019, the contributions from the construction business amounted to 14 per cent.. As at 31 December 2019, the gross value of contracts on hand for the construction business was approximately HK$53.0 billion (from HK$39.0 billion as at 31 December 2018) and the remaining works to be completed amounted to approximately HK$38.0 billion (from HK$22.0 billion as at 31 December 2018), of which approximately 41 per cent. were from government and institutional related projects and 59 per cent. were from private sector which includes both commercial and residential projects.

The NWSH Group undertakes construction services through Hip Hing Construction Company Limited ("**Hip Hing**"). Hip Hing's workload is derived from government and other public sector/institutional development projects; and other private sector property projects from large developers. The NWSH Group also participated in building construction projects including the Tamar Development Project, HKCEC, Times Square, MGM Macau, Elements, the Masterpiece and K11, Wanchai Police Headquarter, Tseung Kwan O Hospital, etc.

Insurance

The completion of the acquisition of FTLife Insurance on 1 November 2019 marked a key milestone of NWSH in expanding into the insurance business. FTLife Insurance, as a premier Hong Kong life insurance company with more than 30 years of history, offers a comprehensive range of life insurance products including whole life, term life, endowment, investment-linked, accident and health products to individual and institutional clients. According to data released by the Insurance Authority, FTLife Insurance was ranked as the 13th largest Hong Kong life insurance company by Annual Premium Equivalent ("**APE**") as at 30 September 2019.

FTLife Insurance has started its contribution to NWSH by reflecting the two months of performance since its completion of acquisition on 1 November 2019. The result has shown early signs of fruition in synergies and the strong support from the Group with the APE and Value of New Business ("**VONB**") year-on-year growth for the two months being 11 per cent. and 21 per cent, respectively. The number of agents of FTLife Insurance increased by 14 per cent year-on-year to over 3,200 as at 31 December 2019.

Despite an uncertain market for Hong Kong insurers with public activities during the six months ended 31 December 2019, FTLife Insurance's new products such as the Voluntary Health Insurance Scheme ("**VHIS**") and Qualifying Deferred Annuity Policy ("**QDAP**") were well-received in the Hong Kong market and supported its new business growth. In September 2019, FTLife Insurance also launched Regent Prime and Regent Elite insurance products to strengthen its

product portfolio. These two new offerings, together with VHIS and QDAP were all ranked among the top in their respective categories.

FTLife Insurance maintained a very strong balance sheet with solvency ratio exceeding 580 per cent, far higher than the minimum requirement of 150 per cent, driven by prudent investment management policies and buybacks of certain investments by the vendor of FTLife Insurance as agreed in its acquisition. As at 31 December 2019, the total asset value and net asset value (excluding the goodwill arising from business combination) were HK$64.9 billion and HK$15.6 billion, respectively, while embedded value was HK$17.3 billion, comparing to HK$16.1 billion as at 31 December 2018.

On the back of FTLife Insurance's improving distribution strength, profitability over the past few years, as well as the strong support from NWSH after the completion of the acquisition, Moody's has upgraded FTLife Insurance's insurance financial strength rating from Baa1 to A3 with stable outlook. Meanwhile, Fitch Ratings also affirmed A- insurer financial strength rating with stable rating outlook which highlighted FTLife Insurance's robust capital base and solvency ratio.

Facilities management

The NWSH Group's facilities management segment provides both Hong Kong and overseas customers with a comprehensive range of facilities management services including the management and operation of venues for exhibitions and conventions. The NWSH Group, through its Free Duty business, also undertakes a duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise retail business at various cross-border terminals in Hong Kong, Hong Kong-Zhuhai-Macao-Bridge and Macau International Airport respectively.

The NWSH Group operates and manages the Hong Kong Convention and Exhibition Centre ("**HKCEC**"), Hong Kong's largest multi-functional facility, which provides venues, food and beverages as well as other related services for exhibitions, conventions, meetings, entertainment, special events, banquets and catering events, with a total rentable space of 91,500 sq.m. and offers uniquely convenient, world-class services to both Hong Kong and overseas customers. HKCEC was named the "Best Convention and Exhibition Centre in Asia-Pacific" in the 2018 CEI Readers' Choice Award conducted by CEI Asia magazine, one of the most influential trade publications in the region.

Free Duty was established as part of a long term commitment to the duty free business in Hong Kong. It has shops located at Hung Hom, Lo Wu and Lok Ma Chau MTR stations, Hong Kong-Zhuhai-Macao-Bridge, Hong Kong International Airport and Macau International Airport selling duty free liquor, tobacco, perfume, cosmetics, package food and general merchandise.

Gleneagles Hong Kong Hospital ("**GHK Hospital**"), in which the Group has 40 per cent. interest, was officially opened in late March 2018, around one year after commencing initial services. Since opening for business in early 2017, GHK Hospital enjoyed continuous patient volume growth and has been operating smoothly in delivering innovative, transparent and high-quality healthcare services in Hong Kong. GHK Hospital is a 500-bed private hospital with more than 35 specialties and subspecialties. It offers a comprehensive range of healthcare facilities and services, including 24-hour outpatient and emergency, cardiovascular laboratory, clinical laboratory, critical care unit, radiotherapy and oncology centre, radiology, endoscopy centre, chemotherapy centre, dialysis centre, health screening, rehabilitation, specialist outpatient clinics, dietetic services, etc. GHK Hospital won the "Management Innovation of the Year Award" in Healthcare Asia Awards 2019 for initiating a number of innovative initiatives that aim to deliver excellent and transparent healthcare services to patients and to introduce new concepts and systems to Hong Kong private healthcare.

Transport

The public transportation services provided by the NWSH Group include franchised and non-franchised bus services and passenger ferry services in Hong Kong. Through NWS Transport Services Limited, a company wholly-owned by NWSH, the NWSH Group operates a full range of transport related businesses in Hong Kong. As at 30 June 2019, New World First Bus Services Limited operates 93 franchised bus routes in Hong Kong and Citybus Limited operates 118 franchised bus routes covering Hong Kong Island and cross-harbour routes and also connecting Hong Kong International Airport and Tung Chung. At the same time, New World First Ferry Services Limited operates five ferry routes in the inner harbours and outlying islands in Hong Kong. New World First Ferry had an average daily patronage of approximately 36,300 for the year ended 30 June 2019.

Strategic investments

The NWSH Group's strategic investments segment includes investments with strategic value to the NWSH Group, growth potential which will enhance and create value for the Shareholders.

NWSH has also streamlined the business portfolio and focused further on the core businesses by disposing of some non-core assets, namely Urban Parking (Beijing) Limited, minority interests in Tianjin Orient Container Terminal and Tianjin Five Continents International Container Terminal, and shares of Beijing Capital International Airport Co., Ltd (the "**BCIA**"), for a total consideration of HK$1.3 billion.

Infrastructure

The Group is engaged in the development, investment, operation and/or management of infrastructure projects in Hong Kong, Macau and the PRC primarily through the NWSH Group. The NWSH Group is one of the largest foreign investors in, and operators of, infrastructure projects in the PRC. As a diversified infrastructure investor, the NWSH Group's infrastructure portfolio includes roads, aviation, environment and logistics projects and is engaged in developing, owning, operating and managing a portfolio of toll roads, water and wastewater treatment and waste management plants, power stations, ports and pivotal rail container terminals in the PRC; a logistics centre in Hong Kong and commercial aircraft leasing to worldwide airline operators as at 31 December 2019. The majority of the NWSH Group's assets in this division are located in Hong Kong and the PRC.

The NWSH Group focuses on strategic alliances with major international and PRC infrastructure and infrastructure-related companies. The NWSH Group believes that its network of strategic partners enables it to secure local support, diversify risks and continue to develop new projects in Hong Kong, the PRC and Macau. The NWSH Group believes that these strategic relationships will lead to co-investment opportunities in new projects for the NWSH Group.

The NWSH Group seeks to develop infrastructure projects in areas it expects will experience significant economic growth in the near term, but which may lack the infrastructure necessary to achieve or sustain such growth. In the PRC, rapid economic growth in recent years has provided significant opportunities for the NWSH Group. The Group believes its projects are well-positioned to benefit from the continued economic growth in the PRC.

Roads

The NWSH Group is engaged in the construction, management and operation of its road projects. The operations of the project companies are located in the PRC. In road projects in the PRC, the NWSH Group has a number of local partners supervised by local government authorities.

Roads segment has maintained largely stable in contributions, notwithstanding the adverse impact arising from RMB depreciation. Due to the fluctuation of RMB during the year ended 30 June 2019, the contribution of the roads business decreased by 7 per cent. compared to the year ended 30 June 2018. Excluding the exchange rate effect, as at 31 December 2019, the contributions would have increased by 4 per cent., which were in line with the overall growth in toll income reflecting the steady growth of the underlying traffic and that NWSH's acquisitions made in the last couple of years have gradually come to fruition. Following the acquisition of Hubei Suiyuenan Expressway in January 2018, the NWSH Group acquired 40 per cent. interest of Hunan Sui-Yue Expressway during the financial year ended 30 June 2019.

As at 30 June 2019, the NWSH Group had interests in 15 roads and related projects in strategic locations in Mainland China, namely Guangdong, Guangxi, Zhejiang, Shanxi, Tianjin, Hubei and Hunan, covering approximately 700 km in length. Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) contributed more than 80 per cent. to the roads business.

NWSH's four anchor expressways, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section), contributed more than 80 per cent. of the roads segment contributions. Meanwhile, traffic flow of seven expressways in the Greater Bay Area continued to register increase in traffic volume of up to 19 per cent. year-on-year as at 31 December 2019.

Aviation

Following the divestment of the remaining stakes in Beijing Capital International Airport Co., Ltd., the aviation segment principally engages in commercial aircraft leasing business through NWSH's full-service leasing platform Goshawk Aviation Limited ("**Goshawk**").The NWSH Group invests in commercial aircraft for leasing to worldwide airline operators through Goshawk. NWSH's commercial aircraft leasing business continued to grow rapidly during the six months ended 31 December 2019 together with the direct orders of 40 narrow-body aircraft from two major aircraft manufacturers with delivery scheduled between 2023 and 2025. The number of aircraft owned, managed and committed expanded from 223 as at 30 June 2019 to 239 as at 31 December 2019, with combined market value amounted to approximately US$12.0 billion, while aircraft on book expanded from 154 as at 30 June 2019 to 161 as at 31 December 2019.

Being a global leading commercial aircraft lessor in terms of fleet value with one of the youngest fleets and one of the longest average remaining lease term in the industry, the 161 aircraft on book's average age is 4.0 years and with an average remaining lease term of 6.8 years. As at 31 December 2019, Goshawk maintained its diversified strategy with customer base encompassing 62 airlines in 35 countries.

Due to the outbreak of COVID-19, governments across the world have imposed a number of measures in an effort to contain the spread of COVID-19, including business closures, travel restrictions and the suspension of major events. In addition, the aviation industry where the Group's clients operate in, has been adversely affected with material reduction in demand for air travel globally. As a result, the Group has received requests from its customers to delay lease payment obligations due to the effects of the COVID-19 pandemic. In the short term, the Group expects a certain impact on the financial performance of the aviation business. As at the date of the Offering Circular, it is difficult to quantify the economic impact arising from the COVID-19 outbreak. The Group will continue to closely monitor the progression of this pandemic, evaluate and proactively assess and respond to its impact on the Group.

Environment

As at 31 December 2019, the NWSH Group engaged in environmental business across the Greater China region through SUEZ NWS Limited ("**SUEZ NWS**") and Chongqing Derun Environment Co., Ltd. These two platforms provide one-stop environmental services, including water and wastewater treatment, sludge treatment, waste collection and treatment, industrial and municipal waste incineration, landfill and landfill restoration and environmental remediation.

In addition, the Group operates two power plants in Guangdong and Sichuan with a total installed capacity of approximately 1,820 MW.

The NWSH Group has formed an investment platform named ForVEI II S.r.l. in the financial year ended 30 June 2019 which is dedicated to grasp the opportunities in the solar power segment in Europe, mainly in Italy at present, in a bid to diversify the Group's portfolio in the environment segment and generate long-term growth and value for its shareholders. For the six months ended 31 December 2019, a total of 43.26 MW installed capacity of solar plants were acquired, with total installed capacity reaching 46.12 MW as at 31 December 2019.

Logistics

The NWSH Group invested in a joint venture, China United International Rail Containers Co., Limited, to develop and operate a large-scale pivotal rail container terminal network across the PRC. As at 30 June 2019, the rail container terminals in Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan, Xian, Ningbo, Tianjin, Urumqi and Qinzhou were operational and handled 3,438,000 twenty-foot equivalent units ("**TEUs**"). The development of the remaining terminals is in progress.

As at 30 June 2019, the NWSH Group also invested in one logistics centre in Hong Kong that offer a total leasable area of 5.9 million sq.ft., and one port project in Mainland China with container handling capacity of 9.1 million TEUs per year.

The following table sets forth the NWSH Group's major infrastructure projects as at 30 June 2019:

No.	**Name of Projects**	**Capacity/Installed Capacity**	**No. of Projects**	**NWSH's Form of Investment**	**NWSH's Attributable Interest**	**Operation Date**	**Year of Expiry[(1)]**
					(%)		
	Environment						
E1	SUEZ NWS Limited.	Water and wastewater treatment:	38	Equity	42.0	May-1985#	N/A
		9.41 million m^3/day					
		Sludge treatment: 2,140 tonnes/day	4				
		Waste collection and treatment: 11,283 tonnes/day	13				
		Industrial and municipal waste incineration: 778,300 tonnes/year	9				
		Landfill and landfill restoration:96 million m^3 (excluding landfill restoration)	9				
		Total	73				

No.	Name of Projects	Capacity/Installed Capacity	No. of Projects	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry[(1)]
E2	Chongqing Derun Environment Co., Ltd............................	N/A		Equity	12.6	Oct-2014#	N/A
E3	Chongqing Silian Optoelectronics Science & Technology Co., Ltd	N/A		EJV	20.0	Jul-2008	N/A
E4	Zhujiang Power Station — Phase II ..	620 MW		EJV	25.0	Apr-1996	2020
E5	Chengdu Jintang Power Plant............	1,200 MW		Equity	35.0	Jun-2007	2040
E6	Guangzhou Fuel Company................	Coal Pier: 7 million tonnes/year		EJV	35.0	Jan-2008	2033
E7	ForVEI II S.r.l..........	Installed capacity:2.86 MW	3	Equity	40.0	Jun-2018#	2050

Notes:

(1) Project or JV expiry date

\# Date of incorporation

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry[(1)]
				(%)		
	Roads					
R1	Guangzhou City Northern Ring Road	22.0 km	CJV	65.3	Jan-1994	2023
R2	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)		CJV	25.0		2030
	Section I...	8.6 km			Dec-1999	
	Section II..	49.6 km			Dec-1999	
R3	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)	27.0 km	CJV	15.0	Dec-2005	2032
R4	Guangzhou-Zhaoqing Expressway		CJV	25.0		2031
	Phase I	48.0 km			Sept-2002	
	Phase II	5.4 km			Sept-2010	
R5	Shenzhen-Huizhou Expressway (Huizhou Section)	34.7 km	CJV	33.3	Jun-1993	2023
R6	Guangzhou Dongxin Expressway......................	46.2 km	Equity	45.9	Dec-2010	2035
R7	Guangzhou City Nansha Port Expressway........	72.4 km	Equity	22.5	Dec-2004	2030
R8	Guangdong E-serve United Co., Ltd.................	N/A	Equity	1.4	Jan-2013	N/A
R9	Hangzhou Ring Road...	103.4 km	Equity	100.0	Jan-2005	2029
R10	Roadway No. 321 (Wuzhou Section).................		CJV	52.0		2022
	Phase I	8.7 km			Mar-1997	
	Phase II	4.3 km			Dec-1998	
R11	Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)	36.0 km	CJV	60.0+	Apr-1999	2025
R12	Roadway No. 309 (Changzhi Section)..............	22.2 km	CJV	60.0+	Jul-2000	2023
R13	Taiyuan – Changzhi Roadway (Changzhi Section)	18.3 km	CJV	60.0+	Aug-2000	2023
R14	Tangjin Expressway (Tianjin North Section)......		CJV	60.0#		2039
	Section I...	43.5 km			Dec-1998	

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
				(%)		
	Section II..	17.2 km			Dec-2000	
R15	Hubei Suiyuenan Expressway	98.1 km	EJV	30.0	Mar-2010	2040
R16	Hunan Sui-Yue Expressway	24.1 km	EJV	40.0	Dec-2011	2038
	Total Length...	689.7 km				

Notes:

(1) Project or JV expiry date

\+ Cash sharing ratio of 90% for the first 12 years from the operation date and thereafter 60%

\# Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

No.	Name of Projects	Investment Scope Leasable Area/ Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Operation Date	Year of Expiry(1)
	Logistics					
L1	China United International Rail Containers Co., Limited	Pivotal rail container terminal network	EJV	30.0	Kunming: Jan-2008 Chongqing: Dec-2009 Chengdu: Mar-2010 Zhengzhou: Apr-2010 Dalian: Jul-2010 Qingdao: Aug-2010 Wuhan: Aug-2010 Xian: Dec-2010Ningbo: Jan-2011Tianjin: Jan-2017 Urumqi: Jun-2017Qinzhou: Jun-2019	2057
L2	ATL Logistics Centre Hong Kong Limited ...	5,900,000 sq.ft. leasable area	Equity	56.0	Phase I: Feb-1987Phase II: Mar-1988 Phase III: Feb-1992 Phase IV: Jan-1994 Phase V: Nov-1994	2047
L3	Xiamen Container Terminal Group Co., Ltd.	9,100,000 TEUs p.a.	EJV	20.0	Dec-2013	2063

Notes:

(1) Project or JV expiry date

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

p.a. = Per annum

No.	Name of Projects	Facility/No. of Aircraft	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
				(%)		
	Aviation					
A1	Goshawk Aviation Limited	**No. of Aircraft Owned: 154**	Equity	50.0	Oct-2013#	N/A
A2	Beijing Capital International Airport Company Limited	**3 runways and 3**	Equity	2.8	Oct-1999#	N/A

No.	Name of Projects	Facility/No. of Aircraft	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
		terminals (total floor area: 1.41 million sq.m.)				

Notes:

(1) Project or JV expiry date

\# Date of incorporation

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

Department Stores

The Group's department store development and management operations are undertaken by NWD's retail arm, NWDS. As at 31 December 2019, NWDS operated and managed a total of 31 department stores and shopping malls in Mainland China with total GFA of about 1,251,950 sq.m.. The department store business operates primarily on a concessionary basis, and commission income from concessionaire sales contribute a substantial amount of NWDS' revenue.

Insurance

The Group is covered by insurance policies arranged with reputable insurance agents which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group's insurance coverage, damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons 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 various laws and regulations of Hong Kong, the PRC and the other countries and regions in which it has operations. The Group's activities conducted on its investment and development properties are limited by zoning ordinances and other regulations. Developing properties, refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. From time to time, new regulations may be imposed 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. NWD 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 any regulation with regard to these issues, and is not aware of any pending legislation that might have a material adverse effect on its properties.

Environmental Matters

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

Legal Proceedings

The Group is involved in litigation as part of its day to day business and neither NWD 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.

Employees

As at 31 December 2019, over 45,000 employees were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share options schemes of the Guarantor and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Guarantor and certain employees of the Group to subscribe for shares in the Guarantor and/or the respective subsidiaries.

The Group has not experienced any strikes or disruptions due to labour disputes. NWD considers its relations with its employees to be good.

Principal subsidiaries, joint ventures and associated companies

The principal subsidiaries, principal joint ventures and principal associated companies of NWD as at 30 June 2019 are set out in notes 49, 50 and 51, respectively of the 2019 Audited Financial Statements.

RECENT DEVELOPMENTS

NWD's debt financing

On 18 July 2019, NWD issued U.S.$950 million in aggregate principal amount of 4.125 per cent. guaranteed notes due 2029 under the U.S.$4 billion guaranteed medium term note programme by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Guarantor.

On 24 July 2019, the Issuer issued U.S.$400 million in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

On 1 November 2019, the Issuer issued U.S.$400 million in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

On 19 May 2020, NWD issued U.S.$600 million in aggregate principal amount of 4.50 per cent. guaranteed notes due 2030 under the U.S.$6 billion guaranteed medium term note programme by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Guarantor.

NWSH subsidiary won a bid for acquiring the concession right to operate Changliu Expressway in Hunan Province, the PRC

On 19 July 2019, Guangdong Xin Chuan Co., Ltd. ("**Xin Chuan**", an indirect wholly-owned subsidiary of NWSH) was determined as the winning bidder at an online public auction in its bid for acquiring the concession right (and other related rights and assets) to operate Changliu Expressway in Hunan Province, the PRC at the bid purchase price of RMB4,571.0 million (equivalent to approximately HK$5,194.3 million). As of the date of this Offering Circular, Xin Chuan has fully paid the bid purchase price and signed a concession right agreement with the Department of Transportation of Hunan Province, the PRC.

NWCL acquisition of the remaining 51 per cent. interest in Silvery Yield Development Limited

On 26 July 2019, Esteemed Sino Limited ("**Esteemed Sino**"), an indirect wholly-owned subsidiary of NWCL, entered into a sale and purchase agreement with Praiseworth International Limited ("**Praiseworth**") and Property Giant Investments Limited ("**Property Giant**"), which are wholly-owned by CTFEL, whereby Praiseworth and Property Giant agreed to sell and assign, and Esteemed Sino agreed to acquire 51 per cent. interest of the entire issued share capital of Silvery Yield Development Limited ("**Silvery Yield**") and accept the assignment of shareholders' loans owing from Silvery Yield to Praiseworth and Property Giant, for a consideration of RMB4,010.0 million (equivalent to approximately HK$4,556.8 million) (the "**Acquisition**"). Silvery Yield and its subsidiaries are principally engaged in the business of property development of Ningbo New World Plaza in Ningbo City, Zhejiang Province, the PRC. Completion of the Acquisition took place immediately after the signing of the Agreement and Silvery Yield became an indirect wholly-owned subsidiary of NWCL.

NWCL won the bidding of land use right in Hangzhou

On 30 July 2019, Honour Team International Limited ("**Honour Team**"), an indirect wholly-owned subsidiary of NWCL, won the bidding in respect of the state-owned construction land use right of a parcel of land in Wangjiang New Town, Shangcheng District, Hangzhou, PRC for residential, business commercial and public carparking development through listing-for-sale at a consideration of RMB9,791.9 million (equivalent to approximately HK$11,127.1 million). Upon Honour Team's fulfilment of the requirements and conditions under the listing-for-sale documents

and the qualification examination conducted by Hangzhou Public Resource Trading Center (杭州市公共資源交易中心), Honour Team has entered into the grant contract for the state-owned construction land use right in Hangzhou with Hangzhou Bureau of Planning and Natural Resources (杭州市規劃和自然資源局) and Hangzhou Xinyu Industrial Development Co., Ltd. (杭州新蘊實業發展有限公司), a direct wholly-owned subsidiary of Honour Team has entered into the land transfer agreement with Hangzhou Land Reserve Center (杭州市土地儲備中心) on 7 April 2020.

NWCL disposal of interest in Hunan Success New Century Investment Company Limited

In September 2019, NWCL entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset held by Hunan Success New Century Investment Company Limited is Changsha La Ville New World.

Completion of the Acquisition of FTLife Insurance Company Limited

In December 2018, Earning Star Limited ("**Earning Star**"), an indirect wholly-owned subsidiary of NWSH, entered into a share purchase agreement with Bright Victory International Limited ("**Bright Victory**", an indirect wholly-owned subsidiary of Tongchuangjiuding Investment Management Group Co., Ltd. (同創九鼎投資管理集團股份有限公司)) and certain guarantors of Bright Victory in respect of the acquisition of the entire issued share capital of FTLife Insurance by Earning Star from Bright Victory at a total consideration of HK$21.5 billion (subject to adjustments) (the "**FTLife Acquisition**"). The FTLife Acquisition was completed on 1 November 2019, upon which FTLife Insurance became an indirect wholly-owned subsidiary of NWSH and an indirect non-wholly-owned subsidiary of NWD.

Toll Fee Exemption for toll roads in the PRC

Toll fee exemption for vehicles travelling on all toll roads in the PRC was implemented ("**Toll Fee Exemption**") with effect from 17 February 2020. Toll Fee Exemption discontinued from (and including) 6 May 2020 and the collection of toll fee has resumed from 6 May 2020 in accordance with local PRC laws.

NWD disposal of its economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O in Hong Kong

On 25 February 2020, NWD entered into two agreements with MTR Corporation Limited to dispose of its economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O in Hong Kong at a total consideration of HK$3.0 billion.

The Group's 2019/2020 interim financial results

On 20 March 2020, the Group published its 2019/2020 Interim Report for the six months ended 31 December 2019.

For the six months ended 31 December 2019, revenues of the Group amounted to HK$32,464.4 million, reflecting a decrease of 34 per cent. compared to the six months ended 31 December 2018. This was mainly due to the decrease in contribution from property development in Hong Kong with no new project completion and decrease in contribution from strategic businesses such as facilities management and transport affected by social unrest in Hong Kong. For the six months ended 31 December 2019, profit attributable to shareholders of the Company amounted to HK$1,017.3 million, and underlying profit amounted to HK$3,929.2 million which decreased by

27 per cent. compared to the six months ended 31 December 2018. For the six months ended 31 December 2018, the Group's underlying profit amounted to HK$5,396.1 million.

For the six months ended 31 December 2019, the basic earnings per share from underlying businesses of the Group decreased by 27 per cent. to HK$0.38 compared to the six months ended 31 December 2018. As at 31 December 2019, net gearing amounted to 42.2 per cent., an increase of 10.1 per cent. as compared to 32.1 per cent as at 30 June 2019..

Proposed share consolidation of NWD

On 27 April 2020, the board of directors of NWD announced its proposed implementation of share consolidation (the "Share Consolidation") on the basis that every four issued existing shares be consolidated into one consolidated share and to round down the number of consolidated shares in the issued share capital of NWD to the nearest whole number by disregarding each and every fractional consolidated share which would otherwise arise therefrom. Subject to the fulfilment of the relevant conditions, the Share Consolidation is expected to take effect on 23 June 2020 upon which the number of NWD's shares would be reduced from 10,196,477,123 as at 12 June 2020 to 2,549,119,280.

PRINCIPAL SHAREHOLDER

The major shareholder of NWD is CTFEL which, together with its subsidiaries, held approximately 44.35 per cent. of the issued share capital of NWD as at 31 December 2019. CTFEL is a private company ultimately 81.03 per cent. owned by Chow Tai Fook Capital Limited, which is controlled by the family members of the late Dato' Dr. Cheng Yu-Tung, one of the founders and the previous chairman of NWD. The late Dato' Dr. Cheng's family members continue to exert considerable influence over the management and affairs of the Group.

Certain transactions may occur between NWD and/or its subsidiaries and CTFEL, or entities associated with CTFEL which are connected persons of NWD under the Listing Rules. Under the Listing Rules, certain connected transactions, although entered into on an arm's length basis, will, depending on the nature and the size of each such transaction, be subject to certain disclosure requirements and/or the approval by the shareholders of NWD in a general meeting, in which CTFEL will abstain from voting and other requirements under the Listing Rules. See note 47 to the 2019 Audited Financial Statements.

DIRECTORS

Directors

The following table sets forth the names of the directors of NWD (the "**Directors**") and their position within NWD:

Executive Directors

Dr. Cheng Kar-Shun, Henry GBM GBS (*Chairman*)

Dr. Cheng Chi-Kong, Adrian JP (Executive Vice-chairman and Chief Executive Officer)

Mr. Cheng Chi-Heng (Responsible for finance)

Ms. Cheng Chi-Man, Sonia (Responsible for hotel and project management businesses)

Mr. Sitt Nam-Hoi (Responsible for Hong Kong projects)

Ms. Huang Shaomei, Echo (Responsible for Mainland China projects)

Ms. Chiu Wai-Han, Jenny (Responsible for human resources and talent development)

Non-executive Directors

Mr. Doo Wai-Hoi, William JP (Non-executive Vice-chairman)

Mr. Cheng Kar-Shing, Peter

Ms. Ki Man-Fung, Leonie GBS SBS JP

Independent Non-executive Directors

Mr. Yeung Ping-Leung, Howard

Mr. Cha Mou-Sing, Payson JP

Mr. Cha Mou-Zing, Victor (Alternate director to Mr. Cha Mou-Sing, Payson)

Mr. Ho Hau-Hay, Hamilton

Mr. Lee Luen-Wai, John BBS, JP

Mr. Liang Cheung-Biu, Thomas

Mr. Ip Yuk-Keung

Certain additional information in relation to the Directors of NWD is set out below:

Dr. Cheng Kar-Shun, Henry GBM GBS, aged 73, was appointed as Director in October 1972, Executive Director in 1973, became Managing Director from 1989 and Chairman from March 2012. Dr. Cheng is a member of the Remuneration Committee and the chairman of the Nomination Committee and Executive Committee of the Board of Directors of NWD. Dr. Cheng is the chairman and executive director of NWS Holdings Limited and Chow Tai Fook Jewellery Group Limited, the chairman and non-executive director of New World Department Store China Limited and FSE Services Group Limited, the vice-chairman and non-executive director of i-CABLE Communications Limited, and a non-executive director of DTXS Silk Road Investment Holdings Company Limited, all of them are listed public companies in Hong Kong. He was the

chairman and executive director of International Entertainment Corporation up to his resignation on 10 June 2017, an independent non-executive director of HKR International Limited and Hang Seng Bank Limited up to his resignation on 31 March 2018 and retirement on 10 May 2018 respectively, the chairman and non-executive director of Newton Resources Ltd up to his resignation on 9 April 2018 and a non-executive director of SJM Holdings Limited up to his retirement on 11 June 2019, all of them are listed pubic companies in Hong Kong. Dr. Cheng is the honorary chairman of NWCL on 1 February 2020. Dr. Cheng is the chairman of New World Hotels (Holdings) Limited and a director of certain subsidiaries of the Group. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of NWD. Dr. Cheng is the chairman of the Advisory Council for The Better Hong Kong Foundation. He was a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China. Dr. Cheng was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 2001 and 2017 respectively by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the father of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng.

Dr. Cheng Chi-Kong, Adrian JP, aged 40, was appointed as an Executive Director in March 2007, became Executive Director and Joint General Manager from March 2012, re-designated as Executive Vice-chairman and Joint General Manager from April 2015, and re-designated as Executive Vice-chairman and General Manager from March 2017 and re-designated as executive vice-chairman and Chief Executive Officer from May 2020. Dr. Adrian Cheng is a member of the Executive Committee and the chairman of the Sustainability Committee of the Board of Directors of NWD. Dr. Cheng is an executive director of NWS Holdings Limited, New World Department Store China Limited and Chow Tai Fook Jewellery Group Limited, and a non-executive director of Giordano International Limited and New Century Healthcare Holding Co. Limited, all being listed public companies in Hong Kong. Dr. Cheng is also the executive chairman of NWCL, the chairman of New World Group Charity Foundation Limited and a director of certain subsidiaries of the Group. In addition, he is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both of which are substantial shareholders of NWD. He was an executive director of International Entertainment Corporation, a non-executive vice chairman of Modern Media Holdings Limited and a non-executive director of i-CABLE Communications Limited, all being listed public companies in Hong Kong, up to his resignation on 10 June 2017, 26 August 2017 and 2 July 2019 respectively. Dr. Cheng oversees the strategic direction for NWD's property development and investment activities. He has launched New World's The Artisanal Movement since January 2015, and is currently overseeing NWD's large-scale developments including Victoria Dockside and Skycity. In 2008, Dr. Cheng launched the K11 brand, a museum-retail complex that is at the nexus of art and commerce and has since extended K11's reach across retail, hospitality, offices and non-profit art education through K11 Art Foundation and K11 Craft & Guild Foundation. He also directs early-stage funding to start-ups and technology-driven platforms. Dr. Cheng is the vice-chairman of All-China Youth Federation, a member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference, the chairman of China Young Leaders Foundation and the honorary chairman of K11 Art Foundation. He was acknowledged by Fortune as one of "40 Under 40" global business stars and a "Young Global Leader" by the World Economic Forum in 2012. In 2016, he was appointed as the Justice of Peace by the Government of the Hong Kong Special Administrative Region and was made an Officier in the Ordre des Arts et des Lettres by the French Government in 2017. Dr. Cheng holds a Bachelor of Arts Degree (cum laude) from Harvard University, and was conferred the Honorary Doctorate of Humanities by the Savannah College of Art and Design in 2014. Dr. Cheng worked in a major international bank prior to joining the Group in September 2006 and has substantial experience in corporate finance. He is the son of Dr. Cheng Kar-Shun, Henry, the brother of Ms.

Cheng Chi-Man, Sonia, the nephew of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Cheng Chi-Heng, aged 42, was appointed as an Executive Director in June 2010. Mr. Cheng is a member of the Executive Committee of the Board of Directors of NWD. He also acts as director of certain subsidiaries of the Group. Mr. Cheng is an executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Mr. Cheng is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of NWD. Mr. Cheng worked in Yu Ming Investment Management Limited from 1999 to 2000 as a corporate finance executive. He obtained his Bachelor of Arts Degree majoring in Economics from the University of Western Ontario, Canada in 1999. He is the son of Mr. Cheng Kar-Shing, Peter, the nephew of Dr. Cheng Kar-Shun, Henry and Mr. Doo Wai-Hoi, William, and the cousin of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Ms. Cheng Chi-Man, Sonia, aged 39, was appointed as an Executive Director in March 2012. Ms. Cheng is a member of the Executive Committee of the Board of Directors of NWD. She currently oversees the hotel division and the project management division of the Group. She is an executive director of NWCL and a director of certain subsidiaries of the Group. Ms. Cheng is a non-executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Before joining the Group in 2008, Ms. Cheng worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Ms. Cheng holds a Bachelor of Arts Degree with a concentration in Applied Mathematics from Harvard University in the U.S.A. Ms. Cheng is the chief executive officer of Rosewood Hotel Group, a member of the Thirteenth Guangzhou Municipal Committee of The Chinese People's Political Consultative Conference, the chairman of the advisory committee of the School of Hotel and Tourism Management at The Chinese University of Hong Kong and member of the advisory committee of the School of Hotel & Tourism Management Industry at The Hong Kong Polytechnic University. She is a member of the Y. Elites Association, the Young Presidents' Organization and the Hong Kong United Youth Association, and a non-official member of the Family Council and the Advisory Committee on Gifted Education. Ms. Cheng is the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Dr. Cheng Chi-Kong, Adrian, the niece of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Sitt Nam-Hoi, aged 65 was appointed as an Executive Director in June 2018. Mr. Sitt is a member of the Executive Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Sitt joined the Group and was appointed as Head of Projects (Hong Kong) of NWD in February 2011. He is currently the senior director of the Project Management Department of NWD, director and chief design officer of NWCL and director of certain subsidiaries of the Group. Before joining NWD, he was the project director of a listed public company in Hong Kong which he worked for over 25 years. Before that, Mr. Sitt had been working in Buildings Department of the Government of the Hong Kong Special Administrative Region. Mr. Sitt obtained his Bachelor of Architecture and Bachelor of Arts in Architectural Studies from the University of Hong Kong. He is a Registered Architect, an Authorised Person and is responsible for overseeing all project management matters for all property development projects of the Group in Hong Kong. He has extensive project management experience and participated in various significant projects in Hong Kong and mainland China.

Ms. Huang Shaomei, Echo, aged 51, has been appointed as an Executive Director in May 2020. Ms. Huang is a member of the Executive Committee of the Board of Directors of the NWD. She joined the Group as the deputy chief executive officer of NWCL in October 2015 and promoted to Director & Chief Executive Officer of NWCL in February 2020. Ms. Huang is also a director of certain subsidiaries of the Group. She has over 20 years of experience in the real estate sector, having served in a consulting capacity for large-scale urban infrastructures, urban planning and urban renewal in mainland China for extensive periods, providing the Government of the People's

Republic of China with professional recommendations on property development and urban planning. Prior to joining the Group, Ms. Huang held senior position with an international consulting firm. She was appointed as managing director (Southern China) of a Hong Kong-listed property developer, overseeing its property development throughout the southern China region. She has proven experience in China's real estate sector. Ms. Huang is a member of Guangdong Province Committee of the Chinese People's Political Consultative Conference (CPPCC), and a Deputy Secretary-General of Silk Road Chamber of International Commerce.

Ms. Chiu Wai-Han, Jenny, aged 48, has been appointed as an Executive Director in May 2020. Ms. Chiu is a member of the Executive Committee of the Board of Directors of the NWD. She joined the Group in 2004 and is currently the Senior Director – Human Resources of the Company. Ms. Chiu is responsible for planning and driving full spectrum of strategic human resources direction, including talent acquisition, talent development and management, reward management and human resources partnering services. Prior to joining the Group, she had taken up managerial role in renowned corporations in information and communications technology services and property development industries. Ms. Chiu was graduated from The Chinese University of Hong Kong. She is an Associate Member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Ms. Chiu possesses over 20 years of experience in human resources and corporate management.

Mr. Doo Wai-Hoi, William JP, aged 75, was appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is also a non-executive director of Lifestyle International Holdings Limited and an independent non-executive director of Shanghai Industrial Urban Development Group Limited, both being listed public companies in Hong Kong. Mr. Doo was an independent non-executive director of The Bank of East Asia, Limited, a listed public company in Hong Kong, up to his resignation on 18 February 2017. Mr. Doo is also a director of certain subsidiaries of the Group. He is the chairman and director of Fungseng Prosperity Holdings Limited. Mr. Doo is a Justice of the Peace appointed by the Government of the Hong Kong Special Administrative Region. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was further promoted to the Officier de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Heng.

Mr. Cheng Kar-Shing, Peter, aged 67, was appointed as a Director in October 1994. Mr. Cheng is also an independent non-executive director of King Fook Holdings Limited, a listed public company in Hong Kong. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of NWD. Mr. Cheng is an executive director of NWCL, a director of New World Hotels (Holdings) Limited, NWS Service Management Limited and certain subsidiaries of the Group. Mr. Cheng is committed to community services and is serving as the chairman of Chow Tai Fook Charity Foundation, the chairman of Chow Tai Fook Medical Foundation Limited, the chairman of Antonia Welfare Fund Limited, the vice-chairman of Hong Kong Economic Exchange and a director of Green Council. He is the University Assembly member of University of Macau. He is a Fellow of The Hong Kong Institution of Engineers, Hong Kong Institute of Arbitrators, Hong Kong Construction Arbitration Centre and The Chartered Institute of Arbitrators. He is a CEDR Accredited Mediator and on the lists of the Mediators of Hong Kong Mediation Accreditation Association Limited, Hong Kong International Arbitration Centre, Hong Kong Mediation Centre and Financial Dispute Resolution Centre. He is on the Panel of Arbitrators of South China International Economic and Trade Arbitration Commission/Shenzhen Court of International Arbitration and an Arbitrator of Huizhou Arbitration Commission, a Member of Society of Construction Law Hong Kong and a member of Hong Kong Institute of Mediation. Mr. Cheng is the brother of Dr. Cheng Kar-Shun, Henry, the

brother-in-law of Mr. Doo Wai-Hoi, William, the father of Mr. Cheng Chi-Heng, and the uncle of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Ms. Ki Man-Fung, Leonie GBS, SBS, JP, aged 73, was appointed as a Non-executive Director in December 2008 and was re-designated as Executive Director in March 2012 and re-designated as Non-executive Director in June 2018. Ms. Ki has been the managing director of New World China Enterprises Projects Limited (a subsidiary of NWD) since 1997 and is also a director of certain subsidiaries of the Group. Ms. Ki is an independent non-executive director of Sa Sa International Holdings Limited, a listed public company in Hong Kong. She was an independent non-executive director of Clear Media Limited (a listed public company in Hong Kong) up to her retirement on 7 September 2019. Ms. Ki is also a director of Chow Tai Fook Charity Foundation. Ms. Ki has more than 30 years' experience in integrated communication and marketing services. She was the founder, partner and chairman/chief executive officer of Grey Hong Kong Advertising Limited and Grey China Advertising Limited. Ms. Ki is committed to the community and public services. She was the first chief executive of The Better Hong Kong Foundation. She is currently a director of PMQ Management Company Limited, founder and honorable president of Wu Zhi Qiao Charitable Foundation, a member of the Asian Advisory Board of Cheng Yu Tung Management Institute, Richard Ivey School of Business (University of Western Ontario, Canada), a member of the Advisory Board of the EMBA Programme of The Chinese University of Hong Kong, the honorary consultant for the School of Hip Hop of Youth Outreach and a member of Hong Kong Institute of Construction Management Board. Ms. Ki is a recipient of Honorary University Fellowship from The Open University of Hong Kong and The University of Hong Kong. She has been awarded the honour of Beta Gamma Sigma by the Faculty of Business Administration of The Chinese University of Hong Kong, and Justice of the Peace, the Silver Bauhinia Star and the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. She was a National Committee Member of the 12th Chinese People's Political Consultative Conference (CPPCC) of The People's Republic of China and a member of the 10th, 11th and 12th CPPCC of Yunnan Provincial Committee.

Mr. Yeung Ping-Leung, Howard, aged 63, was appointed as a Director in November 1985. Mr. Yeung is a member of the Audit Committee and the Remuneration Committee of the Board of Directors of NWD. He is also an independent non-executive director of Miramar Hotel and Investment Company, Limited, a listed public company in Hong Kong.

Mr. Cha Mou-Sing, Payson JP, aged 77, was appointed as a Director in April 1989. Mr. Cha is a member of the Audit Committee, the Remuneration Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Cha is also the chairman of HKR International Limited, the non-executive chairman of Hanison Construction Holdings Limited and Million Hope Industries Holdings Limited, all of them are listed public companies in Hong Kong. Mr. Cha was an independent non-executive director of Munsun Capital Group Limited (formerly known as China Precious Metal Resources Holdings Co., Ltd.), a listed public company in Hong Kong, up to his resignation on 23 December 2016. He is also an independent non-executive director of Eagle Asset Management (CP) Limited — Manager of Champion Real Estate Investment Trust which is listed on The Stock Exchange of Hong Kong Limited, the chairman of Mingly Corporation and an independent non-executive director of Hong Kong International Theme Parks Limited.

Mr. Cha Mou-Zing, Victor (Alternate Director to Mr. Cha Mou-Sing, Payson), aged 70, was appointed as an Alternate Director in September 2000. Mr. Cha is the deputy chairman and managing director of HKR International Limited, a listed public company in Hong Kong. He was an independent non-executive director of SOHO China Limited, a listed public company in Hong Kong, up to his resignation on 17 August 2018. He has extensive experience in the textile manufacturing and real estate businesses.

Mr. Ho Hau-Hay, Hamilton, aged 69, was appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in November 2007. Mr. Ho was

an Alternate Director of NWD from 7 January 2004 to 29 August 2004. Mr. Ho is the chairman of the Remuneration Committee and a member of the Audit Committee of the Board of Directors of NWD. He is also an independent non-executive director of King Fook Holdings Limited (a listed public company in Hong Kong), and an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.

Mr. Lee Luen-Wai, John BBS, JP, aged 71, was appointed as an Independent Non-executive Director in August 2004. Mr. Lee is the chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee of the Board of Directors of NWD. Mr. Lee is the managing director and chief executive officer of Lippo Limited, an executive director and the chief executive officer of Lippo China Resources Limited and Hongkong Chinese Limited, as well as an independent non-executive director of UMP Healthcare Holdings Limited, all being listed public companies in Hong Kong. Mr. Lee was also a non-executive non-independent chairman of Healthway Medical Corporation Limited, a company listed on the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited, up until his retirement on 26 April 2019. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Price Waterhouse (now PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong and a Justice of Peace in Hong Kong. He serves as a member on a number of Public Boards and Committees including the Chairman of the Investment Committee of the Hospital Authority Provident Fund Scheme, a member of the Public Service Commission and the Chairman of the Hospital Governing Committee of Hong Kong Children’s Hospital.

Mr. Liang Cheung-Biu, Thomas, aged 73, was appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in March 2012. Mr. Liang is a member of the Audit Committee and the Nomination Committee of the Board of Directors of NWD. Mr. Liang is an independent non-executive director of Miramar Hotel and Investment Company, Limited (a listed public company in Hong Kong), a director and the group chief executive of Wideland Investors Limited and a member of the Board of Trustees of Wei Lun Foundation Limited. Mr. Liang is a member of the Council of The Chinese University of Hong Kong, a member of the Court of the Hong Kong Baptist University and a member of the Board of Governors, The Hang Seng University of Hong Kong. He has extensive experience in financial management, corporate finance, banking, real estate development and equity investment.

Mr. Ip Yuk-Keung, aged 68, was appointed as an Independent Non-executive Director in June 2018. Mr. Ip is a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Ip is an independent non-executive director of TOM Group Limited, Power Assets Holdings Limited, Lifestyle International Holdings Limited and Hutchison Telecommunications Hong Kong Holdings Limited, all being listed public companies in Hong Kong. He is also a non-executive director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust (a listed real estate investment trust). He was the executive director and chief executive officer of LHIL Manager Limited which is the trustee-manager of Langham Hospitality Investments (a listed fixed single investment trust) and Langham Hospitality Investments Limited until his resignation on 1 April 2019. In addition, he was an independent non-executive director of AEON Credit Service (Asia) Company Limited (a listed public company in Hong Kong), Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited, a listed public company in Hong Kong) and Hopewell Holdings Limited (a listed public company in Hong Kong until its delisting on 3 May 2019) up to his resignation in September 2016, May 2018 and May 2019, respectively. Mr. Ip is an international banking and real estate executive with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and the United States. His areas of expertise are in real estate,

corporate banking, risk management, transaction banking and wealth management. Mr. Ip is an Honorary Professor of Business of Lingnan University, a Professor of Practice (International Banking and Real Estate) at The Hong Kong Polytechnic University, an Adjunct Professor of City University of Hong Kong, The Hong Kong University of Science and Technology, The Hang Seng University of Hong Kong and the School of Hotel and Tourism Management at The Chinese University of Hong Kong, an Adjunct Distinguished Professor in Practice of University of Macau, a Council Member of The Hong Kong University of Science and Technology, Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology, a trustee of the Board of Trustees at Washington University in St. Louis, and a Vice Chairman of the Board of Governors of World Green Organisation. Mr. Ip holds a Bachelor of Science degree at Washington University in St. Louis (summa cum laude) and Master of Science degrees at Cornell University and Carnegie-Mellon University. He is an Honorary Fellow of Vocational Training Council.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

Directors' Interests in Securities

As at 31 December 2019, the interests of the Directors and their associates in shares, underlying shares and debentures of NWD or any of its associated corporations which were recorded in the register required to be kept by NWD under Section 352 of the SFO were as follows:

(I) Long positions in shares

	Number of shares				
	Personal interests	Spouse interests	Corporate interests	Total	Approximate % to the total number of issued shares as at 31 December 2019
NWD					
(Ordinary shares)					
Mr. Doo Wai-Hoi, William	—	—	29,117,081[(1)]	29,117,081	0.28
Dr. Cheng Chi-Kong, Adrian	700,000	—	—	700,000	0.01
Mr. Cheng Kar-Shing, Peter	—	566,567	—	566,567	0.01
Mr. Ho Hau-Hay, Hamilton	—	—	878,353[(2)]	878,353	0.01
Mr. Liang Cheung-Biu, Thomas	10,429	—	—	10,429	0.00
Ms. Ki Man-Fung, Leonie	90,000	—	—	90,000	0.00
New World Department Store China Limited					
(Ordinary shares of HK$0.10 each)					
Ms. Ki Man-Fung, Leonie	20,000	—	—	20,000	0.00
Ms. Cheng Chi-Man, Sonia	92,000	—	—	92,000	0.01
NWS Holdings Limited					
(Ordinary shares of HK$1.00 each)					
Dr. Cheng Kar-Shun, Henry	18,349,571	—	12,000,000[(3)]	30,349,571	0.78
Mr. Doo Wai-Hoi, William	—	—	6,802,903[(4)]	6,802,903	0.17
Mr. Cheng Kar-Shing, Peter	320,097	—	6,463,227[(5)]	6,783,324	0.17
Ms. Ki Man-Fung, Leonie	15,000	—	—	15,000	0.00
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	5,000,500[(6)]	5,000,500	50.00

Notes:

(1) These shares are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(2) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.

(3) These shares are beneficially owned by a company which is wholly-owned by Dr. Cheng Kar-Shun, Henry.

(4) These shares are beneficially owned by a company which is wholly-owned by Mr. Doo Wai-Hoi, William.

(5) These shares are beneficially owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.

(6) These shares are beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

(II) Long positions in share options

(i) NWD

Name of Director	Date of grant	Exercisable period	Number of share options	Exercisable price per share
		(Notes)		*HK$*
Dr. Cheng Kar-Shun, Henry	10 June 2016	(1)	10,675,637	7.540
	3 July 2017	(2)	2,000,000	10.036
Mr. Doo Wai-Hoi, William	3 July 2017	(2)	100,000	10.036
Dr. Cheng Chi-Kong, Adrian	9 March 2016	(3)	3,800,000	7.200
	10 June 2016	(1)	3,736,471	7.540
	3 July 2017	(2)	2,000,000	10.036
Mr. Yeung Ping-Leung, Howard	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cha Mou-Sing, Payson	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cheng Kar-Shing, Peter	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Ho Hau-Hay, Hamilton	10 June 2016	(4)	333,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Lee Luen-Wai, John	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Liang Cheung-Biu, Thomas	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Ms. Ki Man-Fung, Leonie	10 June 2016	(5)	802,016	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cheng Chi-Heng	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Ms. Cheng Chi-Man, Sonia	10 June 2016	(1)	3,202,688	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Au Tak-Cheong	10 June 2016	(5)	136,693	7.540
	3 July 2017	(6)	100,000	10.036
Mr. Sitt Nam-Hoi	10 June 2016	(5)	574,827	7.540
	3 July 2017	(2)	300,000	10.036
	6 July 2018	(7)	600,000	11.040
Mr. So Chung-Keung, Alfred*	3 July 2017	(2)	2,300,000	10.036
	6 July 2018	(7)	600,000	11.040
Mr. Ip Yuk-Keung	6 July 2018	(7)	600,000	11.040
			35,964,785	

* Mr. So Chung-Keung, Alfred resigned as Director of NWD with effect from 1 January 2020.

Notes:

(1) Divided into 4 tranches, exercisable from 10 June 2016, 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(2) Divided into 4 tranches, exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(3) Divided into 4 tranches, exercisable from 9 March 2016, 9 March 2017, 9 March 2018 and 9 March 2019 respectively to 8 March 2020.

(4) Divided into 3 tranches, exercisable from 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(5) Divided into 2 tranches exercisable from 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(6) Divided into 2 tranches exercisable from 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(7) Divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

(8) The cash consideration paid by each Director for the grant of share options is HK$10.0.

(ii) NWS Holdings Limited

Name of Director	Date of grant	Exercisable period	Number of share options	Exercisable price per share
		(Notes)		*HK$*
Dr. Cheng Kar-Shun, Henry	9 March 2015	(1)	7,420,739	14.120

Notes:

(1) 60% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40.0% of the share options are divided into two tranches, exercisable from 9 March 2016 and 9 March 2017, respectively to 8 March 2020.

(2) The cash consideration paid by the above Director for grant of the share options is HK$10.0.

(III) Long positions in debentures

(i) The Issuer

	Amount of debentures issued by the Issuer				
Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William..	—	3,075,000	74,600,000[(1)]	77,675,000	3.11
Ms. Ki Man-Fung, Leonie	1,000,000	—	—	1,000,000	0.04
	1,000,000	3,075,000	74,600,000	78,675,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(ii) NWD (MTN) Limited

	Amount of debentures issued by NWD (MTN) Limited				
Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	HK$	*HK$*	*HK$*	*HK$*	
Mr. Doo Wai-Hoi, William..	—	23,400,000[(1)]	156,000,000[(2)]	179,400,000	0.72
Ms. Ki Man-Fung, Leonie	11,800,000[(3)]	—	—	11,800,000	0.05
	11,800,000	23,400,000	156,000,000	191,200,000	

Notes:

(1) These debentures were issued in U.S.$ and had been translated into HK$ using the rate of U.S.$1.0 = HK$7.8.

(2) These debentures are beneficially owned by a company which is wholly-owned by Mr. Doo Wai-Hoi, William and were issued in U.S.$ and had been translated into HK$ using the rate of U.S.$1.0 = HK$7.8.

(3) This amount includes HK$7,800,000 debentures which were issued in U.S.$ and had been translated into HK$ using the rate of U.S.$1.0 = HK$7.8.

(iii) Fita International Limited (“Fita”)

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	Amount of debentures issued by Fita				
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William..	—	2,900,000	12,890,000[(1)]	15,790,000	2.11
Mr. Lee Luen-Wai, John	1,000,000	1,000,000	—	2,000,000	0.27
	1,000,000	3,900,000	12,890,000	17,790,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(iv) NWCL

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	Amount of debentures issued by NWCL				
	HK$	*HK$*	*HK$*	*HK$*	
Mr. Doo Wai-Hoi, William..	—	—	538,500,000[(1)]	538,500,000	6.59

Notes:

(1) These debentures are held by companies which are wholly owned by Mr. Doo Wai-Hoi, William, of which HK$390,000,000 debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(v) Celestial Dynasty Limited (“CDL”)

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	Amount of debentures issued by CDL				
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William..	—	—	2,800,000[(1)]	2,800,000	0.43

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(vi) **Celestial Miles Limited ("CML")**

Name of Directors	Amount of debentures issued by CML				Approximate % of the total amount of debentures in issue as at 31 December 2019
	Personal interests	Family interests	Corporate interests	Total	
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William	—	—	34,600,000[(1)]	34,600,000	2.66
Mr. Cheng Kar-Shing, Peter	2,000,000	—	—	2,000,000	0.15
Mr. Lee Luen-Wai, John	—	61,000	—	61,000	0.00
	2,000,000	61,000	34,600,000	36,661,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

Save as disclosed above, as at 31 December, none of the directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of NWD or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by NWD pursuant to Section 352 of the SFO or were required to be notified to NWD and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders' Interests in Securities

As at 31 December 2019, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of NWD as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares of NWD

Name	Number of shares of NWD			Approximate % of shareholding as at 31 December 2019
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("**CYTFH**")[(1)]	—	4,535,634,444	4,535,634,444	44.35
Cheng Yu Tung Family (Holdings II) Limited ("**CYTFH-II**")[(2)]	—	4,535,634,444	4,535,634,444	44.35
Chow Tai Fook Capital Limited ("**CTFC**")[(3)]	—	4,535,634,444	4,535,634,444	44.35
Chow Tai Fook (Holding) Limited ("**CTFHL**")[(4)]	—	4,535,634,444	4,535,634,444	44.35
Chow Tai Fook Enterprises Limited ("**CTFE**")[(5)]	4,123,491,293	412,143,151	4,535,634,444	44.35

Notes:

(1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFC.

(2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFC.

(3) CTFC holds 81.03% direct interest in CTFHL and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFHL.

(4) CTFHL holds 100% direct interest in CTFE and is accordingly deemed to have an interest in the shares of NWD interested by or deemed to be interested by CTFE.

(5) CTFE together with its subsidiaries.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2019.

EXCHANGE RATES

The HK dollar is freely convertible into the U.S. dollar. Since 1983, the HK dollar has been linked to the U.S. dollar at the rate of HK$7.80 to U.S.$1.00. The Basic Law of Hong Kong (the "**Basic Law**")**,** which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the HK dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to U.S.$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK$7.80 per U.S. dollar to a rate range of HK$7.75 to HK$7.85 per U.S. dollar. Under the Basic Law, the HK dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the HK dollar will remain freely convertible into other currencies, including the U.S. dollar. However, there is no assurance that the Hong Kong government will maintain the link at HK$7.80 to U.S.$1.00, or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfers in HK dollars for the periods indicated:

	Noon Buying Rate			
Period	**Low**	**Average**	**High**	**Period End**
	(*HK$ per U.S.$1.00*)			
2010	7.7501	7.7687	7.8040	7.7810
2011	7.7634	7.7841	7.8087	7.7663
2012	7.7493	7.7569	7.7699	7.7507
2013	7.7503	7.7565	7.7654	7.7539
2014	7.7495	7.7545	7.7669	7.7531
2015	7.7495	7.7524	7.7686	7.7507
2016	7.7505	7.7620	7.8270	7.7534
2017	7.7540	7.7926	7.8267	7.8128
2018	7.8043	7.8376	7.8499	7.8305
2019	7.7894	7.8351	7.8499	7.7850
2020				
January	7.7665	7.7725	7.7889	7.7661
February	7.7873	7.7693	7.7693	7.7630
March	7.7511	7.7638	7.7797	7.7511
April	7.7501	7.7513	7.7530	7.7520
May	7.7501	7.7523	7.7558	7.7512
June (through 12 June)	7.7501	7.7504	7.7512	7.7501

Source: Bloomberg

* *Up to 12 June, 2020*

TAXATION

The following summary of certain British Virgin Islands and Hong Kong consequences of the purchase, ownership and disposition of the Securities and certain other relevant issues are based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Securities or any persons acquiring, selling or otherwise dealing in the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities.

Prospective investors considering the purchase of the Securities should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Securities under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

The Issuer and all dividends, interest, rents, royalties, compensations and other amounts paid by the Issuer to persons who are not persons resident in the British Virgin Islands are exempt from the provisions of the Income Tax Act in the British Virgin Islands, and any capital gains realised by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations, or other securities of the Issuer are exempt from all forms of taxation in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer.

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

Hong Kong

Withholding tax

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

Profits tax

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

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, distribution on the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, professional or business carried on in Hong Kong in the following circumstances:

(a) distribution on the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in

respect of which the distribution is received or accrues are made available outside of Hong Kong; or

(b) distribution on the Securities is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong; or

(c) distribution on the Securities is derived from Hong Kong and is received by or accrues to a person other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

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

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Securities will be subject to profits tax.

Stamp duty

No stamp duty is payable on the issue or transfer of the Securities.

FATCA Withholding

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

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 16 June 2020 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed severally but not jointly, to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Securities indicated in the following table at an issue price of 100.00 per cent. of their principal amount (the "**Issue Price**") in the amount set forth below. Any subsequent offering of the Securities to investors may be at a price different from such Issue Price.

Joint Lead Managers	**Principal amount to be subscribed**
The Hongkong and Shanghai Banking Corporation Limited	U.S.$162,500,000
UBS AG Hong Kong Branch	U.S.$162,500,000
Mizuho Securities Asia Limited	U.S.$162,500,000
J.P. Morgan Securities plc..	U.S.$162,500,000
HeungKong Securities Limited	U.S.$0
Total	**U.S.$650,000,000**

The Subscription Agreement provides that each of the Issuer and the Guarantor will indemnify each of the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of each of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and certain of its affiliates may have performed certain investment banking and advisory services for the Guarantor and/or its affiliates from time to time for which it has received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Guarantor and/or its affiliates in the ordinary course of their business.

The Joint Lead Managers or certain of their respective affiliates may purchase the Securities for asset management and/or proprietary purposes but not with a view to distribution.

The Joint Lead Managers or their respective affiliates may purchase the Securities for its own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Securities and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Securities).

In connection with the issue of the Securities, the Stabilising Manager may over-allot Securities or effect transactions with a view to supporting the price of the Securities at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Securities 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 Securities and 60 days after the date of the allotment of the Securities. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would permit a public offering of the Securities, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required.

United States

The Securities and the Guarantee of the Securities have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state law. Each Joint Lead Manager has represented that it has not offered or sold, and has agreed that it will not offer or sell, any Securities and the Guarantee of the Securities constituting part of its allotment within the United States, and any offers and sales will be made in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, none of the Joint Lead Managers, their affiliates or any persons acting on their behalf have engaged in, or will engage in, any directed selling efforts with respect to the Securities and the Guarantee of the Securities. Terms used in these paragraphs have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Securities and the Guarantee of the Securities, an offer or sale of the Securities or the Guarantee of the Securities within the United States by any "dealer" (as defined in the Securities Act), whether or not participating in the offering, may violate the registration requirements of the Securities Act.

United Kingdom

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

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA and UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Hong Kong

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

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document or otherwise, any Securities other than:

  (i) to "**Professional Investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or

  (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong (the "**C(WUMP)O**") and 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, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong or otherwise is or contains an invitation to the public (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China

Each Joint Lead Manager has represented, warranted and undertaken that the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that

trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(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.

Japan

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

British Virgin Islands

Each Joint Lead Manager has represented, warranted and undertaken that the Securities have not been and will not be offered to members of the public or any other person in the British Virgin Islands.

GENERAL INFORMATION

1. **Clearing Systems:** The Securities have been accepted for clearance through Euroclear and Clearstream under Common Code number 213298674 and the International Securities Identification Number for the Securities is XS2132986741.

2. **Listing of Securities:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Securities by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Securities on the Hong Kong Stock Exchange will commence on or around 23 June 2020.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the Securities. The issue of the Securities was authorised by resolutions of the directors of the Issuer dated as at 4 March 2020. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the provision of and performance of its obligations under the Guarantee of the Securities. The provision of the Guarantee of the Securities was authorised by resolutions of the Board of Directors of the Guarantor dated as at 4 March 2020.

4. **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of the Guarantor and the Group since 31 December 2019.

5. **Litigation:** Neither the Guarantor, the Issuer nor any of the subsidiaries of the Guarantor is involved in any litigation or arbitration proceedings that the Guarantor believes are material in the context of the Securities or the Guarantee of the Securities nor is the Issuer nor the Guarantor aware that any such proceedings are pending or threatened.

6. **Available Documents:** A copy of the Guarantor's annual report for the year ended 30 June 2019, a copy of the Guarantor's 2019/2020 Interim Report, and copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee will be available for inspection by the Holders from the Issue Date, at the specified office of the Paying Agent during normal business hours, so long as any of the Securities is outstanding.

7. **Auditor:** The consolidated financial statements of the Guarantor for the year ended 30 June 2019 have been audited by PricewaterhouseCoopers, Certified Public Accountants. The 2019/2020 Interim Financial Statements has not been audited or reviewed by the auditor of the Guarantor.

8. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 25490076V8K09HMNCT88.

ISSUER

NWD Finance (BVI) Limited
Vistra Corporate Services Centre
Wickhams Cay II
Road Town, Tortola
VG1110, British Virgin Islands

GUARANTOR

New World Development Company Limited
30th Floor, New World Tower
18 Queen's Road Central
Hong Kong

AUDITOR OF THE GUARANTOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

FISCAL AGENT, PAYING AGENT AND TRANSFER AGENT

The Hong Kong and Shanghai Banking Corporation Limited
Level 24, HSBC Main Building
1 Queen's Road Central
Hong Kong

REGISTRAR

The Hong Kong and Shanghai Banking Corporation Limited
Level 24, HSBC Main Building
1 Queen's Road Central
Hong Kong

LEGAL ADVISERS

To the Issuer as to British Virgin Islands law

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8 Connaught Place
Central
Hong Kong

To the Issuer and the Guarantor as to English and Hong Kong law

Linklaters
11th Floor
Alexandra House
Chater Road
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Hong Kong

To the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers as to English law

Clifford Chance
27th Floor
Jardine House
One Connaught Place
Central
Hong Kong

APPENDIX II – SUPPLEMENTAL OFFERING CIRCULAR DATED 23 JUNE 2020

IMPORTANT NOTICE

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

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

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 U.S. 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, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. 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. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. The Offering Circular is being sent at your request and by accepting the electronic mail and accessing the Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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

The materials relating to any offering of securities to which the 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 such 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, such 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 the Offering Circular) in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor or the Manager (as defined in the Supplemental Offering Circular (as defined in the Offering Circular)), any person who controls the Manager, any director, officer, employee or agent of the Issuer, the Guarantor, the Manager 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 Manager.

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.

Actions that you may not take: If you receive this document by e-mail, you should not reply by email to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "**Reply**" function on your e-mail software, will be ignored or rejected.

NWD FINANCE (BVI) LIMITED

(*incorporated with limited liability under the laws of the British Virgin Islands*)

U.S.$200,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities Guaranteed by

New World Development Company Limited

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

(to be consolidated and form a single series with the U.S.$650,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities issued on 22 June 2020)

Issue Price: 100.20 per cent. (plus accrued distribution from, and including, 22 June 2020 to, but excluding the New Securities Issue Date)

This supplemental Offering Circular is supplemental to the Offering Circular dated 16 June 2020 (the "**Original Offering Circular**" and together with and as supplemented by this supplemental Offering Circular, the "**Offering Circular**"). The U.S.$200,000,000 in aggregate principal amount of the 5.25 per cent. Guaranteed Senior Perpetual Capital Securities (the " **New Securities**") will be issued by NWD Finance (BVI) Limited (the "**Issuer**") and the due and punctual payment of all sums payable by the Issuer in respect of the New Securities will be unconditionally and irrevocably guaranteed (the "**Guarantee of the Securities**") by New World Development Company Limited (the "**Guarantor**"). Such New Securities will be consolidated and form a single series with the U.S.$650,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities issued on 22 June 2020 (the "**Original Securities**" and together with the New Securities, the "**Securities**"). The terms and conditions for the New Securities are the same as those for the Original Securities in all respects, except for the Issue Price and the New Securities Issue Date, and the New Securities and the Original Securities will vote together as a single series on all matters with respect to the Securities. The New Securities will upon issue constitute a further issue of Securities pursuant to Condition 13 of the Terms and Conditions of the Securities as set out in the Original Offering Circular. Upon the issue of the New Securities, the aggregate principal amount of outstanding Securities will be U.S.$850,000,000.

The Securities confer a right to receive distributions (each a "**Distribution**") at the applicable rate of distribution (the "**Distribution Rate**"). Subject to the Conditions, the Distribution Rate applicable to the Securities shall be: (i) from, and including, 22 June 2020 (the "**Issue Date**") to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and (ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*" in the Original Offering Circular) falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*" in the Original Offering Circular). Subject to the provisions of the Securities relating to deferral of Distribution (see "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*" in the Original Offering Circular), Distribution is payable semi-annually in arrear on 22 June and 22 December of each year (each a "**Distribution Payment Date**") with the first Distribution Payment Date falling in December 2020.

The Issuer may, at its sole discretion, elect to defer a Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by providing holders of the Securities ("**Holders**") with not more than 10 nor less than 5 Business Days' (as defined in "*Terms and Conditions of the Securities"* in the Original Offering Circular) notice prior to the relevant Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date an Optional Deferral Event (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*" in the Original Offering Circular) has occurred. Any Distribution so deferred shall constitute "**Arrears of Distribution**". Each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Securities at the Distribution Rate and the amount of such interest payable thereon shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution as described in "*Terms and Conditions of the Securities — Distribution — Cumulative Deferral*" in the Original Offering Circular. The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement and is not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred. See "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*" in the Original Offering Circular.

The Securities are perpetual securities and have no fixed final redemption date. The Issuer may redeem the Securities in whole, but not in part, on any business day on or after 22 March 2026 at 100 per cent. of their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (as defined in "*Terms and Conditions of the Securities*" in the Original Offering Circular) (if any) and Distribution (if any) accrued to the date fixed for redemption on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant date for redemption). The Securities may also be redeemed in whole, but not in part, at the option of the Issuer, subject to certain provisos, at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption: (i) upon the occurrence of any change or amendment to the Relevant Accounting Standard (as defined in "*Terms and Conditions of the Securities — Redemption and Purchase — Redemption for Accounting Reasons"* in the Original Offering Circular) such that the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard; or (ii) upon the occurrence of a change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 16 June 2020 such that the Issuer or the Guarantor would be required to pay additional amounts in respect of the Securities or the Guarantee of the Securities and such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it or (iii) if at least 75 per cent. in principal amount of the Securities originally issued has been redeemed or purchased and cancelled. Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent (in accordance with the "*Terms and Conditions of the Securities*" in the Original Offering Circular) by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral —Definitions*" in the Original Offering Circular), stipulating that a Change of Control has occurred and whether or not it will redeem the Securities at their principal amount together with Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amounts, if any). See "*Terms and Conditions of the Securities — Redemption and Purchase*" in the Original Offering Circular. If the Issuer does not give such notice, the Distribution Rate shall increase by 3.00 per cent. per annum with effect from the next Distribution Payment Date, as set out in "*Terms and Conditions of the Securities*" in the Original Offering Circular.

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

The 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 Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Securities or the Issuer or 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 document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Investing in the New Securities involves certain risks. See "*Risk Factors*" beginning on page 12 in the Original Offering Circular.

The New Securities and the Guarantee of the Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the New Securities and the distribution of this Offering Circular, see "*Subscription and Sale*" in this Supplemental Offering Circular.

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

Sole Global Coordinator, Bookrunner and Lead Manager

UBS

Supplemental Offering Circular dated 23 June 2020

IMPORTANT NOTICE

This Supplemental Offering Circular incorporates by reference all information contained in the Original Offering Circular as set out in Annex I of this Supplemental Offering Circular and should be read in conjunction with the Original Offering Circular. The information in this Supplemental Offering Circular supersedes the information in the Original Offering Circular to the extent inconsistent with the information in the Original Offering Circular.

Terms used but not defined herein shall have the meanings given to them in the Original Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed placement of the New Securities. The Issuer, the Guarantor, as well as UBS AG Hong Kong Branch as the Sole Global Coordinator, the Bookrunner and the Lead Manager (the "**Manager**"), reserve the right to withdraw the offering of the New Securities at any time or to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the New Securities offered hereby.

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 "**Listing Rules**") for the purpose of giving information with regard to the Issuer, the Guarantor, the New Securities and the Guarantee of the Securities. 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. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (together, the "**Group**"), the New Securities and the Guarantee of the Securities, which is material in the context of the issue and offering of the New Securities; (ii) the statements contained herein relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed 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 New Securities or the Guarantee of the Securities, the omission of which would, in the context of the issue and offering of the New Securities, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

The distribution of this Offering Circular and the offering of the New Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Manager to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the New Securities or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the New Securities, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the New Securities and distribution of this Offering Circular, see "*Subscription and Sale*" in this Supplemental Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor and the Group, the New Securities or the Guarantee of the Securities other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Manager or the Agents (as defined in the Terms and Conditions of the Securities (the "**Conditions**") as set out in the Original Offering Circular). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the New Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Manager or the Agents to subscribe for or purchase any of the New Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Manager or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty, express or implied, by the Manager or the Agents. The Manager has not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Guarantor, any member of the Group, the Manager or the Agents that any recipient of this Offering Circular should purchase the New Securities. Each potential purchaser of the New Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the New Securities should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

To the fullest extent permitted by law, none of the Manager or the Agents or any of their respective affiliates, directors or advisers accepts any responsibility for the contents of this Offering Circular. The Manager and the Agents and their respective affiliates, directors or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Manager or the Agents or any of their respective affiliates, directors or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the New Securities of any information coming to the attention of the Manager or the Agents.

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. Listing of the New Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the New Securities. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the Conditions, including the merits and risks involved. See "*Risk Factors*" in the Original Offering Circular for a discussion of certain factors to be considered in connection with an investment in the New Securities. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Manager or any person affiliated with the Manager in connection with its investigation of the accuracy of such information or its investment decision.

IN CONNECTION WITH THE ISSUE OF THE NEW SECURITIES, THE MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH MANAGER) (THE "STABILISING MANAGER") MAY OVER ALLOT NEW SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NEW SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER STABILISATION MAY NOT OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE NEW SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NEW SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NEW SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

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

SINGAPORE 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 New Securities are 'prescribed capital markets products' (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Issuer*", "*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. The Issuer, the Guarantor and the directors, employees and agents of the Issuer and the Guarantor, respectively do not assume: (i) 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 or the Guarantor's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based or (ii) any liability in the event that any of the forward-looking statements does not materialise or turns out to be incorrect. This Offering Circular discloses, under "*Risk Factors*" in the Original Offering Circular 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.

CERTAIN DEFINED TERMS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained here. Unless indicated otherwise, in this Offering Circular all references to (i) to "**Issuer**" are to NWD Finance (BVI) Limited, (ii) the "**Guarantor**" or "**NWD**" are to New World Development Company Limited, and (iii) the "**Group**" are to New World Development Company Limited and its direct and indirect subsidiaries, taken as a whole unless the context otherwise indicated.

In this Offering Circular, unless otherwise specified or the context requires, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People Republic of China, all references to the "**PRC**" or to "**Mainland China**" are to the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan, all references to "**U.S.**" are to the United States of America, all references to "**Hong Kong dollars**", "**HK dollars**", "**HK$**" or "**cents**" are to the lawful currency of Hong Kong, all references herein to "**U.S. dollars**" or "**U.S.$**" are to the lawful currency of the U.S., all references to "**HKFRS**" are to Hong Kong Financial Reporting Standards, all references to "**MW**" are to megawatts.

This Offering Circular contains translations of certain HK dollar amounts into U.S. dollars, and *vice versa,* at specific rates solely for the convenience of the reader. For convenience only and unless otherwise noted, all translations between HK dollars and U.S. dollars in this Offering Circular were made at the rate of HK$7.80 to U.S.$1.00. Such translations should not be construed as representations that the Hong Kong dollar and U.S. dollar amounts referred to herein could have been, or could be, converted into U.S. dollars or Hong Kong dollars, as the case may be, at that or any other rate or at all.

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. References to information in billions of units are to the equivalent of a thousand million units.

INCORPORATION BY REFERENCE AND PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Guarantor for the year ended 30 June 2019 (the "**2019 Audited Financial Statements**"), which are contained in page 124 to page 239 of the 2019 annual report of the Guarantor and the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2019 (the "**2019/2020 Interim Financial Statements**"), which are contained in page 16 to page 51 of the 2019/2020 Interim Report of the Guarantor, are incorporated by reference in the Original Offering Circular. Copies of the 2019 Audited Financial Statements and 2019/2020 Interim Financial Statements are available and may be downloaded free of charge from the Hong Kong Stock Exchange website on the internet at https://www.hkexnews.hk/.

The Original Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 30 June 2019 and 2018, which has been extracted from the 2019 Audited Financial Statements of the Guarantor. The 2019 Audited 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 ("**HKICPA**").

The Original Offering Circular also contains summary consolidated financial information of the Guarantor as at and for the six months ended 31 December 2019 (the "**2019/2020 Interim Financial Information**"), which has been extracted from the 2019/2020 Interim Financial Statements. The 2019/2020 Interim Financial Information of the Guarantor was prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The 2019/2020 Interim Financial Information of the Guarantor as at and for the six months ended 31 December 2018 and 2019 have not been audited or reviewed by the Guarantor's auditor. Consequently, the 2019/2020 Interim Financial Information should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results. In addition, the 2019/2020 Interim Report should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 30 June 2020. In preparing the 2019/2020 Interim Financial Information, the Guarantor has adopted HKFRS 16 and Amendments to HKAS 28 with effect from 1 July 2019 and has not restated comparatives for the year ended 30 June 2019. The Group has also adopted new accounting policies upon acquisition of insurance business in preparing the 2019/2020 Interim Financial Statements. Therefore, the 2019/2020 Interim Financial Information is not comparable with the consolidated financial statements for the years ended 30 June 2018 and 2019. For more information on the impact on the adoption of HKFRS 16 and Amendments to HKAS 28, please refer to the 2019/2020 Interim Financial Information and the notes therein[(1)].

Note:

(1) Note 2 from the 2019/2020 Interim Financial Information

Changes in /adoption of accounting policies

The Group has adopted HKFRS 16 and Amendments to HKAS 28 from 1 July 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. As allowed in the transitional provision in the standards comparative figures is not restated.

Effects of adoption of HKFRS 16

On adoption of HKFRS 16 using modified retrospective approach on lease-by-lease basis, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases" ("**HKAS 17**"). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

Right-of-use assets at initial recognition is measured at either:

- the carrying amount of leases as if HKFRS 16 had been applied since the lease commencement date, discounted using the lessee's incremental borrowing rate as at 1 July 2019; or
- an amount equal to lease liabilities, adjusted by the prepaid or accrued lease payments relating to the lease immediately before 1 July 2019.

As a result of adoption of HKFRS 16, the obligations under finance leases recognised and the operating lease commitments as disclosed at 30 June 2019, adjusted by the effect of discounting and changes in index or rates affecting variable payments, exclusion of short-term leases and low-value asset leases and assessment of extension and termination options and contracts being reassessed as service agreements are combined as lease liabilities of HK$6,452.6 million and recognised as at 1 July 2019. The amount of lease liabilities was split into current portion and non-current portion of HK$988.5 million and HK$5,464.1 million respectively. The weighted average lessee's incremental borrowing annual rates applied to the lease liabilities on 1 July 2019 were 3.79% for leases in Hong Kong and 5.06% for leases in Mainland China.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to apply HKFRS 16 to contracts that were not identified as containing a lease under HKAS 17 and HK(IFRIC) – Interpretation 4 "Determining whether an Arrangement contains a Lease".

Effects of adoption of Amendments to HKAS 28

The amendments clarify the accounting for long-term interests in an associated company or joint venture, which in substance form part of the net investment in the associated company or joint venture, but to which equity accounting is not applied. The Group is required to account for such interests under Hong Kong Financial Reporting Standard 9 "Financial Instrument" ("**HKFRS 9**") before applying the loss allocation and impairment requirements in HKAS 28.

On the adoption of Amendments to HKAS 28, the Group has recognised a loss allowance of HK$874.8 million as at 1 July 2019 against the non-current receivables from the joint ventures. The loss allowance is measured as either 12-month expected credit loss or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition of the non-current receivables.

The effect of the adoption of HKFRS 16 and Amendments to HKAS 28 on the Group's financial position is as follows:

	As at 30 June 2019 HK$m	Effects of the adoption of HKFRS 16 HK$m	Effects of the adoption of Amendments to HKAS 28 HK$m	As at 1 July 2019 HK$m
Condensed consolidated statement of financial position (extract)				
Non-current assets				
Property, plant and equipment	31,024.1	(1,862.4)	-	29,161.7
Right-of-use assets	-	7,813.1	-	7,813.1
Land use rights	1,213.9	(1,213.9)	-	-
Interests in joint ventures	50,865.5	(10.8)	(874.8)	49,979.9
Interests in associated companies	25,331.9	(0.7)	-	25,331.2
Deferred tax assets	763.5	34.3	-	797.8
Other non-current assets	14,644.3	59.1	-	14,703.4
Current assets				
Debtors, prepayments, premium receivables and contract assets	25,722.0	116.6	-	25,838.6
Equity				
Reserves				
- Retained profits	136,730.0	(756.6)	(874.8)	135,098.6
Non-controlling interests	29,994.5	(278.8)	-	29,715.7
Non-current liabilities				
Lease liabilities	-	5,464.1	-	5,464.1
Deferred tax liabilities	10,371.1	13.9	-	10,385.0
Other non-current liabilities	1,191.7	(439.1)	-	752.6
Current liabilities				
Creditors, accrued charges, payables to policyholders and contract liabilities	48,753.0	(56.7)	-	48,696.3
Lease liabilities	-	988.5	-	988.5

Adoption of accounting policies upon acquisition of insurance business

The Group completed its acquisition of the entire equity interest in FTLife Insurance Company Limited ("**FTLife Insurance**") on 1 November 2019 which resulted in adoption of the following accounting policies used in the preparation of the Interim Financial Statements.

(i) Product classification

The Group's insurance business issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts for which the Group has accepted significant insurance risk from policyholders providing coverage for death, accident and sickness at the inception of the contract. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. The Group also accepts financial risk on insurance contracts. Financial risk is the risk of a possible future change in a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables.

Investment contracts are those contracts on which the Group accepts financial risk but that do not transfer significant insurance risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

(ii) Insurance contract liabilities

Insurance contract liabilities represent net future policy liabilities as determine by the appointed actuary of the Group using a net level premium approach.

The provision for life insurance contracts with fixed level premiums is calculated on the basis of the prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing. The liability is determined as the sum of the expected discounted value of the benefit payments, less the expected discounted value of the theoretical premiums that would be required to meet the benefits, based on the valuation assumptions as to mortality, lapse rate, expense and investment income that are appropriate at the time of valuation. Changes to the liabilities at each reporting date are recorded in the profit or loss for the year as an expense. The liabilities on yearly renewable premium contracts are the liabilities for the unexpired risks carried at the end of the reporting period. The liability is derecognised when the contract expires, is discharged or is cancelled.

(iii) Investment contract liabilities

Liabilities for investment contracts are carried at fair values through accumulated cash flows plus investment income credited to the contracts, either at the discretion of the Group or linked to the changes in unit fund values.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the consolidated statements of financial position.

Fees charged and investment income received are recognised in the profit or loss for the year when earned.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

(iv) Reinsurance

The Group cedes insurance risk in the normal course of business for its insurance contracts. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the insurance contract liabilities and are in accordance with the reinsurance contract and are accounted for in the same period as the underlying claim.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the profit or loss for the year.

Reinsurance arrangements do not relieve the Group from its obligations to policyholders.

(v) Value of business acquired ("**VOBA**")

VOBA, in respect of a portfolio of long-term insurance and investment contracts, is an intangible asset that reflects the estimated fair value of inforce contracts in acquisition of an insurance company and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the business in-force at the acquisition date. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis. The rate of amortisation reflects the profile of the value of in-force business acquired. The carrying value of VOBA is reviewed annually for impairment and any reduction is charged to the consolidated income statement.

(vi) Deferred acquisition costs ("**DAC**")

The direct acquisition costs and a portion of indirect acquisition costs relating to the production of new business are deferred so far as there are sufficient margins in the future profits of the new business to fund the amortisation of DAC. DAC include first year commissions and other costs related to the acquisition of new business. All other acquisition costs and all maintenance costs are expensed as and when incurred. The Group has adopted an approach by which DAC of new business are amortised according to the expected future premiums or charges and actual persistency.

(vii) Liability adequacy test

A liability adequacy test is performed at each reporting date to verify whether the insurance contract liabilities, net of deferred acquisition cost and value of business acquired, are adequate using current estimates of future cash flows under the insurance contracts. The liability value is adjusted if insufficient to meet future obligations, taking into account future premiums, investment income, benefits and expenses and cash flows from embedded options and guarantees. If the test shows that a deficiency exists, the shortfall is immediately recorded in the profit or loss for the year.

(viii) Premiums

Premiums in respect of traditional policies and group policies are recognised as income as and when they fall due, whereas those in respect of universal life and unit-linked contracts are accounted for as they are received.

Premiums on reinsurance contracts that transfer underwriting risk are expensed as incurred. Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

(ix) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services and investment management services. The policy administration fee is recognised as revenue over time when services are rendered. Investment management fees related to asset management services are recognised over time when services are rendered.

(x) Benefits and insurance claims

Death claims and surrenders are recorded when notifications have been received. Maturities and annuity payments are recorded when due. Benefits recorded are then accrued to the liability.

(xi) Commissions

Commissions and bonuses payable to agents for the first policy year are included as a component of deferred acquisition costs.

Commissions received on reinsurance policies that transfer underwriting risk are recognised as income at the same time as the reinsurance premiums are accounted for.

(xii) Premiums receivables

Premiums receivables represent premiums which are due for payment. The Group normally allows policyholders to make payment within a grace period of one month from the due date. The grace period may be extended by one further month by management purely on a discretionary basis. Insurance policies continue in force if default premiums are settled before the expiry of the grace period.

Premiums receivables are stated at amortised cost using the effective interest rate method less provision for impairment.

(xiii) Adoption of overlay approach in accordance with HKFRS 4 (Amendment)

The Group elected to apply an “overlay approach” in accordance with HKFRS 4 (Amendments) “Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts” which allows the Group to reclassify fair value gain or loss from consolidated income statement to other comprehensive income for those eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 but currently classified as financial assets at fair value through profit or loss under HKFRS 9.

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SUMMARY OF THE OFFERING OF THE NEW SECURITIES

The following is a summary of the terms and conditions of the New Securities. For a more complete description of the New Securities, see "*Terms and Conditions of the Securities*" in the Original Offering Circular. Terms used in this summary and not otherwise defined shall have the meanings given to them in "*Terms and Conditions of the Securities*" in the Original Offering Circular*.*

Issuer..................................	NWD Finance (BVI) Limited
Guarantor	New World Development Company Limited
Issue	U.S.$200,000,000 guaranteed senior perpetual capital securities (the "**New Securities**") to be consolidated and form a single series with the U.S.$650,000,000 guaranteed senior perpetual capital securities issued on 22 June 2020
Guarantee...........................	The Guarantor will, in the Deed of Guarantee, unconditionally and irrevocably guarantee the due and punctual payment of all sums payable by the Issuer in respect of the New Securities.
Status of the New Securities	The New Securities will constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which will rank *pari passu* without any preference 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.
Status of the Guarantee of the Securities	The Guarantee of the Securities will constitute a direct, general, unsecured, unconditional and unsubordinated obligation of the Guarantor which will rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Issue Price	100.20 per cent. plus accrued distribution from and including 22 June 2020 to, but excluding, the New Securities Issue Date.
Form and Denomination.....	See "*Summary of the Offering – Form and Denomination*" in the Original Offering Circular.
Distributions........................	See "*Summary of the Offering – Distributions*" in the Original Offering Circular.
Distribution Rate	See "*Summary of the Offering – Distribution Rate*" in the Original Offering Circular.
Optional Deferral of Distributions	See "*Summary of the Offering – Optional Deferral of Distributions*" in the Original Offering Circular.
Arrears of Distribution.........	See "*Summary of the Offering – Arrears of Distribution*" in the Original Offering Circular.
Restrictions in the case of a Deferral	See "*Summary of the Offering – Restrictions in the case of a Deferral*" in the Original Offering Circular.
New Securities Issue Date .	30 June 2020.
Maturity Date	There is no maturity date.

Redemption at the Option of the Issuer	See "*Summary of the Offering – Redemption at the Option of the Issuer*" in the Original Offering Circular.
Redemption for Change of Control	See "*Summary of the Offering – Redemption for Change of Control*" in the Original Offering Circular.
Tax Redemption	See "*Summary of the Offering – Tax Redemption*" in the Original Offering Circular.
Redemption for accounting reasons	See "*Summary of the Offering – Redemption for accounting reasons*" in the Original Offering Circular.
Redemption for minimum outstanding amount	See "*Summary of the Offering – Redemption for minimum outstanding amount*" in the Original Offering Circular.
Governing Law	The New Securities, the Guarantee of the Securities and any non contractual obligations arising out of or in connection with such will be governed by, and construed in accordance with, English law.
Clearing Systems	The New Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the New Securities Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for New Securities will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement..	The New Securities have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS2132986741 Common Code: 213298674
Legal Entity Identifier (LEI)...	25490076V8K09HMNCT88
Fiscal Agent, Paying Agent and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited
Calculation Agent	The Hongkong and Shanghai Banking Corporation Limited
Registrar	The Hongkong and Shanghai Banking Corporation Limited
Listing	Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Securities by way of debt issues to Professional Investors only.
Use of Proceeds	See "*Use of Proceeds*" in this Offering Circular.

RECENT DEVELOPMENTS

The Recent Developments section appearing from page 92 to page 94 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

NWD's debt financing

On 18 July 2019, NWD issued U.S.$950 million in aggregate principal amount of 4.125 per cent. guaranteed notes due 2029 under the U.S.$4 billion guaranteed medium term note programme by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Guarantor.

On 24 July 2019, the Issuer issued U.S.$400 million in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

On 1 November 2019, the Issuer issued U.S.$400 million in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

On 19 May 2020, NWD issued U.S.$600 million in aggregate principal amount of 4.50 per cent. guaranteed notes due 2030 under the U.S.$6 billion guaranteed medium term note programme by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Guarantor.

On 22 June 2020, the Issuer issued U.S.$650 million in aggregate principal amount of 5.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

NWSH subsidiary won a bid for acquiring the concession right to operate Changliu Expressway in Hunan Province, the PRC

On 19 July 2019, Guangdong Xin Chuan Co., Ltd. ("**Xin Chuan**", an indirect wholly-owned subsidiary of NWSH) was determined as the winning bidder at an online public auction in its bid for acquiring the concession right (and other related rights and assets) to operate Changliu Expressway in Hunan Province, the PRC at the bid purchase price of RMB4,571.0 million (equivalent to approximately HK$5,194.3 million). As of the date of this Offering Circular, Xin Chuan has fully paid the bid purchase price and signed a concession right agreement with the Department of Transportation of Hunan Province, the PRC.

NWCL acquisition of the remaining 51 per cent. interest in Silvery Yield Development Limited

On 26 July 2019, Esteemed Sino Limited ("**Esteemed Sino**"), an indirect wholly-owned subsidiary of NWCL, entered into a sale and purchase agreement with Praiseworth International Limited ("**Praiseworth**") and Property Giant Investments Limited ("**Property Giant**"), which are wholly-owned by CTFEL, whereby Praiseworth and Property Giant agreed to sell and assign, and Esteemed Sino agreed to acquire 51 per cent. interest of the entire issued share capital of Silvery Yield Development Limited ("**Silvery Yield**") and accept the assignment of shareholders' loans owing from Silvery Yield to Praiseworth and Property Giant, for a consideration of RMB4,010.0 million (equivalent to approximately HK$4,556.8 million) (the "**Acquisition**"). Silvery Yield and its subsidiaries are principally engaged in the business of property development of Ningbo New World Plaza in Ningbo City, Zhejiang Province, the PRC. Completion of the Acquisition took place immediately after the signing of the Agreement and Silvery Yield became an indirect wholly-owned subsidiary of NWCL.

NWCL won the bidding of land use right in Hangzhou

On 30 July 2019, Honour Team International Limited ("**Honour Team**"), an indirect wholly-owned subsidiary of NWCL, won the bidding in respect of the state-owned construction land use right of a parcel of land in Wangjiang New Town, Shangcheng District, Hangzhou, PRC for residential, business commercial and public carparking development through listing-for-sale at a consideration of RMB9,791.9 million (equivalent to approximately HK$11,127.1 million). Upon Honour Team's fulfilment of the requirements and conditions under the listing-for-sale documents and the qualification examination conducted by Hangzhou Public Resource Trading Center (杭州市公共資源交易中心), Honour Team has entered into the grant contract for the state-owned construction land use right in Hangzhou with Hangzhou Bureau of Planning and Natural Resources (杭州市規劃和自然資源局) and Hangzhou Xinyu Industrial Development Co., Ltd. (杭州新蘊實業發展有限公司), a direct wholly-owned subsidiary of Honour Team has entered into the land transfer agreement with Hangzhou Land Reserve Center (杭州市土地儲備中心) on 7 April 2020.

NWCL disposal of interest in Hunan Success New Century Investment Company Limited

In September 2019, NWCL entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset held by Hunan Success New Century Investment Company Limited is Changsha La Ville New World.

Completion of the Acquisition of FTLife Insurance Company Limited

In December 2018, Earning Star Limited ("**Earning Star**"), an indirect wholly-owned subsidiary of NWSH, entered into a share purchase agreement with Bright Victory International Limited ("**Bright Victory**", an indirect wholly-owned subsidiary of Tongchuangjiuding Investment Management Group Co., Ltd. (同創九鼎投資管理集團股份有限公司)) and certain guarantors of Bright Victory in respect of the acquisition of the entire issued share capital of FTLife Insurance by Earning Star from Bright Victory at a total consideration of HK$21.5 billion (subject to adjustments) (the "**FTLife Acquisition**"). The FTLife Acquisition was completed on 1 November 2019, upon which FTLife Insurance became an indirect wholly-owned subsidiary of NWSH and an indirect non-wholly-owned subsidiary of NWD.

NWD disposal of its economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O in Hong Kong

On 25 February 2020, NWD entered into two agreements with MTR Corporation Limited to dispose of its economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O in Hong Kong at a total consideration of HK$3.0 billion.

The Group's 2019/2020 interim financial results

On 20 March 2020, the Group published its 2019/2020 Interim Report for the six months ended 31 December 2019.

For the six months ended 31 December 2019, revenues of the Group amounted to HK$32,464.4 million, reflecting a decrease of 34 per cent. compared to the six months ended 31 December 2018. This was mainly due to the decrease in contribution from property development in Hong Kong with no new project completion and decrease in contribution from strategic businesses such as facilities management and transport affected by social unrest in Hong Kong. For the six months ended 31 December 2019, profit attributable to shareholders of the Company amounted to

HK$1,017.3 million, and underlying profit amounted to HK$3,929.2 million which decreased by 27 per cent. compared to the six months ended 31 December 2018. For the six months ended 31 December 2018, the Group's underlying profit amounted to HK$5,396.1 million.

For the six months ended 31 December 2019, the basic earnings per share from underlying businesses of the Group decreased by 27 per cent. to HK$0.38 compared to the six months ended 31 December 2018. As at 31 December 2019, net gearing amounted to 42.2 per cent., an increase of 10.1 per cent. as compared to 32.1 per cent as at 30 June 2019.

Proposed share consolidation of NWD

On 27 April 2020, the board of directors of NWD announced its proposed implementation of share consolidation (the "**Share Consolidation**") on the basis that every four issued existing shares be consolidated into one consolidated share and to round down the number of consolidated shares in the issued share capital of NWD to the nearest whole number by disregarding each and every fractional consolidated share which would otherwise arise therefrom. Subject to the fulfilment of the relevant conditions, the Share Consolidation has taken effect on 23 June 2020 upon which the number of NWD's shares reduced from 10,196,477,123 as at 22 June 2020 to 2,549,116,921.

NWDS' expected financial results for the year ending 30 June 2020

In view of the COVID-19 outbreak, emergency public health measures such as quarantine orders and restrictions on travel and commercial activities have been implemented in the PRC since January 2020. As department store retail is the core business of NWDS and its consolidated subsidiaries (together, the "**NWDS Group**"), the nationwide lockdown in the PRC has materially affected the business performance of NWDS Group since the beginning of 2020. It is expected that NWDS Group will record a material reduction in profit attributable to shareholders for the financial year ending 30 June 2020 as compared with the same period in 2019. NWDS also expects that it may recognise an impairment loss on non-current assets including goodwill for the financial year ending 30 June 2020.

NWS' expected financial results for the year ending 30 June 2020

In view of the COVID-19 outbreak, there have been significant impacts on the financial results of NWS and its consolidated subsidiaries (together, the "**NWS Group**") since January 2020. From 17 February 2020 to 5 May 2020, no toll fee was collected for toll roads and expressways in the PRC operated by NWS Group due to toll fee exemption implemented by the local government. The number of passengers for local bus services also substantially reduced. Restrictions on travel and gatherings also impacted the business of Hong Kong Convention and Exhibition Centre and NWS Group's duty free shops. As a result, NWS Group expects a significant decrease in its revenue for its roads, transport and facilities management segments. In light of the low interest rate and adverse economic environment, there may be potential declines in valuation of certain investments and financial instruments of NWS Group and provisions or impairments may be required for NWS Group's business segments. Subject to market conditions, it is currently expected that NWS Group will record a significant decrease in its profit attributable to shareholders for the financial year ending 30 June 2020 as compared with the same period in 2019.

USE OF PROCEEDS

The gross proceeds from the issue of the New Securities will be U.S.$200,400,000 which, following deduction of commission and other transaction expenses, will be used for the Guarantor's general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Guarantor

As at 31 December 2019, the issued share capital of the Guarantor was approximately 10,226.4 million ordinary shares[1].

The following table sets forth the total capitalisation and indebtedness of the Guarantor as at 31 December 2019, which has been extracted from the unaudited condensed consolidated statement of financial position of the Guarantor as at the same date. This table should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2019 and the notes thereto.

	As at 31 December 2019		
	Actual	**As Adjusted**	**As Adjusted**
	HK$ million	*HK$ million*	*US$ million*⁽¹⁾
Current portion of borrowings and other interest-bearing liabilities			
Short-term borrowings and current portion of long-term borrowings and other interest-bearing liabilities	44,931.9	44,931.9	5,760.5
Non-current portion of borrowings and other interest-bearing liabilities			
Long-term borrowings and other interest-bearing liabilities(2)	141,163.7	141,163.7	18,097.9
Total borrowings and other interest-bearing liabilities	186,095.6	186,095.6	23,858.4
Shareholders' funds			
Share capital	77,939.6	77,939.6	9,992.2
Reserves	138,334.3	138,334.3	17,735.2
	216,273.9	216,273.9	27,727.4
Perpetual capital securities	30,447.1	30,447.1	3,903.5
Original Securities(3)	-	5,070.0	650.0
New Securities to be issued(4)	-	1,560.0	200.0
Total capitalisation(5)	387,884.7	394,514.7	50,578.8
Current portion of total borrowings and total capitalisation	432,816.6	439,446.6	56,339.3

Notes:

(1) A rate of HK$7.80 to US$1.00 was adopted for the conversion of Hong Kong dollars to US dollars.

(2) On 19 May 2020, NWD (MTN) Limited issued U.S.$600 million in aggregate principal amount of 4.50 per cent. guaranteed notes due 2030 under the U.S.$6 billion guaranteed medium term note programme

[1] On 27 April 2020, the board of directors of the Guarantor announced its proposed implementation of share consolidation. The share consolidation has taken effect on 23 June 2020. For further details, please see "*Recent Developments - Proposed share consolidation of NWD*".

which are unconditionally and irrevocably guaranteed by the Guarantor, which have not been accounted for in this table.

(3) On 22 June 2020, the Issuer issued U.S.$650 million 5.25 per cent. guaranteed senior perpetual capital securities guaranteed by the Guarantor.

(4) New Securities to be issued represent the aggregate principal amount of the New Securities, without taking into account, and before deduction of underwriting fees and commissions, and other estimated transaction expenses payable.

(5) Total capitalisation represents non-current portion of borrowings and other interest-bearing liabilities, shareholders' funds, perpetual capital securities issued as at 31 December 2019, Original Securities and New Securities to be issued.

Other than as stated herein, there has been no material change in the capitalisation and indebtedness of the Guarantor since 31 December 2019.

Capitalisation and Indebtedness of the Issuer

As at 2 April 1992, the date of its incorporation, NWD Finance (BVI) Limited was authorised to issue a maximum of 50,000 U.S.$1.00 par value shares of a single class and series, of which one share is held by the Guarantor. As at the date of this Offering Circular, NWD Finance (BVI) Limited has issued securities in an aggregate principal amount of U.S.$3,150,000,000.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Manager dated 23 June 2020 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to sell to the Manager, and the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the New Securities at an issue price of 100.20 per cent. of their principal amount (the "**Issue Price**") plus accrued distribution from and including 22 June 2020 to, but excluding, the New Securities Issue Date. Any subsequent offering of Securities to investors may be at a price different from such Issue Price.

The Subscription Agreement provides that each of the Issuer and the Guarantor will indemnify the Manager against certain liabilities in connection with the offer and sale of the New Securities. The Subscription Agreement provides that the obligations of the Manager are subject to certain conditions precedent, and entitles the Manager to terminate it in certain circumstances prior to payment being made to the Issuer.

The Manager and certain of its affiliates may have performed certain investment banking and advisory services for the Guarantor and/or its affiliates from time to time for which it has received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Guarantor and/or its affiliates in the ordinary course of their business.

The Manager or certain of their respective affiliates may purchase the New Securities for asset management and/or proprietary purposes but not with a view to distribution.

The Manager or its affiliates may purchase the New Securities for its own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the New Securities and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the New Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the New Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the New Securities).

In connection with the issue of the New Securities, the Stabilising Manager may over-allot New Securities or effect transactions with a view to supporting the price of the New Securities at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the New Securities 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 New Securities and 60 days after the date of the allotment of the New Securities. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the New Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Manager that would permit a public offering of the New Securities, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the New Securities, in any country or jurisdiction where action for that purpose is required.

United States

The New Securities and the Guarantee of the Securities have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state law. The Manager has represented that it has not offered or sold, and has agreed that it will not offer or sell, any New Securities and the Guarantee of the Securities constituting part of its allotment within the United States, and any offers and sales will be made in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, none of the Manager, its affiliates or any persons acting on their behalf have engaged in, or will engage in, any directed selling efforts with respect to the New Securities and the Guarantee of the Securities. Terms used in these paragraphs have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the New Securities and the Guarantee of the Securities, an offer or sale of the New Securities or the Guarantee of the Securities within the United States by any "dealer" (as defined in the Securities Act), whether or not participating in the offering, may violate the registration requirements of the Securities Act.

United Kingdom

The Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any New Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Securities in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA and UK Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any New Securities to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Hong Kong

The Manager has represented, warranted and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document or otherwise, any New Securities other than:

    (i) to "**Professional Investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or

    (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong (the "**C(WUMP)O**") and 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, any advertisement, invitation or document relating to the New Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong or otherwise is or contains an invitation to the public (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Securities which are or are intended to be disposed of only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China

The Manager has represented, warranted and undertaken that the New Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

The Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Manager has represented, warranted and agreed that it has not offered or sold any New Securities or caused the New Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any New Securities or cause the New Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Securities 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.

Japan

The New Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**") and, accordingly, the Manager has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any New Securities in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan. For the purposes of this paragraph, "**Japanese Person**" shall mean any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No 228 of 1949, as amended)).

British Virgin Islands

The Manager has represented, warranted and undertaken that the New Securities have not been and will not be offered to members of the public or any other person in the British Virgin Islands.

GENERAL INFORMATION

1. **Clearing Systems:** The New Securities have been accepted for clearance through Euroclear and Clearstream under Common Code number 213298674 and the International Securities Identification Number for the New Securities is XS2132986741.

2. **Listing of Securities:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Securities by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the New Securities on the Hong Kong Stock Exchange will commence on or around 2 July 2020.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the New Securities. The issue of the New Securities was authorised by resolutions of the directors of the Issuer dated as at 4 March 2020. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the provision of and performance of its obligations under the Guarantee of the Securities. The provision of the Guarantee of the Securities was authorised by resolutions of the Board of Directors of the Guarantor dated as at 4 March 2020.

4. **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of the Guarantor and the Group since 31 December 2019.

5. **Litigation:** Neither the Guarantor, the Issuer nor any of the subsidiaries of the Guarantor is involved in any litigation or arbitration proceedings that the Guarantor believes are material in the context of the New Securities or the Guarantee of the Securities nor is the Issuer nor the Guarantor aware that any such proceedings are pending or threatened.

6. **Available Documents:** A copy of the Guarantor's annual report for the year ended 30 June 2019, a copy of the Guarantor's 2019/2020 Interim Report, and copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee will be available for inspection by the Holders from the New Securities Issue Date, at the specified office of the Paying Agent during normal business hours, so long as any of the Securities is outstanding.

7. **Auditor:** The consolidated financial statements of the Guarantor for the year ended 30 June 2019 have been audited by PricewaterhouseCoopers, Certified Public Accountants. The 2019/2020 Interim Financial Statements has not been audited or reviewed by the auditor of the Guarantor.

8. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 25490076V8K09HMNCT88.

ANNEX I

[*Original Offering Circular to be appended*]

IMPORTANT NOTICE

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

Important: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of this 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.

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 U.S. 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, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. 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. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the 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. This Offering Circular is being sent at your request and by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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 jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

The materials relating to any 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 such 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, such 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 the 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 or the Joint Lead Managers (as defined in the Offering Circular), any person who controls a Joint Lead Manager, any director, officer, employee or agent of the Issuer, the Guarantor or a Joint Lead Manager or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Offering Circular distributed to you in electronic format and the hard copy version available to you on request from a Joint Lead Manager.

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.

Actions that you may not take: If you receive this document by e-mail, you should not reply by email to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "**Reply**" function on your e-mail software, will be ignored or rejected.

NWD FINANCE (BVI) LIMITED

(*incorporated with limited liability under the laws of the British Virgin Islands*)

U.S.$650,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities Guaranteed by

New World Development Company Limited

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

Issue Price: 100.00 per cent.

The 5.25 per cent. Guaranteed Senior Perpetual Capital Securities (the "**Securities**") will be issued in an initial aggregate principal amount of U.S.$650,000,000 by NWD Finance (BVI) Limited (the "**Issuer**") and the due and punctual payment of all sums payable by the Issuer in respect of the Securities will be unconditionally and irrevocably guaranteed (the "**Guarantee of the Securities**") by New World Development Company Limited (the "**Guarantor**"). The Securities confer a right to receive distributions (each a "**Distribution**") at the applicable rate of distribution (the "**Distribution Rate**"). Subject to the Conditions, the Distribution Rate applicable to the Securities shall be: (i) from, and including, 22 June 2020 (the "**Issue Date**") to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and (ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*") falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*"). Subject to the provisions of the Securities relating to deferral of Distribution (see "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*"), Distribution is payable semi-annually in arrear on 22 June and 22 December of each year (each a "**Distribution Payment Date**") with the first Distribution Payment Date falling in December 2020.

The Issuer may, at its sole discretion, elect to defer a Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by providing holders of the Securities ("**Holders**") with not more than 10 nor less than 5 Business Days' (as defined in "*Terms and Conditions of the Securities")* notice prior to the relevant Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date an Optional Deferral Event (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*") has occurred. Any Distribution so deferred shall constitute "**Arrears of Distribution**". Each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Securities at the Distribution Rate and the amount of such interest payable thereon shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution as described in "*Terms and Conditions of the Securities — Distribution — Cumulative Deferral*" The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement and is not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred. See "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*".

The Securities are perpetual securities and have no fixed final redemption date. The Issuer may redeem the Securities in whole, but not in part, on any business day on or after 22 March 2026 at 100 per cent. of their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (as defined in "*Terms and Conditions of the Securities*") (if any) and Distribution (if any) accrued to the date fixed for redemption on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant date for redemption). The Securities may also be redeemed in whole, but not in part, at the option of the Issuer, subject to certain provisos, at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption: (i) upon the occurrence of any change or amendment to the Relevant Accounting Standard (as defined in "*Terms and Conditions of the Securities — Redemption and Purchase — Redemption for Accounting Reasons")* such that the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard; or (ii) upon the occurrence of a change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 16 June 2020 such that the Issuer or the Guarantor would be required to pay additional amounts in respect of the Securities or the Guarantee of the Securities and such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it or (iii) if at least 75 per cent. in principal amount of the Securities originally issued has been redeemed or purchased and cancelled. Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent (in accordance with the "*Terms and Conditions of the Securities*") by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral —Definitions*"), stipulating that a Change of Control has occurred and whether or not it will redeem the Securities at their principal amount together with Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amounts, if any). See "*Terms and Conditions of the Securities — Redemption and Purchase*". If the Issuer does not give such notice, the Distribution Rate shall increase by 3.00 per cent. per annum with effect from the next Distribution Payment Date, as set out in "*Terms and Conditions of the Securities*".

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

The 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 Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Securities or the Issuer or 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 document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Investing in the Securities involves certain risks. See "*Risk Factors*" beginning on page 12.

The Securities and the Guarantee of the Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see "*Subscription and Sale*".

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

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC **UBS** **Mizuho Securities** **J.P. Morgan**

Joint Lead Manager

HeungKong Financial

Offering Circular dated 16 June 2020

IMPORTANT NOTICE

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 "**Listing Rules**") for the purpose of giving information with regard to the Issuer, the Guarantor, the Securities and the Guarantee of the Securities. 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. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (together, the "Group"), the Securities and the Guarantee of the Securities, which is material in the context of the issue and offering of the Securities; (ii) the statements contained herein relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed 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 Securities or the Guarantee of the Securities, the omission of which would, in the context of the issue and offering of the Securities, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Securities described in this Offering Circular. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers (as defined herein) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Securities or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Securities, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Securities and distribution of this Offering Circular, see "*Subscription and Sale*".

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor and the Group, the Securities or the Guarantee of the Securities other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, Mizuho Securities Asia Limited, J.P. Morgan Securities plc, HeungKong Securities Limited (together, the "**Joint Lead Managers**") or the Agents (as defined in the Terms and Conditions of the Securities (the "**Conditions**")). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers or the Agents to subscribe for or purchase any of the Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty, express or implied, by the Joint Lead Managers or the

Agents. The Joint Lead Managers have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Guarantor, any member of the Group, the Joint Lead Managers or the Agents that any recipient of this Offering Circular should purchase the Securities. Each potential purchaser of the Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Securities should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

To the fullest extent permitted by law, none of the Joint Lead Managers or the Agents or any of their respective affiliates, directors or advisers accepts any responsibility for the contents of this Offering Circular. The Joint Lead Managers and the Agents and their respective affiliates, directors or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers or the Agents or any of their respective affiliates, directors or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Securities of any information coming to the attention of the Joint Lead Managers or the Agents.

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. Listing of the Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Securities. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the Conditions, 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 Securities. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Joint Lead Managers or any person affiliated with a Joint Lead Manager in connection with its investigation of the accuracy of such information or its investment decision.

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, THE JOINT LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH JOINT LEAD MANAGER) (THE "STABILISING MANAGER") MAY OVER ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER STABILISATION MAY NOT OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

PRIIPs REGULATION/PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS: The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (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. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or

selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

SINGAPORE 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 Securities are 'prescribed capital markets products' (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Issuer*", "*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. The Issuer, the Guarantor and the directors, employees and agents of the Issuer and the Guarantor, respectively do not assume: (i) 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 or the Guarantor's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based or (ii) any liability in the event that any of the forward-looking statements does not materialise or turns out to be incorrect. 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.

CERTAIN DEFINED TERMS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained here. Unless indicated otherwise, in this Offering Circular all references to (i) to "**Issuer**" are to NWD Finance (BVI) Limited, (ii) the "**Guarantor**" or "**NWD**" are to New World Development Company Limited, and (iii) the "**Group**" are to New World Development Company Limited and its direct and indirect subsidiaries, taken as a whole unless the context otherwise indicated.

In this Offering Circular, unless otherwise specified or the context requires, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People Republic of China, all references to the "**PRC**" or to "**Mainland China**" are to the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan, all references to "**U.S.**" are to the United States of America, all references to "**Hong Kong dollars**", "**HK dollars**", "**HK$**" or "**cents**" are to the lawful currency of Hong Kong, all references herein to "**U.S. dollars**" or "**U.S.$**" are to the lawful currency of the U.S., all references to "**HKFRS**" are to Hong Kong Financial Reporting Standards, all references to "**MW**" are to megawatts.

This Offering Circular contains translations of certain HK dollar amounts into U.S. dollars, and *vice versa,* at specific rates solely for the convenience of the reader. For convenience only and unless otherwise noted, all translations between HK dollars and U.S. dollars in this Offering Circular were made at the rate of HK$7.80 to U.S.$1.00. Such translations should not be construed as representations that the Hong Kong dollar and U.S. dollar amounts referred to herein could have been, or could be, converted into U.S. dollars or Hong Kong dollars, as the case may be, at that or any other rate or at all.

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. References to information in billions of units are to the equivalent of a thousand million units.

INCORPORATION BY REFERENCE AND PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Guarantor for the year ended 30 June 2019 (the "**2019 Audited Financial Statements**"), which are contained in page 124 to page 239 of the 2019 annual report of the Guarantor and the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2019 (the "**2019/2020 Interim Financial Statements**"), which are contained in page 16 to page 51 of the 2019/2020 Interim Report of the Guarantor, are incorporated by reference in this Offering Circular. Copies of the 2019 Audited Financial Statements and 2019/2020 Interim Financial Statements are available and may be downloaded free of charge from the Hong Kong Stock Exchange website on the internet at https://www.hkexnews.hk/.

This Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 30 June 2019 and 2018, which has been extracted from the 2019 Audited Financial Statements of the Guarantor. The 2019 Audited 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 ("**HKICPA**").

This Offering Circular also contains summary consolidated financial information of the Guarantor as at and for the six months ended 31 December 2019 (the "**2019/2020 Interim Financial Information**"), which has been extracted from the 2019/2020 Interim Financial Statements. The 2019/2020 Interim Financial Information of the Guarantor was prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The 2019/2020 Interim Financial Information of the Guarantor as at and for the six months ended 31 December 2018 and 2019 have not been audited or reviewed by the Guarantor's auditor. Consequently, the 2019/2020 Interim Financial Information should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results. In addition, the 2019/2020 Interim Report should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 30 June 2020. In preparing the 2019/2020 Interim Financial Information, the Guarantor has adopted HKFRS 16 and Amendments to HKAS 28 with effect from 1 July 2019 and has not restated comparatives for the year ended 30 June 2019. The Group has also adopted new accounting policies upon acquisition of insurance business in preparing the 2019/2020 Interim Financial Statements. Therefore, the 2019/2020 Interim Financial Information is not comparable with the consolidated financial statements for the years ended 30 June 2018 and 2019. For more information on the impact on the adoption of HKFRS 16 and Amendments to HKAS 28, please refer to the 2019/2020 Interim Financial Information and the notes therein[(1)].

Note:

(1) Note 2 from the 2019/2020 Interim Financial Information

Changes in /adoption of accounting policies

The Group has adopted HKFRS 16 and Amendments to HKAS 28 from 1 July 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. As allowed in the transitional provision in the standards comparative figures is not restated.

Effects of adoption of HKFRS 16

On adoption of HKFRS 16 using modified retrospective approach on lease-by-lease basis, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases" ("**HKAS 17**"). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

Right-of-use assets at initial recognition is measured at either:

- the carrying amount of leases as if HKFRS 16 had been applied since the lease commencement date, discounted using the lessee's incremental borrowing rate as at 1 July 2019; or
- an amount equal to lease liabilities, adjusted by the prepaid or accrued lease payments relating to the lease immediately before 1 July 2019.

As a result of adoption of HKFRS 16, the obligations under finance leases recognised and the operating lease commitments as disclosed at 30 June 2019, adjusted by the effect of discounting and changes in index or rates affecting variable payments, exclusion of short-term leases and low-value asset leases and assessment of extension and termination options and contracts being reassessed as service agreements are combined as lease liabilities of HK$6,452.6 million and recognised as at 1 July 2019. The amount of lease liabilities was split into current portion and non-current portion of HK$988.5 million and HK$5,464.1 million respectively. The weighted average lessee's incremental borrowing annual rates applied to the lease liabilities on 1 July 2019 were 3.79% for leases in Hong Kong and 5.06% for leases in Mainland China.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to apply HKFRS 16 to contracts that were not identified as containing a lease under HKAS 17 and HK(IFRIC) – Interpretation 4 "Determining whether an Arrangement contains a Lease".

Effects of adoption of Amendments to HKAS 28

The amendments clarify the accounting for long-term interests in an associated company or joint venture, which in substance form part of the net investment in the associated company or joint venture, but to which equity accounting is not applied. The Group is required to account for such interests under Hong Kong Financial Reporting Standard 9 "Financial Instrument" ("**HKFRS 9**") before applying the loss allocation and impairment requirements in HKAS 28.

On the adoption of Amendments to HKAS 28, the Group has recognised a loss allowance of HK$874.8 million as at 1 July 2019 against the non-current receivables from the joint ventures. The loss allowance is measured as either 12-month expected credit loss or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition of the non-current receivables.

The effect of the adoption of HKFRS 16 and Amendments to HKAS 28 on the Group's financial position is as follows:

	As at 30 June 2019 HK$m	Effects of the adoption of HKFRS 16 HK$m	Effects of the adoption of Amendments to HKAS 28 HK$m	As at 1 July 2019 HK$m
Condensed consolidated statement of financial position (extract)				
Non-current assets				
Property, plant and equipment	31,024.1	(1,862.4)	-	29,161.7
Right-of-use assets	-	7,813.1	-	7,813.1
Land use rights	1,213.9	(1,213.9)	-	-
Interests in joint ventures	50,865.5	(10.8)	(874.8)	49,979.9
Interests in associated companies	25,331.9	(0.7)	-	25,331.2
Deferred tax assets	763.5	34.3	-	797.8
Other non-current assets	14,644.3	59.1	-	14,703.4
Current assets				
Debtors, prepayments, premium receivables and contract assets	25,722.0	116.6	-	25,838.6
Equity				
Reserves				
- Retained profits	136,730.0	(756.6)	(874.8)	135,098.6
Non-controlling interests	29,994.5	(278.8)	-	29,715.7
Non-current liabilities				
Lease liabilities	-	5,464.1	-	5,464.1
Deferred tax liabilities	10,371.1	13.9	-	10,385.0
Other non-current liabilities	1,191.7	(439.1)	-	752.6
Current liabilities				
Creditors, accrued charges, payables to policyholders and contract liabilities	48,753.0	(56.7)	-	48,696.3
Lease liabilities	-	988.5	-	988.5

Adoption of accounting policies upon acquisition of insurance business

The Group completed its acquisition of the entire equity interest in FTLife Insurance Company Limited ("**FTLife Insurance**") on 1 November 2019 which resulted in adoption of the following accounting policies used in the preparation of the Interim Financial Statements.

(i) Product classification

The Group's insurance business issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts for which the Group has accepted significant insurance risk from policyholders providing coverage for death, accident and sickness at the inception of the contract. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. The Group also accepts financial risk on insurance contracts. Financial risk is the risk of a possible future change in a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables.

Investment contracts are those contracts on which the Group accepts financial risk but that do not transfer significant insurance risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

(ii) Insurance contract liabilities

Insurance contract liabilities represent net future policy liabilities as determine by the appointed actuary of the Group using a net level premium approach.

The provision for life insurance contracts with fixed level premiums is calculated on the basis of the prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing. The liability is determined as the sum of the expected discounted value of the benefit payments, less the expected discounted value of the theoretical premiums that would be required to meet the benefits, based on the valuation assumptions as to mortality, lapse rate, expense and investment income that are appropriate at the time of valuation. Changes to the liabilities at each reporting date are recorded in the profit or loss for the year as an expense. The liabilities on yearly renewable premium contracts are the liabilities for the unexpired risks carried at the end of the reporting period. The liability is derecognised when the contract expires, is discharged or is cancelled.

(iii) Investment contract liabilities

Liabilities for investment contracts are carried at fair values through accumulated cash flows plus investment income credited to the contracts, either at the discretion of the Group or linked to the changes in unit fund values.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the consolidated statements of financial position.

Fees charged and investment income received are recognised in the profit or loss for the year when earned.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

(iv) Reinsurance

The Group cedes insurance risk in the normal course of business for its insurance contracts. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the insurance contract liabilities and are in accordance with the reinsurance contract and are accounted for in the same period as the underlying claim.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the profit or loss for the year.

Reinsurance arrangements do not relieve the Group from its obligations to policyholders.

(v) Value of business acquired ("**VOBA**")

VOBA, in respect of a portfolio of long-term insurance and investment contracts, is an intangible asset that reflects the estimated fair value of inforce contracts in acquisition of an insurance company and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the business in-force at the acquisition date. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis. The rate of amortisation reflects the profile of the value of in-force business acquired. The carrying value of VOBA is reviewed annually for impairment and any reduction is charged to the consolidated income statement.

(vi) Deferred acquisition costs ("**DAC**")

The direct acquisition costs and a portion of indirect acquisition costs relating to the production of new business are deferred so far as there are sufficient margins in the future profits of the new business to fund the amortisation of DAC. DAC include first year commissions and other costs related to the acquisition of new business. All other acquisition costs and all maintenance costs are expensed as and when incurred. The Group has adopted an approach by which DAC of new business are amortised according to the expected future premiums or charges and actual persistency.

(vii) Liability adequacy test

A liability adequacy test is performed at each reporting date to verify whether the insurance contract liabilities, net of deferred acquisition cost and value of business acquired, are adequate using current estimates of future cash flows under the insurance contracts. The liability value is adjusted if insufficient to meet future obligations, taking into account future premiums, investment income, benefits and expenses and cash flows from embedded options and guarantees. If the test shows that a deficiency exists, the shortfall is immediately recorded in the profit or loss for the year.

(viii) Premiums

Premiums in respect of traditional policies and group policies are recognised as income as and when they fall due, whereas those in respect of universal life and unit-linked contracts are accounted for as they are received.

Premiums on reinsurance contracts that transfer underwriting risk are expensed as incurred. Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

(ix) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services and investment management services. The policy administration fee is recognised as revenue over time when services are rendered. Investment management fees related to asset management services are recognised over time when services are rendered.

(x) Benefits and insurance claims

Death claims and surrenders are recorded when notifications have been received. Maturities and annuity payments are recorded when due. Benefits recorded are then accrued to the liability.

(xi) Commissions

Commissions and bonuses payable to agents for the first policy year are included as a component of deferred acquisition costs.

Commissions received on reinsurance policies that transfer underwriting risk are recognised as income at the same time as the reinsurance premiums are accounted for.

(xii) Premiums receivables

Premiums receivables represent premiums which are due for payment. The Group normally allows policyholders to make payment within a grace period of one month from the due date. The grace period may be extended by one further month by management purely on a discretionary basis. Insurance policies continue in force if default premiums are settled before the expiry of the grace period.

Premiums receivables are stated at amortised cost using the effective interest rate method less provision for impairment.

(xiii) Adoption of overlay approach in accordance with HKFRS 4 (Amendment)

The Group elected to apply an "overlay approach" in accordance with HKFRS 4 (Amendments) "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts" which allows the Group to reclassify fair value gain or loss from consolidated income statement to other comprehensive income for those eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 but currently classified as financial assets at fair value through profit or loss under HKFRS 9.

CONTENTS

SUMMARY

NWD is the holding company of one of the largest Hong Kong-based property developers listed on the Hong Kong Stock Exchange in terms of market capitalisation. Established in 1970, NWD was listed on the Hong Kong Stock Exchange in 1972 and its shares are currently a constituent stock of the Hang Seng Index. As at 31 December 2019, based on the closing price of its shares on the Hong Kong Stock Exchange, NWD had a market capitalisation of approximately HK$109,218.0 million.

The Group's operations are based primarily in Hong Kong, Macau and the PRC, and include business activities in the following segments:

- *Property:* The Group is one of the major property developers and investors in Hong Kong and the PRC and is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment property portfolio comprising shopping malls, offices, hotels and serviced apartments. The Group undertakes its property development and investment businesses in the PRC primarily through NWCL, its subsidiaries, associated companies and joint ventures (the "**NWCL Group**").

- *Service:* The Group, through NWSH and its subsidiaries, associated companies and joint ventures (the "**NWSH Group**"), is engaged in a diversified range of service businesses including construction, facilities management, transport and strategic investments in Hong Kong, Macau and the PRC.

- *Infrastructure:* The Group is one of the largest foreign investors and operators of infrastructure projects in Hong Kong, Macau and the PRC. Its infrastructure portfolio comprises roads, aviation, environment and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.

- *Hotels:* As at 31 December 2019, the Group owned a total of 17 hotel properties in Hong Kong, Mainland China and Southeast Asia, providing more than 7,400 guest rooms.

- *Department Stores:* As at 31 December 2019, the Group, through NWDS and its subsidiaries, operated and managed 31 department stores and shopping malls in the PRC.

Within the business segments, the Group focuses on its current core businesses, which include property development, property investment, roads, aviation and construction.

The following sets forth an overview of the Group's organisation structure showing its principal functional units and business activities as at 31 December 2019:

新世界發展有限公司
New World Development Company Limited
HK stock code: 17

Hong Kong Property
Development and Investment

NWSH (HK stock code: 659)	NWCL	NWDS (HK stock code: 825)
Infrastructure & Service	Mainland Property	Mainland Department Store
Approximately 61 per cent.	100 per cent.	Approximately 75 per cent.

SUMMARY OF THE OFFERING

The following is a summary of the terms and conditions of the Securities. For a more complete description of the Securities, see "*Terms and Conditions of the Securities*". Terms used in this summary and not otherwise defined shall have the meanings given to them in "*Terms and Conditions of the Securities*".

Issuer	NWD Finance (BVI) Limited
Guarantor	New World Development Company Limited
Issue	U.S.$650,000,000 guaranteed senior perpetual capital securities
Guarantee	The Guarantor will, in the Deed of Guarantee, unconditionally and irrevocably guarantee the due and punctual payment of all sums payable by the Issuer in respect of the Securities.
Status of the Securities	The Securities will constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which will rank *pari passu* without any preference 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.
Status of the Guarantee of the Securities	The Guarantee of the Securities will constitute a direct, general, unsecured, unconditional and unsubordinated obligation of the Guarantor which will rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Issue Price	100.00 per cent.
Form and Denomination	The Securities will be issued in registered form in the denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.
Distributions	Subject to Condition 4(c), the Securities confer a right to receive distribution (each a "**Distribution**") from 22 June 2020 (the "**Issue Date**") at the applicable Distribution Rate payable semi-annually in arrear on 22 June and 22 December of each year, with the first Distribution Payment Date falling in December 2020.
Distribution Rate	Subject to Condition 4(c) (Increase in Distribution following a Change of Control), the rate of distribution (the "**Distribution Rate**") applicable to the Securities shall be: (i) from, and including, the Issue Date to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and (ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date (as defined in Condition 4(d)(viii) (*Definitions*)) falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate (as defined in Condition 4(d)(viii) (*Definitions*)).

Upon the occurrence of a Change of Control, unless an irrevocable notice to redeem the Securities has been given to Holders by the Issuer pursuant to Condition 5(e) (*Redemption and Purchase — Redemption for Change of Control*) by the 30th day following the occurrence of the Change of Control, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (i) the next Distribution Payment Date; or (ii) if the date on which a Change of Control occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date.

If following an increase in the Distribution Rate upon the occurrence of a Change of Control pursuant to Condition 4(c)(i) (*Increase in Distribution Rate*) such Change of Control is cured, remedied, no longer applicable or no longer continuing, then upon notification to the Holders and the Fiscal Agent accompanied by a certificate, signed by two directors of the Guarantor, stating that the Change of Control has been cured, remedied, is no longer applicable or is no longer continuing (as the case may be) and setting out the details of such circumstances, the Distribution Rate will decrease by 3.00 per cent. per annum with effect from the next Distribution Payment Date immediately following the date of such notification, provided that the maximum aggregate decrease in the Distribution Rate pursuant to Condition 4(c)(ii) shall be 3.00 per cent.

Optional Deferral of Distributions	The Issuer may, at its sole discretion, elect to defer Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice to the Holders not more than ten nor less than five Business Days prior to a scheduled Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date no dividend, distribution or other payment has been paid or declared by the Issuer or the Guarantor on or in respect of its Junior Securities or its Parity Securities (except in connection with any benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants) (an "**Optional Deferral Event**"). Any Distribution so deferred shall bear interest as if it constituted the principal of the Securities at the Distribution Rate. The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can be deferred.
Arrears of Distribution.........	Any Distribution not paid on a Distribution Payment Date shall constitute an "**Arrears of Distribution**". Arrears of Distribution (a) may be satisfied by the Issuer (in whole or in part) at any time by giving notice of such election to Holders and the Fiscal Agent not more than 20 nor less than 10 Business Days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution on the payment dates specified in such notice) and (b) must be satisfied in certain other circumstances in accordance with Condition 4(vi)(B).

Restrictions in the case of a Deferral	If on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full by reason of Condition 4(d) (*Distribution – Distribution Deferral*), the Issuer and the Guarantor shall not: (1) declare or pay any discretionary dividends or distributions or make any other discretionary payment on, and will procure that no discretionary dividend, distribution or other discretionary payment is made on any of its Junior Securities or (except on a *pro-rata* basis) its Parity Securities **provided that** such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or (2) at its discretion redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities, **provided that** such restriction shall not apply to an exchange by the Issuer or the Guarantor of any of its Parity Securities for Junior Securities, or in relation to Parity Securities, on a *pro-rata* basis, each case unless and until (i) the Issuer or the Guarantor has satisfied, in full all outstanding Arrears of Distribution; or (ii) is permitted to do so by an Extraordinary Resolution (as defined in the Agency Agreement) of the Holders.
Issue Date	22 June 2020.
Maturity Date	There is no maturity date.
Redemption at the Option of the Issuer	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on any business day on or after 22 March 2026 (each, a "**Call Date**") on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Date at their principal amount plus Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any).
Redemption for Change of Control	Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent (in accordance with the Terms and Conditions of the Securities) by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control, stipulating that a Change of Control has occurred and whether or not it will redeem the Securities pursuant to the Terms and Conditions of the Securities; a notice given by the Issuer stipulating that it will redeem the Securities shall: (A) stipulate the Change of Control Call Date; (B) be irrevocable; and (C) oblige the Issuer to redeem the Securities on the Change of Control Call Date at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any).

A “**Change of Control**” occurs when:

(i) any Person or Persons acting together acquires 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;

(ii) 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; or

(iii) one or more Persons acquires the beneficial ownership of all or substantially all of the Guarantor’s issued share capital;

The “**Change of Control Call Date**” shall be a date not less than 30 nor more than 60 days from the date of the notice referred to in the paragraph above.

“**Control**” means the acquisition or control of more than 50 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.

Tax Redemption .... The Issuer may at its option redeem the Securities in whole but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if:

(1) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in the Terms and Conditions of the Securities as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 June 2020; (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it: or

(2) (A) the Guarantor has or (if a demand was made under the Guarantee of the Securities) would become obliged to pay additional amounts as provided or referred to in the Terms and Conditions of the Securities or the Guarantee of the Securities, or the Guarantor has or will become obliged to make any such withholding or deductions as to referred to in Terms and Conditions of the Securities or the Guarantee of the Securities as the

case may be, from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Securities, in either case 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 16 June 2020 and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it.

Redemption for accounting reasons	The Issuer may redeem the Securities in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, as a result of any changes or amendments to the Relevant Accounting Standard (as defined in Condition 5(c) (*Redemption and Purchase – Redemption for accounting reasons*)), the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "**equity**" of the Guarantor on a consolidated basis pursuant to the Relevant Accounting Standard.
Redemption for minimum outstanding amount	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Holders (which notice will be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any) if prior to the date of such notice at least 75 per cent. in principal amount of the Securities originally issued (including any further Securities issued pursuant to the Terms and Conditions of the Securities and consolidated and forming a single series with the Securities) has already been redeemed or purchased and cancelled.
Governing Law	The Securities, the Guarantee of the Securities and any non-contractual obligations arising out of or in connection with such will be governed by, and construed in accordance with, English law.
Clearing Systems	The Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for beneficial interests in the Global Certificate.

Clearance and Settlement..	The Securities have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS2132986741 Common Code: 213298674
Legal Entity Identifier (LEI)...	25490076V8K09HMNCT88
Fiscal Agent, Paying Agent and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited
Calculation Agent	The Hongkong and Shanghai Banking Corporation Limited
Registrar	The Hongkong and Shanghai Banking Corporation Limited
Listing	Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Securities by way of debt issues to Professional Investors only.
Use of Proceeds	See "*Use of Proceeds*".

SELECTED FINANCIAL INFORMATION OF THE GUARANTOR

The following tables present the summary historical financial data of the Group as of and for each of the years ended 30 June 2018 and 30 June 2019 and as of and for the six months ended 31 December 2019. The summary financial data are derived from and should be read in conjunction with the 2019 Audited Financial Statements and the 2019/2020 Interim Financial Statements.

The 2019 Audited Financial Statements have been prepared and presented in accordance with HKFRS.

The condensed consolidated income statement, condensed consolidated statement of comprehensive income and condensed consolidated statement of financial position and the related notes thereto for the six months ended 31 December 2019 for the Guarantor and its subsidiaries as set out in the 2019/2020 Interim Financial Statements have not been audited or reviewed by the Guarantor's auditor.

The 2019/2020 Interim Financial Information of the Guarantor as at and for the six months ended 31 December 2018 and 2019 have not been audited or reviewed by the Guarantor's auditor. Consequently, the 2019/2020 Interim Financial Information should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results.

Consolidated Income Statement

	For the year ended 30 June		For the six months ended 31 December	
	2019	**2018**	**2019**	**2018**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*	*HK$ million (Unaudited)*
Revenues	76,763.6	60,688.7	32,464.4	49,267.1
Cost of sales	(51,742.1)	(40,125.3)	(20,199.7)	(33,993.4)
Gross profit	25,021.5	20,563.4	12,264.7	15,273.7
Other income	121.4	137.3	95.7	70.1
Other gains/(losses), net	338.8	4,133.4	1,472.6	(115.8)
Selling and marketing expenses	(2,161.0)	(1,083.8)	(1,022.3)	(1,339.9)
Expenses of department store's operation[1]	(2,125.6)	(2,383.1)	(695.3)	(1,028.9)
Administrative and other operating expenses[1]	(6,298.7)	(5,759.0)	(3,309.6)	(2,980.7)
Overlay approach adjustments on financial assets	-	-	(137.8)	-
Changes in fair value of and gain on transfer to investment properties	10,305.7	15,367.1	(2,269.2)	6,341.7
Operating profit	25,202.1	30,975.3	6,398.8	16,220.2
Financing income	1,716.2	1,475.2	1,345.7	854.4
Financing costs	(2,472.5)	(2,179.5)	(2,229.8)	(1,136.6)
	24,445.8	30,271.0	5,514.7	15,938.0
Share of results of joint ventures	3,670.3	1,886.2	910.5	945.8
Share of results of associated companies	1,012.8	1,196.4	333.0	708.4
Profit before taxation	29,128.9	33,353.6	6,758.2	17,592.2
Taxation	(7,489.8)	(6,272.4)	(3,662.8)	(4,084.3)
Profit for the year/period	21,639.1	27,081.2	3,095.4	13,507.9
Attributable to:				
Shareholders of the Company	18,160.1	23,338.1	1,017.3	11,284.4

	For the year ended 30 June		For the six months ended 31 December	
	2019	2018	2019	2018
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*	*HK$ million (Unaudited)*
Holders of perpetual capital securities	803.0	536.6	800.8	271.1
Non-controlling interests	2,676.0	3,206.5	1,277.3	1,952.4
	21,639.1	27,081.2	3,095.4	13,507.9
Earnings per share				
Basic	HK$1.78	HK$2.34	HK$0.10	HK$1.11
Diluted	HK$1.78	HK$2.33	HK$0.10	HK$1.10

Note:

(1) Changes in the presentation of consolidated income statements

The Company presented an expense item in relation to department store's operation in the consolidated income statement for the year ended 30 June 2019, so as to align the management's view that department store operation is a separate function of the Group and to enhance the comparability of the Company's financial statements with other companies. The comparative figures for the year ended 30 June 2018 have been reclassified to conform with this classification and these figures are unaudited.

Consolidated Statement of Financial Position

	As at 30 June		As at 31 December
	2019	**2018**	**2019**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*
Assets			
Non-current assets			
Investment properties	173,326.7	149,727.7	168,104.2
Property, plant and equipment	31,024.1	29,940.2	29,957.2
Right-of-use assets	-	-	8,534.4
Land use rights	1,213.9	1,064.0	-
Intangible concession rights	9,973.0	11,403.5	14,337.9
Intangible assets	3,464.5	3,782.0	9,284.8
Value of business acquired	-	-	5,770.4
Deferred acquisition costs	-	-	260.2
Interests in joint ventures	50,865.5	49,135.8	45,241.7
Interests in associated companies	25,331.9	24,708.2	25,255.0
Available-for-sale financial assets	-	11,778.8	-
Held-to-maturity investments	-	46.0	-
Financial assets at fair value through profit or loss	8,420.9	684.3	11,387.5
Financial assets at fair value through other comprehensive income	5,038.8	-	37,319.7
Derivative financial instruments	130.8	88.6	1,212.2
Properties for development	28,922.3	19,656.2	32,676.2
Deferred tax assets	763.5	749.3	1,509.0
Other non-current assets	14,644.3	6,635.1	19,962.2
	353,120.2	309,399.7	410,812.6
Current assets			
Properties under development	34,145.5	37,171.0	46,035.8
Properties held for sale	23,130.0	42,301.2	19,258.3

	As at 30 June		As at 31 December
	2019	**2018**	**2019**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*
Inventories	805.7	831.5	732.5
Debtors, prepayments, premium receivables and contract assets	25,722.0	25,519.6	31,555.1
Investments related to unit-linked contracts	-	-	9,495.2
Financial assets at fair value through profit or loss	818.5	-	1,794.1
Financial assets at fair value through other comprehensive income	-	-	1,571.0
Derivative financial instruments	6.5	19.5	15.8
Restricted bank balances	2.5	67.7	86.8
Cash and bank balances	63,729.1	63,388.4	63,542.8
	148,359.8	169,298.9	174,087.4
Non-current assets classified as assets held for sale	1,804.9	2,756.2	8,620.8
	150,164.7	172,055.1	182,708.2
Total assets	503,284.9	481,454.8	593,520.8
Equity			
Share capital	77,875.3	77,525.9	77,939.6
Reserves	145,989.2	138,724.0	138,334.3
Shareholders' funds	223,864.5	216,249.9	216,273.9
Perpetual capital securities	21,505.5	9,451.8	30,447.1
Non-controlling interests	29,994.5	29,480.2	30,488.9
Total equity	275,364.5	255,181.9	277,209.9
Liabilities			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities	114,558.6	120,123.6	141,163.7
Lease liabilities	-	-	5,685.4
Insurance and investment contract liabilities	-	-	13,424.7
Liabilities related to unit-linked contracts	-	-	161.6
Deferred tax liabilities	10,371.1	10,287.9	12,779.0
Derivative financial instruments	542.4	365.6	457.0
Other non-current liabilities	1,191.7	806.5	824.0
	126,663.8	131,583.6	174,495.4
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	48,753.0	65,059.0	56,764.4
Current portion of long-term borrowings and other interest-bearing liabilities	25,921.2	11,851.5	26,549.4
Short-term borrowings	15,854.8	8,777.6	18,382.5
Lease liabilities	-	-	1,108.1
Insurance and investment contract liabilities	-	-	19,291.0
Liabilities related to unit-linked contracts	-	-	9,495.2
Derivative financial instruments	78.3	-	38.6
Current tax payable	10,640.9	8,992.4	9,245.6
	101,248.2	94,680.5	140,874.8

	As at 30 June		As at 31 December
	2019	**2018**	**2019**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*
Liabilities directly associated with non-current assets classified as assets held for sale	8.4	8.8	940.7
	101,256.6	94,689.3	141,815.5
Total liabilities	227,920.4	226,272.9	316,310.9
Total equity and liabilities	503,284.9	481,454.8	593,520.8

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information 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 Securities and the Guarantee of the Securities. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is 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 market risks associated with the Securities and the Guarantee of the Securities are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer or, as the case may be, the Guarantor to pay principal, distributions or other amounts or fulfil other obligations on or in connection with the Securities or the Guarantee of the Securities may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks in connection with holding the Securities are exhaustive. Terms used in this section and otherwise not defined shall have the meanings given to them in "Terms and Conditions of the Securities".

Risks Relating to the Group and its Businesses

Hong Kong property market risks

The Group derives a substantial portion of its revenue and operating profits from its Hong Kong property development and investment activities and is consequently dependent on the state of the Hong Kong property market. Historically, the Hong Kong property market has been cyclical and Hong Kong property values have been affected by supply and demand of comparable properties, the rate of economic growth in Hong Kong, political and economic developments in the PRC and the condition of the global economy. For instance, for the six months ended 31 December 2019, revenues of the Group amounted to HK$32,464.4 million, reflecting a decrease of 34 per cent. compared to the six months ended 31 December 2018. This was mainly due to the decrease in contribution from property development in Hong Kong with no new project completion and decrease in contribution from strategic businesses such as facilities management and transport affected by social unrest in Hong Kong. For the six months ended 31 December 2019, profit attributable to shareholders of the Company amounted to HK$1,017.3 million, and underlying profit amounted to HK$3,929.2 million which decreased by 27 per cent. compared to the six months ended 31 December 2018. For the six months ended 31 December 2018, the Group's underlying profit amounted to HK$5,396.1 million.

Hong Kong property prices and rents for residential, commercial and industrial properties, after reaching record highs in the mid-1990s, declined significantly in and after the fourth quarter of 1997 as a result of the general economic downturn in Asia and the local economic environment. The property market showed improvement during the period from 2004 to the end of the first half of 2008, while property prices and rents in Hong Kong declined in the second half of 2008. Property prices remained substantially flat during 2009, but have generally increased from 2010 onwards. Factors such as the prospect of economic downturn and the tightening of liquidity can create negative sentiments for the property market, and the demand for, and rental rates of, prime office buildings and residential, commercial and industrial properties can consequently reduce. At the end of 2010, the Hong Kong government and the Hong Kong Monetary Authority ("**HKMA**") introduced residential property cooling measures, such as Special Stamp Duty ("**SSD**") for residential property that is disposed of by the seller within 24 months of the date of acquisition, and reduced loan-to-value borrowings limits. The size of the prospective purchaser base in the

Hong Kong residential property market has shrunk since these measures were introduced in 2010. The PRC government has also taken measures to cool the property market in the PRC.

The Hong Kong government has introduced a number of additional residential property cooling measures. In October 2012, the government introduced Buyer's Stamp Duty ("**BSD**") and extended the SSD regime. BSD applies to all residential properties acquired by any person, other than a Hong Kong Permanent Resident, and is charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty charge. The SSD regime was amended to increase the rate of the SSD and to extend the minimum holding period from 24 months to 36 months.

On 22 February 2013, the financial secretary announced that the Hong Kong government would further amend the Stamp Duty Ordinance to adjust the ad valorem stamp duty ("**AVD**") rates and to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale. Any residential property (except that acquired by a Hong Kong permanent resident who does not own any other residential property in Hong Kong at the time of acquisition) and non-residential property acquired on or after 23 February 2013, either by an individual or a company, will be subject to the new rates of AVD upon the enactment of the relevant legislation. Transactions which took place before 23 February 2013 will be subject to the original stamp duty regime. In addition, the Residential Properties (First-hand Sales) Ordinance came into effect on 29 April 2013. This ordinance sets out detailed requirements in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements and the mandatory provisions of the Preliminary Agreement for Sale and Purchase and Agreement for Sale and Purchase for the sales of first-hand residential properties.

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

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

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

1 of the Scale 1 rates, i.e. a flat rate of 15 per cent of the consideration or value of the residential property, whichever is the higher.

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. If implemented, the Vacancy Tax may present a financial burden to the Group that may have an adverse effect on its business, operating results and financial condition.

On 16 October 2019, the Hong Kong government has expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio has been raised from HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent loan-to-value ratio has also been raised from HK$6 million to HK$10 million.

There can be no assurance that the Hong Kong government will not implement further cooling measures or extend the scope, application and rate level of the existing measures. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business, operating results, financial condition and prospects.

In the event of economic decline, the Group may experience market pressures that affect all Hong Kong property companies, such as pressures from tenants or prospective tenants to provide rent reductions or reduced market prices for sale properties. Rental values and property prices 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.

In addition, from time to time, and especially during economic downturns, the Group has experienced pressure from existing and prospective commercial tenants to provide rent reductions or longer rent free periods than previously given. This has had a negative impact on the Group's rental income from its commercial property investments in the past and the recurrence of such market conditions in the future may have an adverse effect on the Group's business, operating results, financial condition and prospects.

There can be no assurance that rents and property values will not decline, tightening of credit provided by banks will not increase or that interest rates will not rise in the future. This could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Volatility in the Hong Kong property market also impacts the timing for both the acquisition (or modification of land use terms) of sites and the sale of completed development properties. This volatility, combined with the lead time required for completion of projects and the sale of existing properties, means that the Group's results from its property development activities may be susceptible to significant fluctuations from year to year.

PRC property market risks

The Group has substantial property development and investment interests in the PRC through its subsidiary New World China Land Limited ("**NWCL**") and expects to continue to develop and invest in properties in the PRC. The Group is therefore subject to risks usually associated with property development and investment in the PRC.

Private ownership of property in the PRC is still at an early stage of development. The growth of the private property market has been and will continue to be affected by social, political, government policy, economic and legal factors which may inhibit demand for residential properties. For example, the PRC property market has in the past experienced weakness in demand due to the lack of a mature and active secondary market for private properties and the limited availability of mortgage loans to individuals in the PRC as a result of government interventions.

Historically, the PRC property market has been a cyclical market. The rapid expansion of the property markets in certain major cities in the PRC, including Shanghai and Beijing in the early 1990s, culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of that decade. Since the late 1990s, private residential property prices and the number of residential property development projects have increased significantly in major cities as a result of increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Beijing, Shanghai, Guangzhou and Shenzhen have experienced rapid and significant growth. However, residential property prices have experienced some correction since the end of 2007 and in response to the cooling measures taken in 2010. There can be no assurance that the problems of oversupply and falling property prices will not recur in the PRC property market.

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 central government introduced additional measures 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. 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 central 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. See also "— *Risks Relating to the PRC*".

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. In particular, the Group has interests in development projects which require resettlement of the original occupants of the sites of the project. Resettlement is costly and may result in delays in the development schedule. 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.

Global economic factors

Economic developments outside Hong Kong and the PRC could adversely affect the property, transportation, hotel and retail sectors in Hong Kong and the PRC. The global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 have had a negative impact on the global economy. Since 2011, the global economy was overshadowed by the wide-ranging and complex effects arising from the worsening European sovereign debt crisis, the continued slow recovery of the United States economy, and the escalating political instability in the Middle East and North Africa. More recently, the uncertainty arising from the United Kingdom's withdrawal from the European Union on 31 January 2020, political instability in the Korean Peninsula, a slump in commodity prices, particularly the price of oil, fears of a slowdown in the PRC economy and interest rate adjustments in the United States have resulted in instability and volatility in the capital markets. Furthermore, fears over a trade war between the United States and the PRC, with the United States imposing tariffs on PRC products from July 2018 and retaliatory tariffs imposed by the PRC, have caused greater volatility in global markets. These events have had and continue to have a significant adverse impact on the global credit and financial markets as a whole.

Any deterioration in the financial markets may contribute to a slowdown in the global economy, including in the growth forecasts, and may lead to significant declines in employment, household wealth, consumer demand and lending. These events have had, or may have, a significant adverse impact on economic growth in Hong Kong, the PRC and elsewhere. An economic downturn may also have a negative impact on the overall level of business and leisure travel to Hong Kong and the PRC. There can be no assurance that these conditions will not lead to oversupply and reduced properly prices and rentals, reduced hotel occupancy levels and rates and reduced consumer spending in Hong Kong and the PRC. There can be no assurance that the stimulus measures implemented or proposed by a number of governments as at the date of this Offering Circular, including any quantitative easing, will improve economic growth or consumer sentiment in these countries. Hong Kong stock market prices have also experienced significant volatility which may continue to affect the value, and any return from the sale of the Group's investments in companies listed on the Hong Kong Stock Exchange.

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

Lease renewals

The leases that the Group has granted are typically for two to three years for office and retail tenants occupying relatively small commercial floor space and longer lease periods for those tenants occupying relatively large commercial floor space. 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 that 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 and the demand and rental rates of prime office buildings and retail space may greatly reduce. Should the economic environment weaken, a more cautious view may be taken by tenants towards the size of leased space and the rental rates upon

renewal of commercial tenancies, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Property ownership and development considerations

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

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

Availability of mortgages

The terms on which mortgages are available, if at all, to purchasers of the Group properties may affect its sales. An increasing number of purchasers of the Group's residential properties in Hong Kong and in the PRC arrange mortgages to fund their purchases. An increase in interest rates may increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. On 16 October 2019, the Hong Kong government has expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. Such measures allow more potential buyers to fulfil eligibility in relation to property mortgages, thereby expanding residential property options available to potential buyers. However, there can be no assurance that such measures may stimulate the appetite of potential buyers. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business, operating results, financial condition and prospects.

Specifically, in the PRC, in line with macroeconomic policies and policies intended to regulate and cool down the property market, the PRC government has taken a number of measures to regulate the availability, terms and pricing of mortgage financing for property purchasers. In addition, the PRC government and commercial banks may also increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner which would make mortgage financing unavailable or unattractive to potential property purchasers. Further, any increase in interest rates including the People's Bank of China ("**PBoC**") benchmark rate, will adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of the Group's properties.

If the availability or attractiveness of mortgage financing is reduced or limited, some of the Group's potential purchasers may not be able to purchase its developed properties and, as a result, the Group's business, liquidity and results of operations could be adversely affected.

Competition

Hong Kong properties in the office, retail, residential and carpark sectors are highly competitive. New properties and facilities built in Hong Kong may compete with the Group for tenants and occupants, which may affect the Group's ability to maintain high occupancy and utilisation levels, rental rates and carpark charges in respect of its investment properties, and buyers, which may affect the Group's ability to sell its development properties. For example, since 2018, there is a trend for Grade A office building tenants to relocate to nearby sub-core districts where rents are lower. The Group may be under pressure to lower rental rates, carpark charges and incur additional capital expenditure to effect improvements or offer additional concessions to tenants to avoid falling occupancy or utilisation levels and to reduce sale prices on its development properties, all of which may have a negative impact on the Group's profit. For the retail properties sector, the competitive business environment among retailers in Hong Kong may also have a detrimental effect on tenants' businesses and, consequently, their ability to pay rent. Any of the above could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Effects of property revaluations

In accordance with HKFRS, the Group values its investment properties at every reporting financial statement date at their open market value on the basis of an external professional valuation. Any change in the valuation is charged or credited, as the case may be, to the income statement. 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 profit. There was an uptrend in the fair value of the Group's investment properties since the financial year ended 30 June 2014 up to the financial year ended 30 June 2019, however there was a decrease in the fair value of the Group's investment properties during the six months ended 31 December 2019, and there is no assurance that the fair value will not decrease in the future. Any such decrease in the fair value of the Group's investment properties will reduce its profit and equity for that year and would 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.

Land for Hong Kong 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 or investment and the Group's ability to replenish its land bank at favourable costs. The limited supply of, and competition for, land in Hong Kong has, in the past, made it increasingly difficult to locate suitable property to acquire at economical prices for development. Government policies seeking to increase land supply and increases in borrowing costs could affect the Group's ability to maintain historical operating margin levels, and profits from property development activities could be adversely affected. Although the Group has a significant agricultural land reserve, it is required to obtain government approval for the modification of land usage rights to residential, commercial or other appropriate use before such agricultural land can be used for development purposes. There can be no assurance, however, that such applications will be successful. If the applications are granted, they are likely to be subject to conditions, including the payment of land modification premiums which are typically greater than the cost of acquisition of the land. Approvals of applications may also be subject to restrictions on the area of a piece of land that may be developed for residential or commercial use. This could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Reliance on independent contractors and sub-contractors

The Group engages independent third-party contractors and sub-contractors to provide various services in connection with its property development and its infrastructure business including construction, piling and foundation, 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, in view of the tightening of credit facilities provided by banks, there is a risk that the Group's major contractors and sub-contractors may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. The timely performance by these contractors and sub-contractors may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorisms, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption of delays in transportation, all of which are beyond the control of the Group. Any of these factors may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Cost of construction materials

Construction costs are one of the main 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, foundation and substructure, 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 and its infrastructure business, 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 re-negotiate, 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 all of the increased costs onto its customers.

Construction delays

The Group is exposed to risks associated with project delays and cost overruns. Projects undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before cash proceeds are generated. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of construction materials, equipment or labour, adverse weather conditions, natural disasters, labour disputes, disputes with subcontractors, accidents, difficulties in obtaining necessary governmental approvals, changes in governmental priorities and other unforeseen circumstances. Any of these circumstances could give rise to construction delays and/or cost overruns.

Construction delays may result in the loss of revenues. Since the Group outsources the majority of its construction work to third-party contractors, it relies on its contractors to complete projects according to the agreed completion schedules and does not exercise any direct control over materials sourcing or the construction schedule of such projects. Under the Group's pre-sale contracts, it is liable to the purchasers for default payments if it fails to deliver the completed properties in accordance with the delivery schedule in these contracts, and in the case of a prolonged delay, the purchasers will be entitled to terminate the pre-sale contracts and require a refund of the purchase price in addition to the default payments. In addition, the failure to complete construction according to its specifications may result in liabilities, reduced efficiency and lower financial returns. Although most of the Group's projects have been completed on schedule and the Group has not incurred any material default liabilities due to construction delays, there can be no assurance that this will remain the case or that future projects will be completed on time, or at all, and generate satisfactory returns.

Infrastructure business

The Group, through its subsidiary NWS Holdings Limited ("**NWSH**"), has substantial investments in infrastructure projects in the PRC. In addition to the typical political risks associated with other investments in the PRC, there are a number of construction, financing, operating and other risks associated with infrastructure investments in the PRC. Infrastructure projects of the types undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before they become operational and generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in government priorities and other unforeseen circumstances. Any of these could give rise to delays in the completion of construction and/or to cost overruns. For instance, since the recent coronavirus outbreak in late-2019, toll road operations in the PRC have been affected with toll fees having been suspended since mid-February 2020, which in turn is expected to result in decreased toll fee income. The collection of toll fees for toll roads in the PRC was subsequently resumed on 6 May 2020. In relation to certain of the Group's infrastructure projects in the PRC, certain government approvals, permits, licences or consents may not yet be obtained. Delays in the process of obtaining or failure to obtain the requisite licences, permits or approvals from government agencies or authorities can also increase the cost or delay or prevent the commercial operation of a business, which could adversely affect the financial performance of the Group's PRC infrastructure business. Construction delays may result in the loss of revenues. The failure to complete construction according to its specifications may result in liabilities, reduced efficiency, delay in commencement of operations and thus lower financial returns. There can be no assurance that infrastructure projects undertaken by the Group will be completed on time, or at all, or that they will generate satisfactory returns.

Hotel business

The hotel business is sensitive to changes in global and national economies in general, and to other external factors. The recent economic downturn, coupled with Hong Kong's recent social unrest since June 2019 and in May 2020, and the global coronavirus outbreak since late-2019, have had, and any further economic downturn, social unrest or outbreaks could have, a negative impact on the level of business and leisure travel to Hong Kong, the PRC and elsewhere in South East Asia where the Group operates its hotels, which in turn has had, and may continue to have, a negative impact on the hotel industry in the region. In particular, a decline in business and leisure travel has had a negative impact on occupancy and room rates of the Group's hotels. A prolonged downturn in the hotel industry may have an adverse effect on the Group's business, operating results, financial condition and prospects.

The hotel industry may also be unfavourably affected by other factors such as government regulations, changes in local market conditions, competition in the industry, excess hotel supply or reduced international or local demand for hotel rooms and associated services, foreign exchange fluctuations, interest rate environment, the availability of finance and social factors.

Additionally, the Group's hotel operations may be adversely impacted by the Group's ability to control costs, including increases in wage levels, energy, healthcare, insurance costs and other operating expenses. This may result in lower operating profit margins or even losses and the relative mix of owned, leased and managed properties and the success of its food and beverage operations may be adversely affected.

Department store business

The Group, through its subsidiary New World Department Store China Limited ("**NWDS**"), operates a network of department stores in the PRC. The success of the department store business depends to a significant extent on NWDS' relationships with its concessionaires, which contribute a substantial amount of NWDS' revenue through the payment of commissions. NWDS also relies on its concessionaires to provide a variety of products and brands. In the event that a significant number of major brand concessionaires terminate or fail to renew their contracts with NWDS and NWDS fails to find other suitable brand concessionaires as replacements, or if the commission rate of concessionaire sales decrease, financial results of the department store business could also be adversely affected.

Most of the department stores are subject to lease agreements, and there can be no assurance that the landlord of each department store will renew the respective lease upon its expiry. In the event that NWDS ceases to occupy the leased properties, NWDS will be required to relocate or close down the relevant department store may have an adverse effect on the Group's business, operating results, financial condition and prospects.

NWDS and its concessionaires source merchandise worldwide. The standard agreement with concessionaires requires that neither the names of concessionaire stores nor the merchandise sold by them may infringe intellectual property rights, or in any other way be unlawful. In addition, the concessionaires may neither display nor sell any prohibited or illegal merchandise. The standard supply agreement with direct sales suppliers also provides that the merchandise sold by them do not infringe intellectual property rights. In the event that NWDS directly, or indirectly through its concessionaires, sells infringing goods at the department stores, NWDS may be found liable for infringement of intellectual property rights and be compelled to pay damages or penalties. Although NWDS's concessionaires and direct sales suppliers provide it with written indemnities covering the full extent of any third party liability that NWDS may incur through their operations and sales made in NWDS' department stores, there can be no assurance that NWDS can successfully obtain any such indemnity payment or that the indemnity payment will fully cover all of NWDS's costs associated with the original liability. If any claims alleging infringement of intellectual property rights are brought against NWDS or its concessionaires, the reputation of NWDS and the Group may also be damaged.

There are general risks associated with the retail business, including changing customer preferences, seasonal fluctuations, adverse weather conditions, suitable sites for expansion, sufficient human resources, obtaining and retaining direct sales suppliers, concessionaires and personnel, labour disputes and government approvals, some of which are beyond NWDS' and the Group's control. Failure to manage such risks may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Insurance business

Following the completion of acquisition of FTLife Insurance by NWSH in November 2019, FTLife Insurance became an indirect wholly-owned subsidiary of NWSH and an indirect non-wholly-

owned subsidiary of NWD. Since its completion, FTLife Insurance started its contribution to NWSH. FTLife Insurance's new products were well received in the Hong Kong market and support its business growth. Although FTLife Insurance has shown early signs of fruition in synergies, the insurance market is cyclical and faces high levels of competition. There may also be new entrants to the market or expansion by existing participants, which could then lead to increased competition, a reduction in premium rates, less favourable policy terms and fewer opportunities to underwrite insurance risks. Failure to manage such risks could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Risks relating to accidents or other hazards

The Group maintains insurance coverage in respect of 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 become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of high premium costs 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 may have an adverse effect on its business, operating results, financial condition and prospects. Further, 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 and other natural disasters may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, whilst every care is taken by the Group and its employees 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 its 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 may have an adverse effect on the Group's business, operating results, financial condition and prospects. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

Legal and regulatory considerations

The operations of the Group are subject to various laws and regulations of Hong Kong, 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 re-development 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.

Furthermore, 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 an adverse effect on the Group's business, operating results, financial condition and prospects.

Outbreaks of contagious diseases

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

In 2003, the Severe Acute Respiratory Syndrome ("**SARS**") that began in the PRC and Hong Kong had an adverse effect on all levels of business in Hong Kong and the PRC. The outbreak of SARS led to a significant decline in travel volumes and business activities throughout most of the Asian region.

Since late-2019, the outbreak of the novel coronavirus ("**COVID-19**") has resulted in a widespread and global health crisis, restrictions on travel and public transport and prolonged closures of workplaces. Such outbreak affects investment sentiment and results in sporadic volatility in global capital markets and oil prices. It has caused stock markets worldwide to lose significant value and has impacted economic activity worldwide. A number of governments have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, recession or depression despite monetary and fiscal interventions by governments and central banks globally. Any material change in the financial markets or global economy as a result of these events and development may disrupt the Group's business operations and consequently have an adverse effect on its financial condition and operating results.

Concerns about the outbreak and rapid spread of such contagious diseases, including COVID-19, have caused governments to take measures to prevent the spread of the virus. The outbreak of communicable diseases such as the ones listed above on a global scale has caused significant disruption to economies around the world, in particular the travel, tourism, hotel and retail segments and resulted in sporadic volatility in global capital markets. The outbreak of COVID-19 has resulted in restrictions on travel and transportation and prolonged closures of workplaces, businesses, schools and certain public areas which could have a material adverse effect on our business operations, financial condition and operating results. In response to the closure of certain properties due to COVID-19, rental reductions were provided to selected tenants for a limited period of time. As more travel restrictions are imposed, both locally and in terms of border-crossings, employees being asked to work from home and citizens being advised to stay at home as much as possible, traffic volumes may be adversely affected and result in lower revenues for the Group's various businesses, including hotels, toll roads, aircraft leasing, facilities management, transport, shopping malls and insurance. In particular, the impact on hotel businesses was more apparent, where the occupancy rate in hotels in Hong Kong dropped to lower than 10 per cent.. Demand for food & beverages and catering services also dropped as citizens avoided going to restaurants, hotels and other public places. In addition, toll fee exemption for vehicles travelling on all toll roads in the PRC was implemented from 17 February 2020 to 5 May 2020, which in turn affected the business operations, financial condition and operating results of the Group. There is no assurance how long such travel and transportation restrictions or advisories may be in place or whether traffic volumes will return to pre-epidemic levels even after such restrictions or advisories are lifted. Additionally, governments are taking unprecedented action to prevent the spread of COVID-19 and such current or future government

action could have a material adverse effect on the Group's business operations, financial condition and results of operations. Government measures or actions could also negatively impact the Group's contractors' ability to perform their contracts with the Group, including its construction contractors. As a result, the completion of the Group's projects may be delayed, which might in turn result in an increase in development costs, a decrease in sales and/or otherwise adversely affect the Group's financial condition and operating results. Additionally, if any of the Group's employees or the Group's contractors' employees are identified as a possible source of spreading COVID-19, Swine Flu, Avian Flu or any other similar epidemic, the Group may be required to quarantine employees that are suspected of being infected, or the Group's contractors may be required to quarantine its employees that are suspected of being infected, as well as others that have come into contact with those employees which could have an adverse effect on the Group's business operations, financial condition and operating results.

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

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

Civil unrest has had and may continue to have an adverse impact on the Group's business, financial condition or operating results

Civil unrest occurring in close proximity to the Group's shopping malls and hotels in various districts in Hong Kong, in particular the social unrest in Hong Kong since June 2019 and in May 2020, has disrupted and may further disrupt the Group's business. Protests, demonstrations or rioting have caused mass disruption to businesses and transportation and have resulted in a decrease in consumer foot traffic and 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. As a result, local businesses have been affected. There is no assurance that there will not be any future interruptions to the business and operations of the Group's shopping malls or hotels, or to the potential consumers' access to the activities therein. Civil unrest includes, without limitation, any protests occurring in close proximity to the Group's stores similar to the recent anti-extradition bill protests or the Occupy Central Movement that took place during the latter half of 2014. Moreover, inbound tourism may be affected by civil unrest or protests, with fewer tourists travelling to Hong Kong which in turn may negatively affect the Hong Kong retail market and hospitality industry. Civil unrest is outside the control of the Group and any such demonstrations, protests or riots occurring in close proximity to the Group's stores could adversely impact the Group's business, financial condition and results of operations.

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.

Limited availability of funds

The Group's businesses require substantial capital investment. The Group will require additional financing to fund working capital and capital expenditures, to support the future growth of its business and/ or to refinance existing debt obligations. The Group's core businesses will require substantial capital investment, particularly for its property development and investment, hotel, infrastructure and department store businesses. The Group has historically required and expects to continue to require 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, the 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 Hong Kong and the PRC. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on favourable terms. Any increase in interest rates would increase the cost of borrowing and adversely affect the Group's result of operations.

Joint venture risks

Co-operation and agreement among the Group and its joint venture partners on its existing or any future projects is 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 fulfill their obligations under the relevant joint venture or other agreements 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 does not have majority control of the joint venture. In most cases, the Group does, however, through contractual provisions or representatives appointed by it, have the ability to control or influence most 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.

Major shareholder of NWD

The major shareholder of NWD is Chow Tai Fook Enterprises Limited ("**CTFEL**") which, together with its subsidiaries, held approximately 44.35 per cent. of the issued share capital of NWD as at 31 December 2019. CTFEL is a private company ultimately owned as to approximately 81.03 per cent. by Chow Tai Fook Capital Limited which is controlled by the family members of the late Dato' Dr. Cheng Yu-Tung, one of the founders and the ex-chairman of NWD. CTFEL, the Cheng family members are therefore able to exert considerable influence over the management and affairs of the Group, and are able to influence the Group's corporate policies, appoint directors and officers and vote on corporate actions requiring shareholders' approval. The strategic goals and interests of CTFEL, the Cheng family members may not always be aligned with the Group's strategy and interests and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. The interests of the Group's major shareholder may also differ

from those of the Holders. Transactions between NWD and other companies in which the family has an interest, including Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, are also subject to the rules of the Hong Kong Stock Exchange which, in certain circumstances may require disclosure to, and approval from, the shareholders, excluding CTFEL, of NWD. NWD believes that all transactions between the Group and CTFEL are carried out on an arm's length basis. As a result of the above, the Group may lose some of its competitive advantage, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Franchise and licence risks

The Group and its associated companies and joint ventures operate and manage certain franchise businesses such as providing facilities services in respect of the Hong Kong Convention and Exhibition Centre (the "**HKCEC**"), operating public bus transportation services in Hong Kong, operating ferry transportation services in Hong Kong and operating duty free tobacco and alcohol sales under franchise and licence agreements. There can be no assurance that renewals of franchise and licence periods can be obtained or that if renewed, that the terms of such franchise and licence will not be on terms less favourable than currently obtained by the Group.

Intellectual property considerations

The Group has registered, or applied for registration of, various classes of the "New World" trademark for use in Hong Kong, the PRC, several other Asian countries, the USA and Canada and the "New World" trademark in Chinese (新世界) in some of these jurisdictions. Although the Group has not been subject to any intellectual property dispute in respect of the use of the "New World" trademark (both in English and Chinese), there can be no assurance that third parties will not assert trademark or other intellectual property infringement claims against the Group. Any such claims against the Group, with or without merit, as well as claims initiated by the Group against third parties, could be time consuming and expensive to defend or prosecute and resolve. If third party claims are successful, the Group may have to pay damages and legal costs, and may be restricted from using the "New World" trademark (both in English and Chinese), which may have a negative impact on the Group's reputation. The related costs or potential disruption to the Group's operations could have an adverse effect on the Group.

NWDS does not own the "新世界" (New World) trade name in Shanghai. The "新世界" (New World) trade name has been registered by an independent third party in Shanghai which operates a department store in Shanghai under such trade name. Although NWDS is neither related to nor associated with the owner of the "新世界" (New World) trade name in Shanghai or the store which it operates, negative publicity concerning such store may have an adverse impact on the image and brand recognition of NWDS, NWD or the Group. In order to avoid confusion with the department store operated in Shanghai by the independent third party, NWDS has relied on the "巴黎春天" (Ba Li Chun Tian) trade name for its Shanghai operations since 2001 pursuant to an exclusive and non-transferable licence granted by Shanghai Yimin Department Stores Joint Stock Company Limited. If the licence for the "巴黎春天" (Ba Li Chun Tian) trade name is terminated and NWDS is required to cease using the "巴黎春天" (Ba Li Chun Tian) trade name, NWDS will have to undertake measures, including the use of other trade marks or names for its stores in Shanghai. This may lead to additional marketing and advertising expenses for the purpose of promotion of a new trade mark or brand for stores in Shanghai and there can be no assurance that the use of other trade names or marks will be able to generate a level of reputation similar to that of the "巴黎春天" (Ba Li Chun Tian) trade name.

Generally, a deterioration in the Group's brand image, or any failure to protect the Group's brand and intellectual property rights, could have a negative impact on the Group's business. The

Group's images play an integral role in all of the business operations. Any negative incident or negative publicity concerning the Group could adversely affect the Group's reputation and business. Brand value is based largely on subjective consumer perceptions and can be damaged even by isolated incidents that degrade consumer trust. Consumer demand for the Group's products and the Group's brand value could diminish significantly if the Group fails to preserve the quality of the products, or fail to deliver a consistently positive consumer experience, or if the Group is perceived to act in an unethical or socially irresponsible manner. In addition, any unauthorised use of the Group's brands, trademarks and other intellectual property rights could harm the Group's competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorised use is difficult. The measures the Group take to protect the Group's intellectual property rights may not be adequate. If the Group is unable to adequately protect the brand, trademarks and other intellectual property rights, the Group may lose these rights and the Group's business may suffer materially.

Risks Relating to the PRC

The Group is subject to the political and economic risks of doing business in the PRC

A significant portion of the Group's operations are located in the PRC. NWD expects that the Group will make further investments in the PRC, and that the Group's assets in the PRC will continue to account for a sizeable share of its overall income base. NWD's trading and financial condition, results of operations and future prospects depend to a large extent on the success of the Group's operations in the PRC and are subject, to a significant degree, to the political and economic situation and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including, but not limited to:

- extent of government involvement;
- level of development;
- growth rate;
- economic and political structure;
- control of foreign exchange;
- allocation of resources; and
- regulation of capital reinvestment.

While the PRC economy has experienced significant growth in the past 25 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy but may also have a negative effect on the Group's operations. For example, the Group's business and financial condition may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC

government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There is no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business and financial condition.

The legal system in the PRC is less developed than in certain other countries and laws in the PRC may not be interpreted and enforced in a consistent manner

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

Real estate is a highly regulated sector in Mainland China

The supply of land in Mainland China is controlled and regulated by the PRC government. The land supply policies adopted by the PRC government directly impact the Group's ability to acquire land use rights for development and the costs of such acquisitions. For example, in recent years, the PRC government has introduced a series of measures (and may implement further measures) to curb its overheating economy, including policies to prevent excessive rises in property prices in certain cities and sectors such as taxing capital gains to discourage speculation, restricting purchases of real estate by foreigners, limiting the amount of luxury villa developments and tightening of credit available to real estate developers and individual purchasers. Property developers must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC government adjusts its macroeconomic policies to encourage or restrict property development which may have a direct impact on the Group's business.

The PRC government's restrictive measures to control the property development industry's rate of growth could limit the Group's access to capital resources, reduce market demand and increase the Group's operating costs. The PRC government may adopt additional and more stringent measures in the future, which may further slow the development of the industry and materially and adversely affect the Group's business and result of operations. In particular, any additional or more stringent measures imposed by the PRC government in the future to curb high-end residential/mixed use real estate projects may materially and adversely affect the Group's business and results of operations.

The Group may, under certain land clearance agreements with relevant land authorities, be required to assist local governments with clearing land and relocating original residents with respect to some of its development property projects in accordance with the relevant PRC laws and regulations.

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

Although the Group has never been subject to any such penalties or required to pay idle fees or forfeit any of its land in the PRC, there can be no assurance that circumstances leading to possible forfeiture of land or delays in the completion of a project may not arise in the future.

Further, the Group must obtain various permits, certificates, relevant approvals from the relevant administrative authorities at various stages of development, including land use rights document, planning permits, construction permits and confirmation of completion and acceptance. Each approval is dependent on the satisfactory compliance with certain requirements or conditions. The Group can give no assurance that it will not encounter material delays or other impediments in fulfilling the conditions precedent to obtain these approvals.

These measures have to date focused on tier-one and tier-two cities, there is a risk that similar measures will be introduced in tier-three and tier-four cities which would have an adverse impact on the Group's developments in such cities.

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

The Group's ability to arrange adequate financing for land acquisitions or development properties on terms that will allow it to earn reasonable returns depends on a number of factors, many of which are beyond the Group's control. The PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten lending requirements for property developers, which, among other things:

- forbid PRC commercial banks from extending loans to property developers to finance land premiums;
- restrict PRC commercial banks from extending loans for the development of luxury residential properties;

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

The PBoC adjusts the reserve requirement ratio for commercial banks to curtail overheating of the property sector, or, as the case may be, in order to stimulate the PRC economy. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBoC against deposits (including margin deposits such as acceptances, letters of credit and letters of guarantee) made by their customers. Further increases in the bank reserve requirement ratio may negatively impact the amount of funds available to lend to businesses, including to the Group, by commercial banks in Mainland China. The China Banking and Insurance Regulatory Commission (the "**CBIRC**") also regulates the provision of 'shadow finance' in the form of wealth management products by banks and trust companies to curtail overheating of the property sector and to protect investors. The regulations include limitations on the pooling of assets, on the proportion of wealth management products relative to other assets, on proprietary trading and on the disclosure associated with the marketing of wealth management products.

The Group cannot assure investors that the PRC government will not introduce other initiatives which may limit the Group's access to capital resources. The foregoing and other initiatives introduced by the PRC government may limit the Group's flexibility and ability to use bank loans or other forms of financing to finance the Group's development properties and therefore may require the Group to maintain a relatively high level of internally sourced cash. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

Currency risks

A significant portion of the Group's revenue is denominated in Renminbi and must be converted to pay dividends or make other payments in freely convertible currencies. Under the PRC's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, strict foreign exchange controls continue to be implemented in respect of capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities.

Inflation risks

In recent years, the PRC economy has experienced periods of rapid expansion and highly fluctuating rates of inflation. During the past ten years, the rate of inflation in China has been as high as 5.9 per cent. and as low as -0.7 per cent., and as at June 2019, the consumer price index in China increased by 2.7 per cent. year over year, according to the National Bureau of Statistics of China. That has led to the adoption by the PRC government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the PRC government to impose controls on credit or prices, or to take other action, which could inhibit economic activity in China, which could materially and adversely affect our business, financial condition and results of operations.

In particular, such inflation in the PRC may result in increased construction and funding costs for the Group. The PRC government uses various measures to control inflation, including increasing

benchmark lending rates and reserve ratios on several occasions. As commercial banks in Mainland China link the interest rates on their loans to benchmark lending rates published by the PBoC, any increase in such benchmark lending rates will increase the funding costs for the Group. The PRC government is expected to continue to manage liquidity, cool down the real estate market and use price controls when needed. The Group's business, financial condition and results of operations in Mainland China may be adversely affected by increased construction and funding costs.

Pre-sale

Changes in laws and regulations with respect to pre-sale may also adversely affect the Group's cash flow position and performance. The Group uses proceeds from the pre-sale of its properties as a source of financing for its construction costs. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence the pre-sale of their property development projects and may use pre-sale proceeds to finance their developments. There can be no assurance that the PRC governmental authority will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group's properties are an important source of financing for its property developments. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditure the Group must incur prior to obtaining the pre-sale permit or any restriction on the use of pre-sale proceeds, would extend the time period required for recovery of the Group's capital outlays and would result in its needing to seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cash flow results of operations and financial condition.

The PRC tax authorities may challenge the basis on which the Group calculates its land appreciation tax ("LAT") obligations

Under PRC tax laws and regulations, the Group's properties developed for sale or transfer are subject to LAT, which is collected by local tax authorities. All income from the sale or transfer of land use rights relating to state-owned land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30 per cent. to 60 per cent. of the appreciation value as defined by the relevant tax laws, with certain exceptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20 per cent. of the total deductible items as defined in the relevant tax laws. In May 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection of Land Appreciation Tax that requires that the minimum LAT prepayment rate must be no less than 2 per cent. for provinces in eastern China, 1.5 per cent. for provinces in central and northeastern China and 1 per cent. for provinces in western China. If the LAT is calculated based on the authorized taxation method (核定徵收), the minimum taxation rate shall be 5 per cent. in principle. On 28 December 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises which came into effect on 1 February 2007 (the "**LAT Notice**"). Under the LAT Notice, local tax authorities can formulate their own implementation rules according to the notice and local situations and there are uncertainties as to how they will enforce this notice. In the event that relevant tax authorities change their requirements as to the amount or timing of payment of provisional LAT, the Group's cash flow may be materially and adversely affected.

The Group's management believes that it estimates and makes provision for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations, but only pays a portion of such provision each year as required by the local tax authorities. Although the Group's management believes that such provisions are sufficient, there can be no assurance that the tax authorities will agree with the basis on which the Group calculates its LAT obligations. In the event

that the local tax authorities believe a higher rate of LAT should be paid, the financial position of the Group may be adversely affected.

Specifically, in respect of development projects which have been completed and are eligible for tax audit, the NWCL Group has estimated and made provisions for the full amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations. In the event that the tax authorities collect the LAT that the NWCL Group has provided for in its accounts, the NWCL Group's will incur a cash outlay. Furthermore, in the event that LAT eventually collected by the tax authorities upon completion of the tax audit exceeds the amount that the NWCL Group has provided for, its net profits after tax may also be adversely affected. In respect of property developments that have not met the tax audit eligibility criteria, the NWCL Group has paid and will continue to pay provisional LAT as required by the tax authorities. The LAT that is ultimately payable upon completion of the tax audit of such projects in the future may be greater than the provisional LAT incurred by the NWCL Group which may adversely affect the business and financial condition of the NWCL Group.

Risks Relating to the Securities

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

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

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

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

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

The Issuer may, at its sole discretion, elect to defer any scheduled Distribution on the Securities for any period of time if, during the three months ending on the day before that scheduled Distribution Payment Date an Optional Deferral Event (as defined in "*Terms and Conditions of the Securities*") has occurred. Each of the Issuer and the Guarantor is subject to certain restrictions in relation to the payment of dividends and/or other distributions or payments on its Junior Securities or Parity Securities (as described in the Conditions) and the redemption and repurchase of its Junior Securities or Parity Securities until all outstanding Arrears of Distribution are satisfied. The Issuer is not subject to any limits as to the number of times Distributions can be deferred pursuant to the Conditions subject to compliance with the foregoing restrictions. Although Distributions are cumulative, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the Holders, and Holders have no rights to claim any Distribution, Arrears of Distribution or Additional Distribution Amount if there is such a deferral.

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

The Securities may be redeemed at the Issuer's option at any time on or after six years and three months after the Issue Date or the occurrence of certain other events

The Conditions provide that the Securities are redeemable at the option of the Issuer in whole, but not in part, at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption.

The Issuer also has the right to redeem the Securities at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption if (a) there are any amendments or changes to the Relevant Accounting Standard such that the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard, or (b) there are any changes to the laws or regulations of Hong Kong (in the case of the Guarantor) or the British Virgin Islands (in the case of the Issuer) or any political subdivision or any authority thereof or therein having power to tax such that the Issuer or the Guarantor has or will become obliged to pay additional amounts in respect of tax on the Securities or the Guarantee of the Securities as referred to in the Conditions. In addition, upon the occurrence of a Change of Control, the Issuer will give notice to Holders and the Fiscal Agent (in accordance with the "Terms and Conditions of the Securities") stipulating that a Change of Control has occurred and whether or not it will redeem the Securities at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amounts). The Securities may also be redeemed in the event that at least 75 per cent. in principal amount of the Securities originally issued has already been redeemed or purchased and cancelled.

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

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

Any scheduled Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings is limited to circumstances where payment has become due and the Issuer (failing which, the Guarantor) fails to make the payment when due and such failure continues for a period of ten days or more. The only remedy against the Issuer and the Guarantor available to any Holder of Securities, for recovery of amounts in respect of the Securities and/or the Guarantee of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities and/or the Guarantee of the Securities will be proving in such Winding-Up and/or claiming in the liquidation of the Issuer and/ or the Guarantor in respect of any payment obligations of the Issuer and/or the Guarantor arising from the Securities and/or the Guarantee of the Securities. In order to exercise such a remedy, Holders of not less than 5 per cent. in aggregate principal amount of the Securities will be required to take action collectively, and individual Holders holding less than such amount will not be able to proceed without the support of other Holders.

The Securities contain provisions regarding modification and waivers which may affect the rights of Holders

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

contrary to the majority. In addition, an Extraordinary Resolution in writing signed by or on behalf of the Holders of not less than 90 per cent. of the aggregate principal amount of Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held.

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

Majority interests in meetings of holders of the Securities

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

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

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

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

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the Securities. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

The Securities may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular and any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, 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;

- understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- 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.

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

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

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

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

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

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

Investors in the Securities may be subject to foreign exchange risk

The Securities are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars will be subject to foreign exchange risks by virtue of an investment in the Securities, due to, among other things, economic, political and other factors over which neither the Issuer nor the Guarantor has any control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Securities for an investor and could result in a loss when the return on the Securities is translated into such currency. Conversely, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Securities in the event of an appreciation.

The Securities are issued by a special purpose vehicle

The Issuer was established specifically for the issuance of debt securities (including, but not limited to, issuing the Securities) and on-lending the net proceeds from such issuances (including, but not limited to, the issue of the Securities) to the Guarantor. The Issuer does not have any

business activities other than the issue of debt securities, and its ability to make payments under the Securities will depend on their receipt of timely remittance of funds from the Guarantor and/or its subsidiaries. There is no assurance that the Issuer will be able to receive sufficient funds from the Guarantor and/or its subsidiaries to make payments under the Securities or any other securities issued by the Issuer.

TERMS AND CONDITIONS OF THE SECURITIES

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Securities, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Securities.

The U.S.$650,000,000 5.25 per cent. guaranteed senior perpetual capital securities (the "**Securities**", which expression includes any further securities issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of NWD Finance (BVI) Limited (the "**Issuer**") are constituted by a deed of covenant dated 22 June 2020 (as amended and/or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are the subject of (a) a deed of guarantee dated 22 June 2020 (as amended and/or supplemented from time to time, the "**Deed of Guarantee**") entered into by New World Development Company Limited (the "**Guarantor**") and (b) a fiscal agency agreement dated 22 June 2020 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Securities), The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Securities), the transfer agent named therein (the "**Transfer Agent**", which expression includes any successor or additional transfer agent appointed from time to time in connection with the Securities), the calculation agent named therein (the "**Calculation Agent**", which expression includes any successor or additional calculation agent appointed from time to time in connection with the Securities) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Securities). References herein to the "**Agents**' 'are to the Registrar, the Fiscal Agent, the Transfer Agent, the Calculation Agent and the Paying Agent(s) and any reference to an "**Agent**" is to any one of them. Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and subject to their detailed provisions. The Holders (as defined in Condition 3(a) (*Register, Title and Transfers —Register*)) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant are available for inspection by Holders with prior written notice during normal business hours at the principal office for the time being of the Fiscal Agent, being at the date hereof Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form and Denomination

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

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

(a) *Status of the Securities*: The Securities constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Guarantee of the Securities; Status of the Guarantee of the Securities*: The Guarantor has, in the Deed of Guarantee, unconditionally and irrevocably guaranteed the due and punctual payment of all sums payable by the Issuer in respect of the Securities. This guarantee (the "**Guarantee of the Securities**") constitutes a direct, general, unsecured, unconditional and unsubordinated obligations of the Guarantor which ranks at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the

Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Securities outside the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (each, a "**Certificate**") will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Upon issue, the Securities will be represented by a Global Certificate deposited with and registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). The Conditions are modified by certain provisions contained in the Global Certificate. See "The Global Certificate".*

(b) *Title*: The Holder of each Security shall (except as otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are Authorised Denominations. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor. No transfer of title to a Security will be valid unless and until entered on the Register.

Transfers of interests in the Securities evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(d) *Registration and delivery of Certificates*: Within five business days of the surrender of a Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day, excluding a Saturday and a Sunday, on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

Except in the limited circumstances described herein (see "The Global Certificate"), owners of interests in the Securities will not be entitled to receive physical delivery of Certificates.

(e) *No charge*: The transfer of a Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Holders may not require transfers to be registered during (i) the period of 15 days ending on the due date for any payment of principal or Distribution (as defined in Condition 4(a) (*Distribution — Accrual of Distribution*)) in respect of the Securities or (ii) during the period of 15 days ending on (and including) any date on which the Securities may be called for redemption by the Issuer at its option pursuant to Condition 5 (*Redemption and Purchase*).

(g) *Regulations concerning transfers and registration*: All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The parties to the Agency Agreement may agree, without the consent of the Holders, to any modifications to any provisions thereof (including the regulations concerning the transfer of Securities). A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

4. Distribution

(a) *Accrual of Distribution*: Subject to Condition 4(d) (*Distribution — Distribution Deferral*), the Securities confer a right to receive distribution (each a "**Distribution**") from 22 June 2020 (the "**Issue Date**") at the applicable Distribution Rate in accordance with this Condition 4. Subject to Condition 4(d) (*Distribution — Deferral of Distribution*), Distribution shall be payable on the Securities semi-annually in equal instalments in arrear on 22 June and 22 December of each year (each, a "**Distribution Payment Date**"), with the first Distribution Payment Date falling in December 2020.

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

Subject to Condition 4(c) (*Increase in Distribution following a Change of Control*), the amount of Distribution payable on each Distribution Payment Date shall be calculated by applying the applicable Distribution Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Security divided by the Calculation Amount, where "**Calculation Amount**" means U.S.$1,000 and "**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

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

(b) *Rate of Distribution*: Subject to Condition 4(c) (*Increase in Distribution following a Change of Control*), the rate of distribution (the "**Distribution Rate**") applicable to the Securities shall be:

(i) from, and including, the Issue Date to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and

(ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate.

(c) *Increase in Distribution following a Change of Control*:

(i) *Increase in Distribution Rate:* Upon the occurrence of a Change of Control, unless an irrevocable notice to redeem the Securities has been given to Holders by the Issuer pursuant to Condition 5(e) (*Redemption and Purchase — Redemption for Change of Control*) by the 30th day following the occurrence of the Change of Control, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (i) the next Distribution Payment Date; or (ii) if the date on which a Change of Control occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date.

(ii) *Decrease in Distribution Rate*: If following an increase in the Distribution Rate upon the occurrence of a Change of Control pursuant to Condition 4(c)(i) (*Increase in Distribution Rate*) such Change of Control is cured, remedied, no longer applicable or no longer continuing, then upon notification to the Holders and the Fiscal Agent accompanied by a certificate, signed by two directors of the Guarantor, stating that the Change of Control has been cured, remedied, is no longer applicable or is no longer continuing (as the case may be) and setting out the details of such circumstances, the Distribution Rate will decrease by 3.00 per cent. per annum with effect from the next Distribution Payment Date immediately following the date of the notification referred to in this Condition 4(c)(ii), provided that the maximum aggregate decrease in the Distribution Rate pursuant to this Condition 4(c)(ii) shall be 3.00 per cent.

(d) *Distribution Deferral*:

(i) *Optional Deferral*: The Issuer may, at its sole discretion, elect to defer Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an "**Optional Deferral Notice**") to the Holders (in accordance with Condition 14 (*Notices*)) not more than 10 nor less than 5 Business Days prior to a scheduled Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date no dividend, distribution or other payment has been paid or declared by the Issuer or the Guarantor on or in respect of its Junior Securities or its Parity Securities (except in connection with any benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants) (an "**Optional Deferral Event**").

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

(iii) *Requirements as to Notice*: Each Optional Deferral Notice shall be accompanied by a certificate in the form scheduled to the Agency Agreement signed by an authorised signatory of the Guarantor confirming that an Optional Deferral Event has occurred and is continuing.

(iv) *Cumulative Deferral*: Any Distribution deferred pursuant to this Condition 4(d) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the foregoing

notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution may be deferred pursuant to this Condition 4(d) except that Condition 4(d)(v) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

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

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

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

(B) at its discretion redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities, provided that such restriction shall not apply to an exchange by the Issuer or the Guarantor of any of its Parity Securities for Junior Securities or in relation to Parity Securities, on a *pro-rata basis*,

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

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

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

(B) in any event must satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earlier of (1) the date of redemption of the Securities in accordance with Condition 5(b) (*Redemption and Purchase — Redemption for tax reasons*), 5(c) (*Redemption and Purchase — Redemption for accounting reasons*), 5(d) *(Redemption and Purchase — Redemption at the option of the Issuer*), 5(e) (*Redemption and Purchase — Redemption for Change of Control*) or 5(f) (*Redemption and Purchase – Redemption for minimum outstanding amount*); (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(d)(v)

(*Distribution — Restrictions in the case of Deferral*) and (3) the date such amount becomes due under Condition 8 (*Non-payment*).

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

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

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

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

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

(i) any Person or Persons acting together acquires 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;

(ii) 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; or

(iii) one or more Persons acquires the beneficial ownership of all or substantially all of the Guarantor's issued share capital;

"**Comparable Treasury Issue**" means the U.S. Treasury security selected by the Issuer as having a maturity of 5 years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of 5 years;

"**Comparable Treasury Price**" means:

(i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third New York Business Day preceding the relevant Reset Date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities"; or

(ii) if such release (or any successor release) is not published or does not contain such prices on such New York Business Day:

(A) the average of the Reference Treasury Dealer Quotations for the relevant Reset Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations; or

(B) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations, if the Comparable Treasury Price cannot be determined in accordance with the above provisions, as determined by the Independent Investment Bank;

"**Control**" means the acquisition or control of more than 50 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;

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

"**Independent Investment Bank**" means an independent investment bank of international repute (acting as an expert) selected by the Issuer (at the expense of the Issuer) and notified to the Fiscal Agent and Calculation Agent in writing;

"**Initial Spread**" means 4.889 per cent.;

"**Junior Securities**" means:

(i) in respect of the Issuer, (a) any class of the Issuer's share capital (including preference shares) qualifying as equity under HKFRS, (b) any instrument or security issued or entered into by or other obligation of the Issuer which ranks, or is expressed to rank, junior to the Issuer's obligations under the Securities, and (c) any security or other obligation guaranteed by the Issuer where the Issuer's obligations under the relevant guarantee rank or are expressed to rank junior to the Issuer's obligations under the Securities, in each case where the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer, and

(ii) in respect of the Guarantor, (a) any class of the Guarantor's share capital (including preference shares) qualifying as equity under HKFRS, (b) any instrument or security issued or entered into by or other obligation of the Guarantor which ranks or is expressed to rank junior to the Guarantor's obligations under the Guarantee of the Securities, and (c) any security or other obligation guaranteed by the Guarantor where the Guarantor's obligations under the relevant guarantee rank or are expressed to rank junior to the Guarantor's obligations under the Guarantee of the Securities, in each case where the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Guarantor;

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

"**Parity Securities**" means, in relation to the Issuer or the Guarantor, as the case may be, any instrument or security issued, entered into or guaranteed by the Issuer or the Guarantor (i) which ranks or is expressed to rank, by its terms or by operation of law, pari passu with the Securities and (ii) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer or, as the case may be, the Guarantor;

a "**Person**", as used in this Condition 4 and in Condition 5(e) (*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) but does not include (i) the Guarantor's board of directors or any other governing board; (ii) the Guarantor's wholly-owned direct or indirect subsidiaries; (iii) late Dato' Dr. Cheng Yu-Tung, his relatives and/or extended family and/or companies

which are controlled by any of them and/or trusts in which late Dato' Dr. Cheng Yu-Tung, his relatives and/or extended family and/or companies which are controlled by any of them are beneficiaries and/or interests associated with any or some of them; and (iv) Chow Tai Fook Enterprises Limited ("**CTFEL**") and its Affiliates. For this purpose, "**Affiliates**" of CTFEL means any Person directly or indirectly Controlling, Controlled by or under common control with CTFEL;

"**Reference Treasury Dealer**" means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer in New York, selected by the Issuer (at the expense of the Issuer);

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any Reset Date, the average as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 5:00 p.m. on the third business day pursuant to Condition 4 (*Distribution*)) preceding such Reset Date;

"**Reset Date**" means the First Reset Date and each date that falls 5, or a multiple of 5, years following the First Reset Date;

"**Reset Distribution Rate**" means, in respect of any respective Reset Period, the applicable Distribution Rate per annum as calculated by the sum of (x) the U.S. Treasury Benchmark Rate in relation to that Reset Period, (y) the Initial Spread and (z) the Step-up Margin;

"**U.S. Treasury Benchmark Rate**" means the rate notified by the Calculation Agent to the Issuer and the Holders (in accordance with Condition 14 (*Notices*)) in per cent. per annum equal to the yield, under the heading that represents the average for the week ending two New York Business Days prior to each Reset Date for calculating the Distribution Rate under sub-paragraph (b)(ii) (*Rate of Distribution*) of Condition 4 (*Distribution*), appearing in the most recently published statistical release designated "H.15(519)" (weblink: http://www.federalreserve.gov/releases/h15/current/default.htm) or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded US Treasury securities adjusted to constant maturity under the caption "Treasury constant maturities" for the maturity corresponding to the Comparable Treasury Issue. If such release (or any successor release) is not published during the week preceding the relevant date for calculation or does not contain such yields, "**U.S. Treasury Benchmark Rate**" means the rate in per cent. per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the applicable Reset Date under paragraph Condition 4(b) (*Distribution - Rate of Distribution*); and

"**Step-up Margin**" means 3.00 per cent.

5. Redemption and Purchase

(a) *No fixed redemption date*: The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2 (*Status of the Securities and the Guarantee of the Securities*) and without prejudice to Condition 8 (*Non-payment*)), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) *Redemption for tax reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days'

notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any), if:

(i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 June 2020; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Securities) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Securities, or the Guarantor has or will become obliged to make any such withholding or deductions as to referred to in Condition 7 (*Taxation*) or the Guarantee of the Securities as the case may be, from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Securities, in either case 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 16 June 2020 and (B) 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 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Securities were then due or (as the case may be) a demand under the Guarantee of the Securities were then made.

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

(A) a certificate, signed by two directors of the Issuer, stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate, signed by two directors of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and

(B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment, provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

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

(c) *Redemption for accounting reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any), if, as a result of any changes or amendments to HKFRS or any other accounting standards that may replace HKFRS for the purposes of the consolidated financial statements of the Guarantor (the "**Relevant Accounting Standard**"), the Securities and/or the Guarantee of the Securities must not or must no

longer be recorded as "**equity**" of the Guarantor on a consolidated basis pursuant to the Relevant Accounting Standard.

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

(A) a certificate, signed by two directors of the Guarantor, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) an opinion of the Guarantor's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect, provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

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

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

(d) *Redemption at the option of the Issuer*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, on any business day on or after 22 March 2026 (each, a "**Call Date**") on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Date at their principal amount plus Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any)).

(e) *Redemption for Change of Control*: Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent in accordance with Condition 14 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control, stipulating that a Change of Control has occurred and whether or not it will redeem the Securities pursuant to this Condition 5(e). A notice given by the Issuer stipulating that it will redeem the Securities pursuant to this Condition 5(e) shall: (A) stipulate the Change of Control Call Date; (B) be irrevocable; and (C) oblige the Issuer to redeem the Securities on the Change of Control Call Date at their principal amount together with Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any).

The "**Change of Control Call Date**" shall be a date not less than 30 nor more than 60 days from the date of the notice referred to in the paragraph above.

(f) *Redemption for minimum outstanding amount*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Holders (which notice will be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any) if prior to the date of such notice at least 75 per cent. in principal amount of the Securities originally issued (including any further Securities issued pursuant to Condition 13 (*Further Issues*) and consolidated and forming a single series with the Securities) has already been redeemed or purchased and cancelled.

(g) *No other redemption*: The Issuer shall not be entitled to redeem the Securities and shall have no obligation to make any payment of principal in respect of the Securities otherwise than as provided in Conditions 5(b) (*Redemption for tax reasons*) to 5(f) (*Redemption for minimum outstanding amount*) above.

(h) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Securities in the open market or otherwise and at any price.

(i) *Cancellation*: All Securities so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.

The Agent shall not be required to take any steps to ascertain whether any event as provided in Conditions 5(b) (*Redemption for tax reasons*) to 5(f) (*Redemption for minimum outstanding amount*) above has occurred.

6. Payments

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

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

(c) *Payments subject to fiscal laws*: All payments in respect of the Securities are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and Distribution payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of Distribution payable other than on redemption) on the due date for payment. A Holder of a Security shall not be entitled to any Distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day, other than a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in New York City, Hong Kong and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

So long as the Securities are represented by the Global Certificate, each payment 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 of payment, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Security, the Issuer shall procure that the amount and date of such payment are noted on the

Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) *Record date*: Each payment in respect of a Security will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

7. Taxation

All payments of principal and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is as required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Security:

(a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Security; or

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

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

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

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands or Hong Kong, respectively, references in these Conditions to the British Virgin Islands or Hong Kong shall be construed as references to the British Virgin Islands or (as the case may be) Hong Kong and/or such other jurisdiction.

The Agent shall not be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Holder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), Distribution or other amount under or in respect of the Securities without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8. Non-payment

(a) *Non-payment when due*: Notwithstanding any of the provisions below in this Condition 8, the right to institute Winding-Up (as defined in Condition 8(e) (N*on-payment — Definitions*)) proceedings is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to defer that Distribution in accordance with Condition 4(d) (*Distribution — Distribution Deferral*).

(b) *Proceedings for Winding-Up*: If (i) an order is made or an effective resolution is passed for the Winding-Up of the Issuer or the Guarantor or (ii) the Issuer or the Guarantor shall not make payment in respect of the Securities or the Guarantee of the Securities, as the case may be, for a period of ten days or more after the date on which such payment is due, the Issuer and the Guarantor shall be deemed to be in default under the Securities (in the case of the Issuer) and the Guarantee of the Securities (in the case of the Guarantor) and Holders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Securities may institute proceedings for the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or prove in the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or claim in the liquidation of the Issuer, the Guarantor or both of them (as applicable) for such payment.

(c) *Enforcement*: Without prejudice to Condition 8(b) (*Non-payment — Proceedings for Winding-Up*), Holders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Securities may without further notice to the Issuer and/or the Guarantor institute such proceedings against the Issuer, the Guarantor or both of them (as applicable) as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor under the Securities or the Guarantee of the Securities (other than any payment obligation of the Issuer or the Guarantor under or arising from the Securities or the Guarantee of the Securities, including, without limitation, payment of any principal or premium or satisfaction of any Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities or the Guarantee of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) *Extent of Holders' remedy*: No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 8, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Securities or the Guarantee of the Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities or the Guarantee of the Securities.

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

9. Prescription

Claims for principal and Distribution on redemption shall become void unless the relevant Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Agents

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

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, fiscal agent, agent bank and additional or successor paying agent and transfer agent; **provided, however, that** the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar.

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

12. Meetings of Holders; Modification

(a) *Meetings of Holders*: The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Securities, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Holders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, two or more persons being or representing Holders whatever the principal amount of the Securities held or represented; **provided, however, that** certain proposals (including any proposal to change any date fixed for payment of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, to reduce the amount of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) payable on any date in respect of the Securities, to alter the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, to change the currency of payments under the Securities, to amend the terms of the Guarantee of the Securities or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which two or more persons holding or representing not less than 66 per cent. or, at any adjourned meeting, 33 per cent. of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

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

So long as the Securities are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Holders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

(b) *Modification*: The Securities, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Holders to modify any provision of a formal, minor or technical nature or to correct a manifest error. 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 Holders, 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 such parties, not materially prejudicial to the interests of the Holders.

13. Further Issues

The Issuer may (with the prior written consent of the Guarantor) from time to time, without the consent of the Holders, create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of Distribution) so as to form a single series with the Securities.

14. Notices

Notices to the Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Holders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

15. Governing Law and Jurisdiction

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

(b) *Jurisdiction*: The Issuer (i) agrees for the benefit of the Holders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Securities (including any non-contractual obligation arising out of or in connection with the Securities); (ii) agrees that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; and (iii) has designated a company in England to accept service of any process on its behalf.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Securities in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

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

Under the Global Certificate, the Issuer, for value received, promises to pay distributions on such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

The Global Certificate will become exchangeable in whole, but not in part, for individual certificates ("**Individual Certificates**") if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) upon a Winding-Up (as defined in the Conditions) of the Issuer or the Guarantor.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Securities scheduled thereto and, in particular, shall be effected without charge to any Holder or the Agents, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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

Record date: Notwithstanding Condition 6(f) (*Record date*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**"), each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Notices: Notwithstanding Condition 14 (*Notices*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or an Alternative Clearing System, notices to Holders of Securities represented by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

Determination of entitlement: The Global Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined in accordance with the Register and only the Holder is entitled to payment in respect of the Global Certificate.

Electronic Consent: While the Securities evidenced by the Global Certificate are registered in the name of any nominee for, or a nominee for any common depositary for, Euroclear, Clearstream or any Alternative Clearing System (as the case may be), then (a) approval of a resolution proposed by the Issuer or the Guarantor (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Securities then outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including in relation to Reserved Matters (as defined in the Agency Agreement)), take effect as an Extraordinary Resolution passed at a meeting of Holders duly convened and held, and shall be binding on all Holders whether or not they participated in such Electronic Consent; and (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, subject to certain requirements set out in the Agency Agreement, the Issuer, the Guarantor and the Fiscal Agent shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the Guarantor or the Fiscal Agent, as the case may be, by accountholders in the relevant clearing system with entitlements to Securities evidenced by the Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds such entitlement directly with the accountholder or via one or more intermediaries.

USE OF PROCEEDS

The net proceeds from the issue of the Securities will be approximately U.S.$645,000,000 which will be used for the Guarantor's general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Guarantor

As at 31 December 2019, the issued share capital of the Guarantor was approximately 10,226.4 million ordinary shares.

The following table sets forth the total capitalisation and indebtedness of the Guarantor as at 31 December 2019, which has been extracted from the unaudited condensed consolidated statement of financial position of the Guarantor as at the same date. This table should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2019 and the notes thereto.

	As at 31 December 2019		
	Actual	**As Adjusted**	**As Adjusted**
	HK$ million	*HK$ million*	*US$ million*[(1)]
Current portion of borrowings and other interest-bearing liabilities			
Short-term borrowings and current portion of long-term borrowings and other interest-bearing liabilities	44,931.9	44,931.9	5,760.5
Non-current portion of borrowings and other interest-bearing liabilities			
Long-term borrowings and other interest-bearing liabilities[(2)]	141,163.7	141,163.7	18,097.9
Total borrowings and other interest-bearing liabilities	186,095.6	186,095.6	23,858.4
Shareholders' funds			
Share capital	77,939.6	77,939.6	9,992.2
Reserves	138,334.3	138,334.3	17,735.2
	216,273.9	216,273.9	27,727.4
Perpetual capital securities	30,447.1	30,447.1	3,903.5
Perpetual capital securities to be issued[(3)]	-	5,070.0	650.0
Total capitalisation[(4)]	387,884.7	392,954.7	50,378.8
Current portion of total borrowings and total capitalisation	432,816.6	437,886.6	56,139.3

Notes:

(1) A rate of HK$7.80 to US$1.00 was adopted for the conversion of Hong Kong dollars to US dollars.

(2) On 19 May 2020, NWD (MTN) Limited issued U.S.$600 million in aggregate principal amount of 4.50 per cent. guaranteed notes due 2030 under the U.S.$6 billion guaranteed medium term note programme which are unconditionally and irrevocably guaranteed by the Guarantor, which have not been accounted for in this table.

(3) Perpetual capital securities to be issued represent the aggregate principal amount of the Securities, before deduction of underwriting fees and commissions, and other estimated transaction expenses payable.

(4) Total capitalisation represents non-current portion of borrowings and other interest-bearing liabilities, shareholders' funds, perpetual capital securities issued as at 31 December 2019 and perpetual capital securities to be issued.

Other than as stated herein, there has been no material change in the capitalisation and indebtedness of the Guarantor since 31 December 2019.

Capitalisation and Indebtedness of the Issuer

As at 2 April 1992, the date of its incorporation, NWD Finance (BVI) Limited was authorised to issue a maximum of 50,000 U.S.$1.00 par value shares of a single class and series, of which one share is held by the Guarantor. As at the date of this Offering Circular, NWD Finance (BVI) Limited has issued securities in an aggregate principal amount of U.S.$2,500,000,000.

DESCRIPTION OF THE ISSUER

Formation

NWD Finance (BVI) Limited was incorporated as an international business company on 2 April 1992 under the International Business Companies Act (Cap 291) of the British Virgin Islands (Company Number: 60211) and was automatically re-registered as a business company on 1 January 2007 under the BVI Business Company Act 2004 of the British Virgin Islands. Its registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Issuer is a wholly-owned subsidiary of NWD.

Business Activity

The Issuer was established pursuant to the unrestricted objects and powers set out in its memorandum of association. 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 wholly-owned subsidiary of NWD and those incidental to the issuance of securities from time to time.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

Directors and Officers

The directors of the Issuer are Messrs. Sitt Nam-Hoi, Lam Jim and Yam Yuen-Tung, each of their business addresses is c/o NWD at 30/F., New World Tower, 18 Queen's Road Central, Hong Kong. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer.

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

DESCRIPTION OF THE GUARANTOR

Introduction

NWD is the holding company of one of the largest Hong Kong-based property developers listed on the Hong Kong Stock Exchange in terms of market capitalisation. Established in 1970, NWD was listed on the Hong Kong Stock Exchange in 1972 and its shares are currently a constituent stock of the Hang Seng Index. As at 31 December 2019, based on the closing price of its shares on the Hong Kong Stock Exchange, NWD had a market capitalisation of approximately HK$109,218.0 million.

The Group's operations are based primarily in Hong Kong, Macau and the PRC, and include business activities in the following segments:

- *Property:* The Group is one of the major property developers and investors in Hong Kong and the PRC and is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment property portfolio comprising shopping malls, offices, hotels and serviced apartments. The Group undertakes its property development and investment businesses in the PRC primarily through NWCL, its subsidiaries, associated companies and joint ventures (the "**NWCL Group**").

- *Service:* The Group, through NWSH and its subsidiaries, associated companies and joint ventures (the "**NWSH Group**"), is engaged in a diversified range of service businesses including construction, facilities management, transport and strategic investments in Hong Kong, Macau and the PRC.

- *Infrastructure:* The Group is one of the largest foreign investors and operators of infrastructure projects in Hong Kong, Macau and the PRC. Its infrastructure portfolio comprises roads, aviation, environment and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.

- *Hotels:* As at 31 December 2019, the Group operated 17 hotel properties in Hong Kong, Mainland China and Southeast Asia with 7,400 guest rooms.

- *Department Stores:* As at 31 December 2019, the Group, through NWDS and its subsidiaries, operated and managed 31 department stores and shopping malls in the PRC.

Within the business segments, the Group focuses on its current core businesses, which include property development, property investment, roads, aviation and construction.

The following sets forth an overview of the Group's organisation structure showing its principal functional units and business activities as at 31 December 2019:

新世界發展有限公司
New World Development Company Limited
HK stock code: 17

Hong Kong Property
Development and Investment

NWSH (HK stock code: 659)	NWCL	NWDS (HK stock code: 825)
Infrastructure & Service	Mainland Property	Mainland Department Store
Approximately 61 per cent.	100 per cent.	Approximately 75 per cent.

For the year ended 30 June 2019

For the year ended 30 June 2019, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK$76,763.6 million. Profit attributable to shareholders of the Guarantor amounted to HK$18,160.1 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK$8,814.1 million, up 10 per cent. year-on-year.

For the six months ended 31 December 2019

For the six months ended 31 December 2019, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK$32,464.4 million. Profit attributable to shareholders of the Guarantor amounted to HK$1,017.3 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK$3,929.2 million.

Strategy

- NWD's overall strategic objective is to enhance shareholders' value by focusing on developing, expanding and synergising its core businesses of property development, property investment, roads, aviation and construction operations in Hong Kong, Macau and the PRC. In particular, in Hong Kong, the Group's strategy is to maintain its core position as a comprehensive property developer. The Group has continued to replenish its land bank through various means, including public auction and tender, old building redevelopment as well as agricultural land conversion. Resources consumed in its current development were replenished to provide the Group with a steady pipeline of land supply in the coming years and to plan for property development and strategies in the long term. Through these means, the Group will be able to maintain a stable level of quality land bank and thus establish a solid foundation for the Group's property development business in Hong Kong that continues to contribute to the Group's sales revenue. The launch of new residential projects including ARTISAN GARDEN, TIMBER HOUSE and ATRIUM HOUSE offer abundant saleable resources in Hong Kong.

- With a proven underlying profit track record, the Group adopts a prudent and proactive approach in financial management and execution. To strengthen the profit contributions from the Group's investment property portfolio in Hong Kong, the Group proactively reviews its assets and investments with a view to achieving substantial growth through enhancing product quality and service delivery. In the past, the Group has regularly made dividend payments.

- In the PRC, the Group's strategy is to maintain a reasonable development pace to realise the capital value of its substantial land bank in the PRC with particular focus on the development of mid-scale and large-scale mixed-use projects with varying combinations of residential, office and retail spaces. As one of the largest and earliest foreign investors in the PRC with over 30 years of experience, NWD believes it has developed strong relationships and operating experience in the PRC that give it a competitive advantage, particularly in the Greater Bay Area. NWD believes that an increasing proportion of the Group's revenues and profits will, over the next few years, be generated from the PRC activities as the Group's PRC projects continue to mature and will seek to maintain a balance between revenues from property development and property investment. The Group will continue to develop properties in top-tier cities whilst focusing on geographical diversification into emerging second-tier cities. NWD believes that the Group's geographical diversification will enable it to benefit from the stable economic growth of top-tier cities as well as the emerging infrastructure development in high growth second-tier cities, alleviate the risks associated with having too much of its operation concentrated in one particular city or region in the PRC, strengthen its regional property portfolios and

position the Group as one of the leading national property developers and investors in the PRC.

- The Group's strategy in relation to its service businesses is to focus further on the construction business. For the remaining facilities management, transport and strategic investment aspects of the business, they are grouped under the strategic portfolio and the Group is looking to continue to benefit from stable income generated by its service operations.

- The Group's strategy in relation to its infrastructure businesses is to streamline the business portfolio and to focus further on the core businesses of roads and aviation. The Group continues to acquire quality road assets including a 40 per cent. interest of Hunan Sui-Yue Expressway. The Group also invests in commercial aircraft leasing investments given their strong earnings and growth potential. This stable and recurrent income stream is expected to help fund the Group's organic growth. Environment and logistics businesses are grouped under the Group's strategic portfolio and the focus is to maintain operations within its current range, which provide steady and diversified sources of income to the Group.

- In relation to hotel operations, the Group aims to continue to achieve better returns from the hotels in terms of both occupancy and average room rate.

- In relation to department store operations, the Group will delve deep into its core business of offline department store retail, empower it with new technologies and continue to seek innovations and breakthroughs along the path of product differentiation and towards stereoscopic experiences. Leveraging relevant work on business reshaping and store network adjustment, the Group will adhere to its proven and effective capitalised store management principles and establish benchmark stores in its three operating regions, so as to drive resource integration in the regions and to form a strategic setup with synergised development across multiple stores. In the long run, the Group will focus on fortifying its presence, while consistently implementing the strategies of "multiple presences within a single city" and "radiation city" to reinforce the Greater Beijing, the Greater Shanghai, the Greater South Western markets.

- As part of the Group's established strategies, the Group strives to focus on developing its current core businesses to optimise its assets and business portfolio while disposing of non-core assets. Under its dual growth engine strategy, the Group complements development properties sales with recurring investment property rentals. The Group also strives to develop strategic businesses such as HUMANSA.

Business

The following tables set forth the revenues and results for the business segments of the Guarantor and its subsidiaries for the fiscal years indicated:

	For the year ended 30 June			
	2019		**2018**	
	HK$ million	*%*	*HK$ million*	*%*
Revenue				
Property sales.......................................	38,511.5	50.2	23,380.8	38.5
Rental	3,669.4	4.8	3,109.9	5.1
Contracting	17,359.6	22.6	15,488.2	25.5

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Provision of services	9,238.8	12.0	10,423.5	17.2
Infrastructure operations	2,698.5	3.5	2,814.6	4.7
Hotel operations	1,490.9	1.9	1,479.0	2.5
Department store operations	3,357.8	4.4	3,670.9	6.0
Others	437.1	0.6	321.8	0.5
Total	76,763.6	100.0	60,688.7	100.0

Note:

(1) Revenue breakdown shown above reflects the Group's Executive Committee Categorisation, and differs slightly from the announced segmental results.

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Segment results (including share of results of joint ventures and associated companies)				
Property development	15,037.1	73.5	9,475.5	60.1
Property investment	2,142.9	10.5	2,452.2	15.5
Service	111.6	0.5	858.4	5.4
Infrastructure	3,689.8	18.0	3,201.4	20.3
Hotel operations	(249.5)	(1.2)	(76.5)	(0.5)
Department stores	202.2	1.0	232.4	1.5
Others	(468.9)	(2.3)	(369.9)	(2.3)
Total	20,465.2	100.0	15,773.5	100.0

The following tables set forth the Guarantor and its subsidiaries' share of results of joint ventures (those over which the Guarantor and its subsidiaries exercise joint control along with their partners pursuant to contractual arrangements) and their associated companies (those over which the Guarantor and its subsidiaries may exert influence through representations on the board of directors of such companies), by business segments for the fiscal years indicated:

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of joint ventures				
Property development	1,603.0	43.7	264.7	14.0
Property investment	326.2	8.9	451.0	23.9
Service	194.0	5.3	152.8	8.1

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Infrastructure..................................	1,752.8	47.7	1,183.4	62.8
Hotel operations.............................	11.8	0.3	32.8	1.7
Department stores	—	—	—	—
Others	(217.5)	(5.9)	(198.5)	(10.5)
Total	3,670.3	100.0	1,886.2	100.0

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of associated companies				
Property development....................	(4.1)	(0.4)	46.8	3.9
Property investment.......................	199.1	19.7	373.2	31.2
Service...	10.8	1.1	60.1	5.0
Infrastructure..................................	802.5	79.2	708.9	59.3
Hotel operations.............................	—	—	—	—
Department stores	—	—	(0.6)	(0.1)
Others	4.5	0.4	8.0	0.7
Total	1,012.8	100.0	1,196.4	100.0

During the six months ended 31 December 2019, following the completion of FTLife Insurance's acquisition and to better reflect the nature of the Group's income streams and group strategies, the Group reclassified its reporting business segments. The Executive Committee of the Guarantor considers its business from products and services perspectives, which comprise property development, property investment, roads, aviation, construction, insurance, hotel operations and others (including facilities management, transport, environment, logistic, department store, media and technology and other strategic businesses) segments. The comparative figures for the six months ended 31 December 2018 have been aligned to conform with the presentation below accordingly.

The following tables set forth the revenues and results for the business segments of the Guarantor and its subsidiaries for the periods indicated:

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Revenue				
Property development..........................	11,986.6	36.9	29,905.3	60.7
Property Investment.............................	2,188.5	6.7	1,786.1	3.6
Roads	1,430.8	4.4	1,292.2	2.6

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Aviation	—	—	161.6	0.3
Construction	8,186.4	25.2	8,950.9	18.2
Insurance	1,998.6	6.2	—	—
Hotel operations	838.7	2.6	684.3	1.4
Others	5,834.8	18.0	6,486.7	13.2
Total	32,464.4	100.0	49,267.1	100.0

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Segment results (including share of results of joint ventures and associated companies)				
Property development	6,800.9	72.7	8,885.1	71.6
Property investment	1,178.4	12.6	1,220.2	9.9
Roads	1,122.3	12.0	1,097.1	8.8
Aviation	266.8	2.8	218.6	1.8
Construction	662.2	7.1	602.4	4.9
Insurance	112.0	1.2	—	—
Hotels operations	(425.2)	(4.6)	(60.5)	(0.5)
Others	(359.8)	(3.8)	438.6	3.5
Total	9,357.6	100.0	12,401.5	100.0

The following tables set forth the Guarantor and its subsidiaries' share of results of joint ventures (those over which the Guarantor and its subsidiaries exercise joint control along with their partners pursuant to contractual arrangements) and their associated companies (those over which the Guarantor and its subsidiaries may exert influence through representations on the board of directors of such companies), by business segments for the periods indicated:

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of joint ventures				
Property development	224.7	24.7	42.3	4.5
Property investment	(49.1)	(5.4)	112.2	11.9
Roads	321.8	35.3	348.5	36.8
Aviation	269.1	29.6	188.3	19.9

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Construction	—	—	1.7	0.2
Insurance	—	—	—	—
Hotel operations	(79.1)	(8.7)	(1.1)	(0.1)
Others	223.1	24.5	253.9	26.8
Total	910.5	100.0	945.8	100.0

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of associated companies				
Property development	6.3	1.9	0.5	0.1
Property investment	51.4	15.4	101.8	14.3
Roads	89.8	27.0	91.9	13.0
Aviation	—	—	—	—
Construction	164.7	49.5	238.2	33.6
Insurance	—	—	—	—
Hotel operations	—	—	—	—
Others	20.8	6.2	276.0	39.0
Total	333.0	100.0	708.4	100.0

Recent Developments

Property

Hong Kong – Property overview

The Group is one of the major property developers in Hong Kong and is engaged in the development of residential, retail, office and hotel properties. As at 31 December 2019, the Group possessed a land bank with attributable gross floor area ("**GFA**") of approximately 9.0 million sq.ft. in Hong Kong available for immediate development. Of which, attributable residential GFA amounted to approximately 4.2 million sq.ft. Meanwhile, the Group had a total of approximately 16.6 million sq.ft. of attributable agricultural land area in the New Territories pending for usage conversion, which are mainly located in Yuen Long. Sales of property in Hong Kong historically have been a significant source of the Group's operating profits.

Despite the downward pressure on the economy, more than 20,000 primary residential transactions were recorded in 2019, in the context of strong pent-up housing demand and raise of mortgage cap under the new mortgage insurance by the Hong Kong government. Robust sales performance was recorded from those new projects that were priced below the new mortgage ceiling, and the secondary market is regaining momentum. Hong Kong banks followed the U.S. Federal Reserve in lowering interest rate which also eased the pressure on buyers and demand has been further unleashed.

Through its subsidiaries, NWD oversees and largely performs all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for zoning and modifications, the design and construction of development projects, and the marketing, leasing and management of completed projects. The typical development cycle for vacant land in Hong Kong from acquisition of the site and preparation of architectural plans until expected completion date is approximately three to five years. However, if there is a variance of land usage required, the process may take longer and may involve the payment to the government of substantial land premiums in connection with the modification of the land use restrictions. The development cycle for urban property may also be longer, since such sites generally are not vacant and frequently contiguous multiple sites or separate units within a site must be assembled before development can begin.

In general, the Group's practice is to pre-sell its developments before completion and the granting of occupation permits by government authorities in order to improve its financial liquidity and reduce market risk. Revenues and profits from such sales are only recognised when or as the control is transferred to the customer. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

Hong Kong – Property investment

The completed investment property portfolio of the Group in Hong Kong amounted to approximately 19.3 million sq.ft. of total GFA (approximately 11.2 million sq.ft. of total attributable GFA) as at 31 December 2019. The business segment continues to be a key source of income for the Group in the medium to long term.

The portfolio consists of retail shopping centres and office buildings which collectively accounted for approximately 43.3 per cent. of the Group's completed investment properties in attributable GFA terms, with the balance being luxury serviced apartments and hotels (which together accounted for approximately 27.9 per cent. of the Group's completed investment properties), logistic centres and carparks.

The rentals of Super Grade A office buildings in Central continued to stay high during the six months ended 31 December 2019. Corporates accelerated adjustments in their development plans and strengthened cost management, the ongoing decentralisation trend further stimulated office leasing demand in sub-prime sectors such as Island East and Kowloon. However, the China-U.S. trade dispute has brought pressure on the local economy, coupled with social events in Hong Kong, the number of tourist arrivals in Hong Kong has dropped, and local consumer sentiment has become more cautious, which has put tremendous pressure on the overall retail sales and related property rental performance in the short term. However, from 2019, due to the US-China trade tension, the depreciation of RMB and recent social events, consumer sentiment became more cautious.

The Group performs the rental management and marketing of most of its investment properties through a division of NWD and a subsidiary, K11 Concepts Limited. The Group proactively reviews its investment assets with a view to enhancing its product quality and service delivery including performing periodic property renovations.

The leases the Group has granted are typically for two or three years for office and retail tenants occupying relatively small commercial floor space and longer lease periods can be granted for those tenants occupying relatively large commercial floor space. Notwithstanding that such properties are classified as investment properties, the Group will evaluate offers from potential purchasers and may dispose of certain of its investment properties if the price offered is competitive.

In accordance with HKFRS, the Group values its investment properties at every reporting balance sheet date at their fair market value determined by professional valuation. Any change in the valuation is charged or credited, as the case may be, to the consolidated income statement. The Group's financial performance is therefore subject to fluctuation from period to period in light of the movements in property value in Hong Kong, which has been cyclical in the past and could result in a significant accounting profit or loss for the Group.

The Group's rents in Hong Kong are generally quoted in sq.ft. per lettable area. In most cases, the rents quoted by the Group do not include property management charges or government rates payable by its tenants.

The table below sets out the Group's major property investment and other projects in Hong Kong as at 30 June 2019.

No.	Name of project	Total GFA (sq.ft.)	Total attributable GFA (sq.ft.)	Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Serviced apartment (sq.ft.)	Others (sq.ft.)	Total number of carpark	Land lease expiry
	COMPLETED									
	Hong Kong Island									
1	Manning House, Central	110,040	110,040	63,383	46,657					2843
2	New World Tower, Central...	640,135	640,135	77,948	562,187				385	2863
3	K11 ATELIER KING'S ROAD, North Point..............	487,504	487,504	7,160	480,344				165	2083
										2088
										2090
4	Shun Tak Centre, Shopping Arcade, Sheung Wan..........	214,336	96,451	96,451					85	2055
5	Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai...............	87,999	87,999	69,173				18,826(2)	1,070	2060
6	Grand Hyatt Hong Kong.......	524,928	262,464			262,464				2060
7	Renaissance Harbour View Hotel Hong Kong.................	544,518	272,259			272,259				2060
8	Pearl City, Causeway Bay — Ground Floor to 4th Floor.....	53,691	21,476	21,476						2868
	Pearl City, Causeway Bay — Ground Floor to Basement...	24,682	24,682	24,682						2868
9	EIGHT KWAI FONG, Happy Valley..................................	65,150	57,965				57,965			2079
10	Methodist House, Wan Chai(1)..................................	40,813	40,405		40,405					2084
	Subtotal...............................	2,793,796	2,101,380	360,273	1,129,593	534,723	57,965	18,826	1,705	
	Kowloon									
11	K11 ATELIER of Victoria Dockside, Tsim Sha Tsui	435,145	435,145		435,145					2052
	Rosewood Hong Kong & Rosewood Residences of Victoria Dockside, Tsim Sha Tsui	1,105,644	1,105,644			1,105,644				2052
	K11 MUSEA of Victoria Dockside, Tsim Sha Tsui	1,156,356	1,156,356	1,156,356						2052
	K11 ARTUS of Victoria Dockside, Tsim Sha Tsui	379,720	379,720				379,720		1,116(7)	2052
12	Telford Plaza, Kowloon Bay(1)	335,960	335,960	335,960					136	2047
13	K11, Tsim Sha Tsui.............	335,939	335,939	335,939					240	2057
	Hyatt Regency Hong Kong, Tsim Sha Tsui.....................	277,877	138,939			138,939				2057
14	pentahotel Hong Kong, Kowloon	285,601	285,601			285,601				2057
15	KOHO, Kwun Tong	204,514	204,514	1,567	202,947				28	2047
16	THE FOREST, Mong Kok(1) .	53,337	26,669	26,669					7	2062
17	ARTISAN HUB, San Po Kong	64,519	64,519	31,087	33,432					2047

No.	Name of project	Total GFA (sq.ft.)	Total attributable GFA (sq.ft.)	Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Serviced apartment (sq.ft.)	Others (sq.ft.)	Total number of carpark	Land lease expiry
	Subtotal................................	4,634,612	4,469,006	1,887,578	671,524	1,530,184	379,720		1,527	
	New Territories									
18	ATL Logistic Centre, Kwai Chung	9,329,000	3,190,518					3,190,518[3]		2047
19	D • PARK, Tsuen Wan	466,400	466,400	466,400					1,000	2047
20	PopCorn II, Tseung Kwan O[1]	125,730	88,011	88,011					50	2047
21	Hyatt Regency Hong Kong, Sha Tin[1].............................	538,000	538,000			538,000			100	2047
22	Citygate, Tung Chung[4]	659,003	131,801	99,697	32,104				1,231	2047
	Novotel Citygate Hong Kong	236,758	47,352			47,352			7	2047
23	Tung Chung Town Lot No. 11, Tung Chung	473,655	94,731	68,231		26,393		107	127	2063
24	PARK SIGNATURE, Yuen Long.....................................	24,155	24,155	24,155						2058
	Subtotal................................	11,852,701	4,580,968	746,494	32,104	611,745		3,190,625	2,515	
	Grand Total	19,281,109	11,151,354	2,994,345	1,833,221	2,676,652	437,685	3,209,451	5,747	
	TO BE COMPLETED/UNDER CONSTRUCTION									
25	21 Luk Hop Street, San Po Kong.....................................	100,798	100,798					100,798[5]		2047
26	New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan.................	998,210	998,210	38,062	960,148					2067
27	SKYCITY Project[1]..............	3,767,389	3,767,389	2,707,491	562,311			497,587[6]		2066

Notes:

(1) Properties in which the Group has a development interests: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements after completion

(2) Meeting rooms

(3) Logistics centre

(4) Includes Tung Chung Crescent

(5) Industrial

(6) Includes carparking and transport terminal

(7) Total number of carpark of Victoria Dockside

Set forth below is a brief description of selected rental property:

Victoria Dockside, a new global landmark located at the core area of Tsim Sha Tsui waterfront in Kowloon with a total GFA of approximately 3 million sq.ft., accommodates K11 ATELIER, K11 ARTUS, K11 MUSEA, Rosewood Hong Kong and Rosewood Residences.

The Grade A office building K11 ATELIER commenced operation in the second half of 2017. As at 31 December 2019, around 80 per cent. were leased, with several large multinational corporations engaged. K11 ARTUS is the first luxury hospitality and serviced apartment extension of K11 which shapes up a unique hospitality culture. The project comprises 287 suites and has begun operation in stages since July 2019, with leading monthly rent for serviced apartments in Kowloon.

K11 MUSEA, a cultural landmark situated in the heart of Victoria Dockside, commenced operation in late August 2019 to create a new museum-retail experience for consumers. Created by 100 local and international designers, K11 MUSEA houses more than 250 international brands and flagship stores. As at 31 December 2019, over 90 per cent. were leased and the average monthly footfall reached 1.6 million.

K11 ATELIER KING'S ROAD, a Grade A office building on Island East and the first in the world to achieve three green building certifications - the WELL Building Standard™ platinum pre-certification, the U.S. LEED platinum pre-certification and the HK Green BEAM Plus provisional platinum certification, occupies a total GFA of approximately 488,000 sq.ft. and is located next to the Quarry Bay MTR station. This Grade A office building commenced operation in late 2019. As at 31 December 2019, around 50 per cent. was leased.

During the financial year ended 30 June 2020 (the "**FY2020**"), a total area of more than 1.5 million sq ft (K11 MUSEA and K11 ATELIER King's Road) was added to the Hong Kong property investment flagships which will begin to provide full-year contributions in the financial year ended 30 June 2021 (the "**FY2021**"). The recurring income growth of property investment is entering an acceleration stage. Citygate extension in Tung Chung, in which the Group has a 20 per cent. interest, opened in August 2019. With a total GFA of approximately 470,000 sq.ft., 98 per cent. was leased. In addition, the development of Grade A office building project in King Lam Street, West Kowloon is on schedule. With a total GFA of approximately 1 million sq.ft., the project will contribute to the development of the emerging business district.

For office buildings, New World Tower and Manning House located in Central recorded a solid and stable performance with occupancy rates of 95 per cent. and 100 per cent. achieved respectively as at 31 December 2019, whereas the malls including Hong Kong K11, D•PARK and THE FOREST have an occupancy ranging from 94 per cent. to 99 per cent. as at 31 December 2019.

For the six months ended 31 December 2019, the Group's revenues and segment results of property investment in Hong Kong was HK$1,344.4 million and HK$848.0 million, respectively, representing an increase of 36 per cent and 20 per cent., respectively, as compared to the same period in 2018. The new global landmark Victoria Dockside, located in the core area of Tsim Sha Tsui Waterfront, Kowloon, with a total GFA of approximately 2 million sq ft excluding hotel, was fully opened during the six months ended 31 December 2019 and the Group's rental income base was significantly enhanced. The overall occupancy rate of other major projects recorded solid performance.

For the six months ended 31 December 2018, the Group's revenues and segment results of property investment in Hong Kong was HK$992.1 million and HK$705.4 million, respectively.

Hong Kong – Property development

Despite the downward pressure on the economy, more than 20,000 primary residential transactions were recorded in 2019, in the context of strong pent-up housing demand and raise of mortgage cap under the new mortgage insurance by the Hong Kong government. Robust sales performance was recorded from those new projects that were priced below the new mortgage ceiling, and the secondary market is regaining momentum. Hong Kong banks followed the U.S. Federal Reserve in lowering interest rates which also eased the pressure on buyers and demand has been further unleashed.

On 16 October 2019, the Hong Kong government announced plans to expand eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio will be raised from HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent loan-to-value ratio will also be raised from HK$6 million to HK$10 million.

For the six months ended 31 December 2019, the Group's revenues and segment results of property development in Hong Kong and Singapore, including joint development projects,

amounted to HK$3,666.9 million and HK$1,777.0 million, respectively. The contributions were mainly attributable to residential projects including MOUNT PAVILIA, The Masterpiece, FLEUR PAVILIA in Hong Kong and ARTRA in Singapore, together with the disposal of the carparks in Riveria Gardens, Tsuen Wan.

For the six months ended 31 December 2018, the Group's revenues and segment results of property development in Hong Kong and Singapore, including joint development projects, amounted to HK$21,007.3 million and HK$5,734.6 million, respectively. The contributions were mainly attributable to residential projects including THE PAVILIA BAY, MOUNT PAVILIA, ARTISAN HOUSE, FLEUR PAVILIA, THE PAVILIA HILL, PARK VILLA and THE PARKVILLE.

For the six months ended 31 December 2019, the Group's attributable contracted sales in Hong Kong amounted to HK$3 billion, which were mainly contributed by residential projects including MOUNT PAVILIA, FLEUR PAVILIA and ATRIUM HOUSE. For the six months ended 31 December 2018, the Group's attributable contracted sales in Hong Kong amounted to HK$3.4 billion. The attributable contracted sales were mainly contributed by residential projects including FLEUR PAVILIA, MOUNT PAVILIA, The Masterpiece and the Double Cove series, together with the disposal of two non-residential projects.

As at 31 December 2019, the Group had a total of 287 residential units in Hong Kong available for sale, of which, 153 residential units were under the lead of the sales management of the Group.

In the first half of 2019, the Group launched three new residential projects, namely ARTISAN GARDEN, TIMBER HOUSE and ATRIUM HOUSE, offering 847 units in total. Among them, as at the date of this Offering Circular, ARTISAN GARDEN and TIMBER HOUSE are sold out and nearly 94 per cent. of the units of ATRIUM HOUSE have been sold.

The Group's key residential project at Tai Wai Station in Sha Tin, involving more than 3,000 residential units, will be launched in phases in 2020 and 2021. A total of approximately 2,200 units in the first and second phases will be gradually launched this year. Of which, the pre-sale consent application for Phase 1 was submitted in February 2020. The project is the only large-scale new project in the district in recent years, taking fully the market potentials of the comprehensive railway network. An office project located on Cheung Shun Street in West Kowloon which has a total GFA of approximately 520,000 sq ft, is also planned to be launched in the second half of 2020.

The table below sets out the Group's major property development projects in Hong Kong as at 30 June 2019:

					Attributable GFA					
No.	**Name of Property Development Projects**	**Site Area**	**Total GFA**	**The Group's Interest**	**Residential**	**Retail**	**Office**	**Others**	**Total Attributable GFA**	**Stage of Completion[1]**
		(sq.ft.)	*(sq.ft.)*	*(%)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	
	Hong Kong Island									
1	4A-4P Seymour Road, Mid-levels.	52,466	472,186	35.00	165,265				165,265	F
	Subtotal.....................................		**472,186**		**165,265**				**165,265**	
	Kowloon									
2	TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin.......................	11,256	94,974	51.00	43,055	5,382			48,437	S
3	ARTISAN GARDEN, 68 Kowloon City Road, Ma Tau Kok[2].............	14,897	111,730	100.00	111,730				111,730	S
4	Yau Tong Redevelopment Project, Kowloon East..............................	810,454	3,992,604	10.88	423,683	10,793			434,476	LE
5	New Kowloon Inland Lot No. 6574, 4B3, Kai Tak...............................	104,475	574,615	29.30	168,362				168,362	P
6	New Kowloon Inland Lot No. 6552, 4C2, Kai Tak...............................	105,110	641,168	18.00	111,624	3,786			115,410	P

					Attributable GFA					
No.	Name of Property Development Projects	Site Area	Total GFA	The Group's Interest	Residential	Retail	Office	Others	Total Attributable GFA	Stage of Completion(1)
		(sq.ft.)	*(sq.ft.)*	*(%)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	
7	New Kowloon Inland Lot No. 6576, 4B1, Kai Tak................................	103,151	722,060	10.00	72,206				72,206	P
8	New Kowloon Inland Lot No. 6582, Cheung Shun Street, Cheung Sha Wan..	44,897	524,766	100.00		152	488,256	36,358(3)	524,766	F
9	New Kowloon Inland Lot No. 6572, Wing Hong Street, Cheung Sha Wan..	30,925	363,094	100.00		5,234	357,860		363,094	F
	Subtotal.....................................		**7,025,011**		**930,660**	**25,347**	**846,116**	**36,358**	**1,838,481**	
	New Territories									
10	STTL No. 520, Tai Wai Station Property Development, Sha Tin(2).	521,107	2,050,327	100.00						
	Phase 1				495,323				495,323	S
	Phase 2				871,965				871,965	S
	Phase 3				683,039				683,039	F
11	Reach Summit, Sereno Verde Phase 5, 99A Tai Tong Road, Yuen Long	48,933	171,265	20.97	35,914				35,914	S
12	ATRIUM HOUSE, 99 Shap Pat Heung Road, Yuen Long.............	24,230	121,148	100.00	121,148				121,148	S
13	Lung Tin Tsuen (Phase 2), Yuen Long	88,157	440,785	100.00	440,785				440,785	LE
14	Tong Yan San Tsuen (Phase 3), Yuen Long	88,658	88,658	100.00	88,658				88,658	LE
15	Tong Yan San Tsuen (Phase 4), Yuen Long	193,591	193,591	100.00	193,591				193,591	
16	Sha Po North (Phase 2), Yuen Long	TBC	373,240	34.81	129,925				129,925	
17	DD110, Kam Tin, Yuen Long........	169,855	67,942	100.00	67,942				67,942	LE
18	DD221, Sha Ha, Sai Kung...........	593,635	890,452	76.00	676,744				676,744	P
	Subtotal.....................................		**4,397,408**		**3,805,034**				**3,805,034**	
	Grand Total		**11,894,605**		**4,900,959**	**25,347**	**846,116**	**36,358**	**5,808,780**	

Remarks:

(1) P=Planning; D=Demolition; SP=Site Preparation; F=Site Formation / Foundation; S=Superstructure; C=Completed (OP Issued); LE=Land Exchange; TBC=To be confirmed

(2) Property in which the Group is entitled to a share of development profits in accordance with the terms and conditions of the respective development agreements

(3) Include public carpark, but exclude government accommodations (i.e., children care centre and elderly care centre)

Furthermore, the Group reviews its business portfolio from time to time and seeks opportunities in non-core assets disposal to unlock values and optimise its asset portfolio, which provides extra resources for core businesses.

As at 31 December 2019, unrecognised attributable income from sales of properties in Hong Kong and Singapore amounted to HK$7,944 million. Of which, HK$391 million is to be booked in the second half of FY2020, HK$6,380 million to be booked in FY2021 and HK$1,173 million to be booked in FY2022.

Estimated completion schedule of property development in Hong Kong

Fiscal year	Project
FY2020	Nil
FY2021	ATRIUM HOUSE, ARTISAN GARDEN, TIMBER HOUSE and Reach Summit

Sales of property development in Hong Kong to be recognised in FY2020 (as at 31 August 2019)	Total no. of units	Attributable income
		HK$ million
MOUNT PAVILIA	86	2,770
The Masterpiece	3	339
FLEUR PAVILIA	32	276
THE PAVILIA HILL	1	127
Others and carparks	—	528
Total		4,040

Sales of property development in Hong Kong to be recognised in FY2021 (as at 31 August 2019)	Total no. of units	Attributable income
		HK$ million
ARTISAN GARDEN	294	1,772
PARK VILLA	38	1,583
ATRIUM HOUSE	213	1,108
Reach Summit	481	478
The Masterpiece	3	395
MOUNT PAVILIA	8	358
FLEUR PAVILIA	32	322
Others and carparks	—	30
Total		6,046

Hong Kong – Land bank

It is the Group's policy to use various channels to replenish its Hong Kong land bank. Apart from public auction and tender, the Group has also pursued diversified means, including old building acquisitions and agricultural land usage conversion, to replenish its landbank in Hong Kong and actively undertook old building acquisitions and farmland conversions in order to secure a stable supply of land resources for development. The private housing supply in 2019–2020 by the government fell behind the target. In addition, the split between public and private housing supply has been adjusted from 60:40 to 70:30. The government has stated their intention to launch the "Land Sharing Pilot Scheme" this year. The Group will continue to actively study the changes and the content in land policies and properly plan its development in order to achieve a win-win situation for the Group and the society.

As at 31 December 2019, the Group possessed a land bank with attributable GFA of approximately 9.0 million sq.ft. for immediate development. Of which, attributable residential GFA amounted to approximately 4.2 million sq.ft. Meanwhile, the Group had a total of approximately 16.6 million sq.ft. of attributable agricultural land area reserve in the New Territories pending for usage conversion, which are mainly located in Yuen Long.

Eight projects with a total GFA of approximately 1.8 million sq ft located in Yuen Long and Fanling are under active negotiation with relevant authority of the government on usage conversion, of which a total GFA of approximately 0.5 million sq ft has entered the final stages.

Land bank by district	Property development total attributable GFA	Property investment and others total attributable GFA	Total attributable GFA
	(sq.ft. ’000)	*(sq.ft. ’000)*	*(sq.ft. ’000)*
Hong Kong Island	165.3	-	165.3
Kowloon	1,842.5	1,099.0	2,941.5
New Territories	2,207.4	3,767.4	5,974.8
Total	**4,215.2**	**4,866.4**	**9,081.6**

Agricultural land bank by district	Total land area	Total attributable land area
	(sq.ft.’000)	*(sq.ft.’000)*
Yuen Long District	12,410.4	11,411.6
North District	2,500.1	2,195.4
Sha Tin District and Tai Po District	1,944.3	1,890.4
Sai Kung District	1,307.2	1,116.5
Tuen Mun District	19.2	19.2
Total	**18,181.2**	**16,633.1**

The Group through a consortium was awarded the bids for three residential sites on the Kai Tak runway. The three projects have a total GFA of 1.9 million sq.ft. in aggregate, of which approximately 360,000 sq.ft. is attributable to the Group. In furtherance of the Group’s strategy of development in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”), on 2 May 2018, the Group won a successful bid for an iconic world-class commercial development in SKYCITY at Hong Kong International Airport (“**HKIA**”). Situated next to HKIA, the development will involve total investment of HK$20 billion and take up a GFA of approximately 3.77 million sq.ft., comprising 2.1 million sq.ft. for dining and retail outlets and 570,000 sq.ft. each for experience-based entertainment facilities and office space. The remaining floor area will be used for public facilities and carparks. The project is scheduled to be completed in phases from 2023 to 2027.

The Group will be responsible for the design, development and management of the entire project, aiming to build this strategically located project into a commercial and entertainment hub in Hong Kong and the Greater Bay Area at large, offering high-tech experiential entertainment, making it a new landmark in Hong Kong for locals and visitors from overseas and a population of more than 60 million people of the Greater Bay Area.

The acquisition of over 90 per cent. of ownership of State Theatre Building, a residential and commercial property located at 277-291 King’s Road, North Point was completed. The site area of this old building redevelopment project is approximately 36,200 sq.ft. and the court application for compulsory sale has been made.

The Group attaches great importance to creating shared value. During the six months ended 31 December 2019, the Group took the lead in responding to the Hong Kong government's advocacy for the development of transitional housing. The Group and the Hong Kong government are working hand in hand with social enterprises to provide short-term residence for families in need, by using part of its medium- and long-term agricultural land reserve that is not available for development in short to medium term at a nominal rent.

The PRC – Property overview

The Group entered the PRC property market in the early nineties and has since then expanded its business operations to the southern, central, eastern, northern and north-eastern regions of the PRC. The Group is now one of the largest foreign property developers and investors in the PRC. The Group is engaged in property development and investment in the PRC principally through its solely-owned subsidiary, the NWCL.

The NWCL Group's core business is the development and sale of mid-sized to large-scale residential projects. The NWCL Group is also engaged in other complementary property-related businesses such as land preparatory work, property investment, hotel operations and property management services.

As at 31 December 2019, the NWCL Group had a total land bank (excluding carpark) held for property development of approximately 6.7 million square metres ("**sq.m.**") available for immediate development in the PRC, of which, residential GFA amounted to approximately 2.8 million sq.m. As at 31 December 2019, the NWCL Group's core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Hangzhou, Ningbo, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.9 million sq.m., of which 50 per cent. was located in the Greater Bay Area and 1.9 million sq.m. was for residential use.

The PRC – Property Investment

The NWCL Group's investment property portfolio comprises completed residential, commercial and office properties and car park spaces held for long-term investment, and as at 31 December 2019, amounted to 3.0 million sq.m. in total GFA.

Affected by the trade dispute between China and the U.S. as well as the fluctuations in the RMB exchange rate, the growth of China's total retail sales of consumer goods in 2019 had slowed down compared to last year. However, it rebounded to 8 per cent. at the end of 2019, with a nominal annual growth rate of 8 per cent. as policies such as tax and fee cuts, adjustments on import tariffs and consumption environment optimisation were being implemented. Trend of consumption upgrade together with cultural and entertainment experiences dominates the retail market.

For the year ended 30 June 2019, the Group recorded a gross rental income of HK$1,727.1 million in Mainland China, representing an increase of 26 per cent. from the year ended 30 June 2018.

For the six months ended 31 December 2019, the Group's revenues and segment results of property investment in Mainland China was HK$844.1 million and HK$462.3 million, respectively, representing an increase of 6 per cent. and 2 per cent. , respectively, as compared to the same period in 2018.

For the six months ended 31 December 2018, the Group's revenues and segment results of property investment in Mainland China was HK$794.0 million and HK$451.9 million, respectively.

The NWCL Group's investment property portfolio (including those held by joint ventures and associated companies) as of 31 December 2019 comprise property projects in the Pearl River Delta region and top-tier and second-tier cities in the PRC, including Beijing, Guangzhou, Shenyang, Wuhan, Tianjin, Dalian, Anshan, Tangshan, Foshan, Nanjing, Jinan, Zhaoqing, Langfang and Changsha. New World • NEW PARK in Guangzhou commenced operation in December 2018. Shanghai Hong Kong New World Tower which houses Shanghai K11, the first art mall in Mainland China, recorded satisfactory occupancy rate. Such investment properties are typically developed by the NWCL Group and are located within its property developments. Developments of investment properties are conducted in accordance with the specific requirements of the approved master design plans. It is the NWCL Group's policy to commence the development of the commercial properties at the early stage of the property development. Since a well-equipped living environment is of utmost importance in formulating the NWCL Group's marketing strategy and promoting the overall image of its quality property projects, the NWCL Group believes that the provision of commercial facilities for residents at an early stage of its residential community project could enhance the value of the project. The Group is actively upgrading its investment property portfolio in the PRC, several core projects such as Shanghai K11 Art Mall will play a modeling role. Meanwhile, a series of high-quality composite projects in prime cities will gradually be delivered and will be operated through the Group's unique brands K11 and D • PARK, which will further stimulate the rental contribution in The PRC.

The NWCL Group's rents are generally quoted per sq.m. of lettable area. In most cases, the rents that it quotes do not include property management charges and rates payable by its tenants. Commercial and office leases are typically entered into for two to three year terms, some of which have the option to renew. In connection with longer term leases, the tenancy agreements usually contain rent review clauses or rent adjustment provisions. The majority of the completed investment properties of the NWCL Group are being managed by the NWCL Group's own property management companies for the purposes of providing premier estate management services and maintaining high quality and conditions of the premises. Only some of the investment properties of the NWCL Group are managed by outsourced management companies. Notwithstanding that such commercial facilities are classified as investment properties, the NWCL Group will evaluate offers from potential purchasers and may dispose of certain of its investment properties if the price offered is competitive. Set forth below is a brief description of some of the NWCL Group's and NWD Group's major investment property projects in the PRC:

Beijing New World Centre, Phases I and II

Beijing New World Centre comprises joint ventures between the NWCL Group and local partners, providing NWCL with a 70 per cent. and 100 per cent. attributable interest for the development of Phases I and II respectively. Phase I, which has approximately 94,188 sq.m. of total GFA, comprises a large retail shopping arcade and two levels of basement parking. Phase II, which has approximately 74,359 sq.m. of total GFA, mainly comprises a large retail shopping arcade and basement parking facilities.

Tianjin Xin An New World Plaza

Tianjin Xin An New World Plaza is owned by a wholly-owned subsidiary of the NWCL Group. The project, which was completed in June 1997, is among the PRC's largest shopping arcades, comprising retail and commercial space of approximately 98,338 sq.m. of total GFA.

Tangshan New World Centre

Tangshan New World Centre is fully owned by the NWCL Group. The project, which is adjacent to 150,000 sq.m. Dazhao Park, comprises offices, retail shops and service apartments.

Wuhan New World International Trade Towers, Towers I and II

The NWCL Group holds a 100 per cent. attributable interest in Wuhan New World International Trade Tower for the development of Towers I and II. Towers I and II have in aggregate approximately 131,833 sq.m. of total GFA and primarily comprises office space.

Wuhan New World Centre

Wuhan New World Centre is a mixed development complex which comprises retail, office and car park spaces of approximately 76,164 sq.m. of total GFA.

Wuhan Guanggu New World

The NWD Group holds a 100 per cent. attributable interest in Wuhan Guanggu New World. The project is divided into commercial and residential sections, including hotel, shops and grade A office and space for innovative enterprises which offer attractive rental rates.

Langfang New World Centre

The NWCL Group holds a 100 per cent. attributable interest in Langfang New World Centre. The project is located in the commercial district of Zhougezhuang. This project comprises high-end offices, hotel and retail shops.

Guangzhou Park Paradise

The NWCL Group holds a 100 per cent. attributable interest in Guangzhou Park Paradise. The project comprises seven high-rise buildings complemented by a 500,000 sq.m mixed-use complex that includes service apartments, retail shops and recreational facilities.

The table below sets out the NWCL Group's major property investment projects in the PRC as at 30 June 2019.

No	Name of completed project	Accounting classification	Attributable interest	Total GFA	Serviced apartment	Commercial	Office	Carpark and others
				(sq m)	*(sq m)*	*(sq m)*	*(sq m)*	*(sq m)*
1	Guangzhou Covent Garden	Subsidiary	100%	48,212		23,752		24,460
2	Guangzhou Park Paradise	Subsidiary	100%	181,712	22,112	58,872		100,728
3	Guangzhou Xintang New World Garden	Joint venture	63%	37,892		27,299		10,593
4	Guangzhou Central Park-view Area L8	Subsidiary	91%	52,434	29,869	17,408		5,157
5	Guangzhou New World Oriental Garden Phase 1	Subsidiary	100%	22,483		21,654		829
6	Guangzhou Dong Yi Garden Phase 2	Subsidiary	100%	7,937		7,443		494
7	Canton First Estate CF19A (T5, T6)	Subsidiary	85%	11,043	11,043			
	Canton First Estate CF21	Subsidiary	85%	3,375		3,375		
8	Zhaoqing New World Garden	Subsidiary	100%	15,062		15,062		
9	Shunde New World Centre	Joint venture	42%	48,517		33,577		14,940
10	Wuhan Guanggu New World A	Subsidiary	100%	103,742			81,771	21,971
	Wuhan Guanggu New World B	Subsidiary	100%	2,521		2,521		
	Wuhan K11 Select	Subsidiary	100%	112,592		56,354	801	55,437
11	Wuhan New World International Trade Tower 1	Subsidiary	100%	121,828			104,556	17,272
	Wuhan New World International Trade Tower 2	Subsidiary	100%	10,005			10,005	
12	Wuhan New World Centre	Subsidiary	100%	76,164		45,766	2,504	27,894
13	Wuhan K11 Gourmet Tower	Subsidiary	100%	20,947		10,367		10,580
14	New World Wuhan Hotel	Joint venture	60%	6,202			563	5,639
15	Nanjing New World Centre	Subsidiary	100%	52,794		41,712		11,082

No	Name of completed project	Accounting classification	Attributable interest	Total GFA	Serviced apartment	Commercial	Office	Carpark and others
				(sq m)	*(sq m)*	*(sq m)*	*(sq m)*	*(sq m)*
16	Shanghai Hong Kong New World Tower..	Subsidiary	50%	130,385		35,474	80,549	14,362
17	Beijing New World Centre Phase 1	Joint venture	70%	94,188		74,232		19,956
	Beijing New World Centre Phase 2	Subsidiary	100%	74,359		47,345		27,014
18	Beijing New View Garden.........	Joint venture	70%	20,018		4,030		15,988
19	Beijing Xin Yu Garden	Joint venture	70%	24,800		3,603		21,197
20	Beijing Xin Kang Garden	Joint venture	70%	40,196		12,011		28,185
21	Beijing Baoding Building Shopping Arcade......................	Subsidiary	100%	62,286		40,286		22,000
22	Tianjin Xin An New World Plaza	Subsidiary	100%	98,338		80,440	6,614	11,284
23	Tianjin Xin Hui Hua Ting...........	Subsidiary	100%	25,876		25,876		
24	Langfang New World Centre B.	Subsidiary	100%	7,016		7,016		
25	Tangshan New World Centre Phase 2	Subsidiary	100%	86,061		37,776	48,285	
26	Jinan New World Sunshine Garden West	Subsidiary	100%	4,498		4,498		
27	Shenyang New World Garden Phase 1E..................................	Subsidiary	100%	27,543		5,026		22,517
	Shenyang New World Garden Phase 2A..................................	Subsidiary	100%	159,624		4,601		155,023
	Shenyang New World Garden Phase 1XA................................	Subsidiary	100%	5,862		3,859	2,003	
	Shenyang New World Garden Phase 2D1................................	Subsidiary	100%	62,182		7,911		54,271
	Shenyang New World Garden Phase 2D2................................	Subsidiary	100%	76,636		11,314		65,322
28	Shenyang New World Centre...	Subsidiary	100%	501,972		264,038		237,934
29	Anshan New World Garden......	Subsidiary	100%	153,256		5,083		148,173
30	Dalian New World Plaza...........	Subsidiary	88%	69,196		49,413		19,783
31	Dalian New World Tower..........	Subsidiary	100%	51,146		29,231		21,915
	Total..			2,710,900	63,024	1,118,225	337,651	1,192,000

The PRC – Property Development

Overview: The NWCL Group has extensive experience in property development in Beijing, Wuhan, Shenyang, Tianjin, Guangzhou, Shenzhen and the Pearl River Delta region and has expanded into other major cities in the PRC including Changsha, Foshan, Anshan, Langfang, Yiyang, Ningbo, Jinan and Huizhou. Development of the NWCL Group's properties usually entails seven phases: land acquisition, project planning, financing, design, project construction, pre-sales and sales, and after-sales services. The Group's property business in the PRC is mainly concentrated in core cities like Shenzhen and Guangzhou in the Greater Bay Area and cities located in certain important economic clusters. In particular, around 50 per cent. of the Group's core landbank in the PRC is located in the Greater Bay Area.

For the years ended 30 June 2019 and 30 June 2018, the NWCL Group's consolidated revenue derived from property development amounted to approximately HK$20,914.1 million and HK$16,213.7 million, respectively. For the six months ended 31 December 2019, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$8,319.7 million and HK$5,023.9 million, respectively. For the six months ended 31 December 2018, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$8,898.0 million and HK$3,150.5 million,

respectively. The contribution was mainly attributable to the sales of residential projects in Guangzhou, Shenzhen, Foshan, Shenyang and Beijing. For the six months ended 31 December 2019, the total contracted sales area of properties in the PRC was approximately 309,000 sq m, with total sales proceeds amounted to RMB11.6 billion. For the six months ended 31 December 2018, the total contracted sales area of properties in the PRC was approximately 313,000 sq m, with total sales proceeds amounted to RMB9.3 billion. The average selling price of overall residential contracted sales was over RMB33,000 per sq m. Nearly half of the contribution was delivered by sales of residential projects in the Greater Bay Area including Guangzhou Park Paradise, Guangzhou Covent Garden, Guangzhou Foshan Canton First Estate and Shenzhen Prince Bay BAYHOUSE.

At the Central Economic Work Conference held in December 2019, the PRC government demanded full implementation of a long-standing management and control mechanism that stabilises land prices, housing prices, and expectations in accordance with city-specific policies and category-based guidance. Local governments have the flexibilities to fine-tune the policies in line with the actual supply and demand in the local market. For example, Shenzhen has relaxed the standard for ordinary commodity housing which was originally subject to value-added tax and lifted the sales restrictions on business apartments. At the same time, large cities with a permanent resident population of 3 to 5 million have relaxed their requirements for permanent household registration. Guangdong Province announced in January 2020 that it would relax restrictions on the permanent household registration in cities other than Guangzhou and Shenzhen, accelerating the population flow and urbanisation in the region.

In September 2019, the Group entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset of this company is Changsha La Ville New World. The disposal enables the Group to realise cash resources and unlock asset value at fair market value and further validated the Group's strategy of disposing of non-core assets.

As at 31 December 2019, unrecognised attributable income from sales of properties in the PRC amounted to HK$5,211 million. of which HK$307 million is to be booked in the second half of FY2020, HK$4,397 million to be booked in FY2021 and HK$507 million to be booked in FY2022.

Properties under development: As at 31 December 2019, the NWCL Group has a total GFA of 8.89 million sq.m. of properties under development, which comprise residential, commercial, office, hotel properties and car park spaces in the Pearl River Delta region and top-tier and second-tier cities in the PRC, including Guangzhou, Shenzhen, Foshan, Shenyang, Wuhan, Beijing, Changsha, Anshan, Ningbo, Yiyang, Langfang, Jinan and Huizhou.

Land acquisition strategy: The NWCL Group has an established land acquisition strategy which takes into account its short-, medium- to long-term development requirements. The NWCL Group focuses on acquiring land in prime urban locations of key top-tier cities with a sizable population of middle to high income households.

The NWCL Group places a strong emphasis on its land acquisition strategy and considers it fundamental to the success of a property development project. The NWCL Group typically prefers to acquire interests in land through cooperative investment or acquisition of existing interests as opposed to acquisition through public tenders. The major considerations the NWCL Group applies are:

- location and population demographics: focus on acquiring land in prime urban locations with a sizable population of middle to high income households;
- cost, investment and financial returns;

- site area: focus on sites with a GFA of less than 500,000 sq.m.;
- accessibility of the site and availability of infrastructure support; and
- synergies with other existing projects located within the same region.

The NWCL Group designs and develops the land granted to it according to its overall master development plan. The NWCL Group is actively involved in all of the different stages of the development process in order to control the costs, schedule and quality of its projects including the selection and acquisition of land, the resettlement process, the preparation of feasibility studies and market surveys, the obtaining of government approvals for development, the design of development projects, the supervision of construction and the sales and marketing and management of completed projects.

	Residential contracted sales		**Non-residential contracted sales**	
Region	**Area (sq m '000)**	**Proceeds (RMB million)**	**Area (sq m '000)**	**Proceeds (RMB million)**
Southern region (i.e. the Greater Bay Area)	131.1	5,990	5.8	170
Central region	16.6	240	4.8	2,200(1)
Eastern region	9.2	440	—	—
Northern region	16.4	340	2.0	30
North-eastern region	84.1	1,660	39.6	520
Total	**257.4**	**8,670**	**52.2**	**2,920**

(1) Includes the disposal of entire interest in Hunan Success New Century Investment Company Limited.

For the six months ended 31 December 2019, the total area of development property completed (excluding carpark) amounted to 92,580 sq m, which was located in Wuhan and Shenyang. The area of completion is expected to reach 524,327 sq m in the second half of FY2020.

1HFY2020 project completion in the PRC — property development (Total area/sq m)

Project	**Residential**	**Total (excluding carpark)**	**Total (including carpark)**
Wuhan New World•Times site B	37,345	37,345	96,501
Shenyang New World Garden 2E	55,235	55,235	55,235
Total	**92,580**	**92,580**	**151,736**

1HFY2020 project completion in the PRC — property investment, hotel and others (Total area/sq m)

Project	Total (excluding carpark)	Total (including carpark)
Shenyang New World Garden 2E	—	40,878
Total	**—**	**40,878**

2HFY2020 estimated project completion in the PRC — property development (Total area/sq m)

Project	Residential	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou Foshan Canton First Estate CF-30, 27B, 31, 35	99,288	—	—	99,288	100,002
Ningbo New World Plaza Land No. 7–10, 11, 12	137,652	43,760	69,386	250,798	412,700
Beijing New View Commercial Centre	—	9,063	12,231	21,294	25,367
Shenyang New World Centre SA3	75,354	—	—	75,354	75,354
Anshan New World Garden Phase 1B2, Phase 2B1	68,982	8,611	—	77,593	94,920
Total	**381,276**	**61,434**	**81,617**	**524,327**	**708,343**

2HFY2020 estimated project completion in the PRC — property investment, hotel and others (Total area/sq m)

Project	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou Park Paradise District 5 Land No. 2	2,596	—	2,596	4,974
Wuhan New World Centre Phase 3 — Wuhan K11	32,294	56,320	88,614	145,333
Total	**34,890**	**56,320**	**91,210**	**150,307**

The PRC – Land Bank

Positioning in the Greater Bay Area and selected key cities and diversified channels in landbank management are the keys of the Group's ability to successfully stand out and differentiate among many large mainland developers. Over the past three years, the Group has successfully won the

rights to develop multiple projects in the Greater Bay Area through different means, reflecting the unique strengths and robust execution of its professional teams.

In September 2019, the Group obtained the Tagang Village project on Yongning Street in the Zengcheng District of Guangzhou with the reserve price of RMB3.4 billion. The Tagang Village project is a Class 2 residential land with a total GFA of over 320,000 sq m.

To optimise project coverage in key cities other than the Greater Bay Area, the Group acquired the remaining 51 per cent. interest in the commercial and residential complex project Ningbo New World, for RMB4.01 billion in July 2019. During the same period, the Group also successfully acquired a land parcel for commercial and residential purposes in Wangjiang New Town, Shangcheng District, Hangzhou through a public tender at a price of approximately RMB9.79 billion, with a total GFA of approximately 454,000 sq m. The project will strengthen the strategic layout of the Group in key cities in the Yangtze River Delta.

With the competitive advantages of brands and excellent project operational management in its unique ecosystem, the Group has become the only Hong Kong developer that actively participates in the arena of old city redevelopment in the PRC.

As at 31 December 2019, the Group has successfully become the only intended cooperative enterprise for several old village redevelopment projects including the Xili Project in Nanshan District of Shenzhen, the Shancun Project in Liwan District of Guangzhou, the Nanji Village Project in Haizhu District of Guangzhou, and the Tagang Village Project in Zengcheng District of Guangzhou. The above projects are expected to be included in the Group's landbank gradually starting in 2022 and with their prime locations and more reasonable acquisition costs compared to public tender, it will significantly boost the resources for the Group's long-term development. In addition, the remodeling cooperation project of Economic Belt at Man Kam To Crossing in Lo Wu district, Shenzhen, is also actively underway.

As at 31 December 2019, the total GFA of the NWCL Group's land bank (excluding carpark) held for property development amounted to 6.7 million sq.m.. Out of the total GFA of approximately 6.7 million sq.m available for immediate development in the PRC, 2.8 million sq. m of which was for residential use. Core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Hangzhou, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.9 million sq m, of which 50 per cent. was located in the Greater Bay Area and approximately 1.9 million sq m was for residential use.

Region	**Total GFA (excluding carpark) (sq m '000)**	**Residential total GFA (sq m '000)**
Southern region (i.e. the Greater Bay Area)	2,916.4	1,907.6
Central region	736.6	288.3
Eastern region	941.3	288.3
Northern region	610.2	254.5
North-eastern region	1,468.4	772.2
Total	**6,672.9**	**3,510.9**
Of which, core projects	**5,850.5**	**2,837.2**

The following table sets forth a breakdown of the NWCL Group's land bank by development stage and usage as at 30 June 2019:

	Total GFA	Residential	Commercial	Office	Hotel	Carpark and others
			(sq.m.)			
Properties under development	4,107,475	1,479,246	433,803	851,837	254,891	1,087,698
Properties under planning	4,787,404	2,429,788	594,295	354,709	84,891	1,323,721
Total	8,894,879	3,909,034	1,028,098	1,206,546	339,782	2,411,419

The following table sets forth a breakdown of the NWCL Group's land bank by usage and location as at 30 June 2019:

	Total GFA	Residential	Commercial	Office	Hotel	Carpark and others
			(sq.m.)			
Region						
Beijing	916,895	236,590	252,172	41,171	—	386,962
Langfang	41,238	17,860	—	—	—	23,378
Jinan	80,837	—	5,697	37,162	19,545	18,433
Shenyang	1,331,356	828,288	50,286	189,231	99,675	163,876
Anshan	455,103	385,303	22,969	—	—	46,831
Wuhan	663,941	37,522	64,244	320,557	—	241,618
Changsha	517,378	348,851	17,631	—	—	150,896
Yiyang	433,669	287,920	63,475	—	—	82,274
Shenzhen	822,102	54,726	272,087	227,949	—	267,340
Foshan	1,158,613	802,512	1,092	—	84,891	270,118
Guangzhou	1,560,971	709,481	149,307	202,000	94,402	405,781
Ningbo	816,698	137,652	121,698	188,476	41,269	327,603
Huizhou	96,078	62,329	7,440	—	—	26,309
Total	8,894,879	3,909,034	1,028,098	1,206,546	339,782	2,411,419

Hotel operations

NWD is engaged in hotel investment through various subsidiaries and joint ventures. As at 31 December 2019, the Group owned a total of 17 completed and operating hotels over 7,400 guest rooms in Hong Kong, the PRC and Southeast Asia.

For the six months ended 31 December 2019, hotel operations recorded a loss mainly due to the impact of Hong Kong's social events, the drop in tourist arrivals and the pre-operational expenses of new hotel projects in the PRC.

The average occupancy and room rates of the Group's hotels in Hong Kong which are oriented towards high-end business travellers, have been affected in varying degrees. For the six months ended 31 December 2019, the average occupancy rate of Hyatt Regency Hong Kong, Tsim Sha Tsui, Grand Hyatt Hong Kong and Renaissance Harbour View Hotel was 65 per cent., 53 per cent. and 58 per cent., respectively. It is expected that the operating performance of hotels in Hong Kong and the PRC will continue to be affected by the virus outbreak in the near term and will further weaken in 2020.

In Mainland China, the three hotels of different segments operated by the Group in Beijing have recorded an average occupancy rates ranging from 84 per cent. to 87 per cent. for the six months

ended 31 December 2019 and from 79 per cent. to 87 per cent. for the six months ended 31 December 2018.

Rosewood Hong Kong, situated in Victoria Dockside at the core location of Tsim Sha Tsui in Kowloon, opened in March 2019 and offers 413 guest rooms and 186 luxury Rosewood Residences. The hotel has a 34,450 sq.ft. meeting and event space. In addition, the pillarless Grand Ballroom with an area of 10,700 sq.ft., the Pavilion with an area of 10,700 sq.ft., and Pavillion Hall with an area of 3,122 sq.ft. are being offered.

The table below sets forth the number of rooms and the Group's effective interest in its hotel properties as at 31 December 2019.

No.	**Name of Hotels**	**Total Number of Rooms as at 31 December 2019**	**The Group's effective interest**
	Hong Kong		
1	Grand Hyatt Hong Kong	542	50%
2	Renaissance Harbour View Hotel	861	50%
3	Rosewood Hong Kong[(2)]	599	100%
4	Hyatt Regency Hong Kong, Tsim Sha Tsui	381	50%
5	pentahotel Hong Kong, Kowloon	695	100%
6	Hyatt Regency Hong Kong, Sha Tin	562	[(1)]
7	Novotel Citygate Hong Kong	440	20%
	Subtotal	4,080	
	Mainland China		
8	Rosewood Beijing	283	82%
9	New World Beijing Hotel	309	70%
10	pentahotel Beijing	307	55%
11	New World Shunde Hotel	370	37%
12	New World Wuhan Hotel	327	60%
13	KHOS Langfang	292	100%
	Subtotal	1,888	
	Southeast Asia		
14	New World Makati Hotel, The Philippines	584	62%
15	New World Saigon Hotel, Vietnam	533	67.5%
16	Renaissance Riverside Hotel Saigon, Vietnam	336	72%
17	Rosewood Phuket, Thailand	71	100%
	Subtotal	1,524	
	Grand Total	7,492	

Notes:

(1) Hotel properties in which the Group has development interests. The Group financed the construction costs (occasionally land costs) whilst the corresponding land are provided by other parties. The Group is entitled to share of operation and development profits in accordance with terms and conditions of the respective joint development agreements.

(2) Rosewood Hong Kong: 413 rooms; Rosewood Residences: 186 rooms.

Services

The Group is engaged in a diversified range of services businesses, including construction, insurance, facilities management, transport and strategic investments covering mainly Hong Kong and primarily through its 60.86 per cent.-owned subsidiary, NWSH, the shares of which are listed on the Hong Kong Stock Exchange with a total market capitalisation of HK$42,709.6 million as at 31 December 2019. The NWSH Group's services businesses generate recurring cash flows and have a strong track record in Hong Kong.

Construction

The NWSH Group's construction business offers professional construction services in Hong Kong and Macau. For the year ended 30 June 2019, the contributions from the construction business amounted to 14 per cent.. As at 31 December 2019, the gross value of contracts on hand for the construction business was approximately HK$53.0 billion (from HK$39.0 billion as at 31 December 2018) and the remaining works to be completed amounted to approximately HK$38.0 billion (from HK$22.0 billion as at 31 December 2018), of which approximately 41 per cent. were from government and institutional related projects and 59 per cent. were from private sector which includes both commercial and residential projects.

The NWSH Group undertakes construction services through Hip Hing Construction Company Limited ("**Hip Hing**"). Hip Hing's workload is derived from government and other public sector/institutional development projects; and other private sector property projects from large developers. The NWSH Group also participated in building construction projects including the Tamar Development Project, HKCEC, Times Square, MGM Macau, Elements, the Masterpiece and K11, Wanchai Police Headquarter, Tseung Kwan O Hospital, etc.

Insurance

The completion of the acquisition of FTLife Insurance on 1 November 2019 marked a key milestone of NWSH in expanding into the insurance business. FTLife Insurance, as a premier Hong Kong life insurance company with more than 30 years of history, offers a comprehensive range of life insurance products including whole life, term life, endowment, investment-linked, accident and health products to individual and institutional clients. According to data released by the Insurance Authority, FTLife Insurance was ranked as the 13th largest Hong Kong life insurance company by Annual Premium Equivalent ("**APE**") as at 30 September 2019.

FTLife Insurance has started its contribution to NWSH by reflecting the two months of performance since its completion of acquisition on 1 November 2019. The result has shown early signs of fruition in synergies and the strong support from the Group with the APE and Value of New Business ("**VONB**") year-on-year growth for the two months being 11 per cent. and 21 per cent, respectively. The number of agents of FTLife Insurance increased by 14 per cent year-on-year to over 3,200 as at 31 December 2019.

Despite an uncertain market for Hong Kong insurers with public activities during the six months ended 31 December 2019, FTLife Insurance's new products such as the Voluntary Health Insurance Scheme ("**VHIS**") and Qualifying Deferred Annuity Policy ("**QDAP**") were well-received in the Hong Kong market and supported its new business growth. In September 2019, FTLife Insurance also launched Regent Prime and Regent Elite insurance products to strengthen its

product portfolio. These two new offerings, together with VHIS and QDAP were all ranked among the top in their respective categories.

FTLife Insurance maintained a very strong balance sheet with solvency ratio exceeding 580 per cent, far higher than the minimum requirement of 150 per cent, driven by prudent investment management policies and buybacks of certain investments by the vendor of FTLife Insurance as agreed in its acquisition. As at 31 December 2019, the total asset value and net asset value (excluding the goodwill arising from business combination) were HK$64.9 billion and HK$15.6 billion, respectively, while embedded value was HK$17.3 billion, comparing to HK$16.1 billion as at 31 December 2018.

On the back of FTLife Insurance's improving distribution strength, profitability over the past few years, as well as the strong support from NWSH after the completion of the acquisition, Moody's has upgraded FTLife Insurance's insurance financial strength rating from Baa1 to A3 with stable outlook. Meanwhile, Fitch Ratings also affirmed A- insurer financial strength rating with stable rating outlook which highlighted FTLife Insurance's robust capital base and solvency ratio.

Facilities management

The NWSH Group's facilities management segment provides both Hong Kong and overseas customers with a comprehensive range of facilities management services including the management and operation of venues for exhibitions and conventions. The NWSH Group, through its Free Duty business, also undertakes a duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise retail business at various cross-border terminals in Hong Kong, Hong Kong-Zhuhai-Macao-Bridge and Macau International Airport respectively.

The NWSH Group operates and manages the Hong Kong Convention and Exhibition Centre ("**HKCEC**"), Hong Kong's largest multi-functional facility, which provides venues, food and beverages as well as other related services for exhibitions, conventions, meetings, entertainment, special events, banquets and catering events, with a total rentable space of 91,500 sq.m. and offers uniquely convenient, world-class services to both Hong Kong and overseas customers. HKCEC was named the "Best Convention and Exhibition Centre in Asia-Pacific" in the 2018 CEI Readers' Choice Award conducted by CEI Asia magazine, one of the most influential trade publications in the region.

Free Duty was established as part of a long term commitment to the duty free business in Hong Kong. It has shops located at Hung Hom, Lo Wu and Lok Ma Chau MTR stations, Hong Kong-Zhuhai-Macao-Bridge, Hong Kong International Airport and Macau International Airport selling duty free liquor, tobacco, perfume, cosmetics, package food and general merchandise.

Gleneagles Hong Kong Hospital ("**GHK Hospital**"), in which the Group has 40 per cent. interest, was officially opened in late March 2018, around one year after commencing initial services. Since opening for business in early 2017, GHK Hospital enjoyed continuous patient volume growth and has been operating smoothly in delivering innovative, transparent and high-quality healthcare services in Hong Kong. GHK Hospital is a 500-bed private hospital with more than 35 specialties and subspecialties. It offers a comprehensive range of healthcare facilities and services, including 24-hour outpatient and emergency, cardiovascular laboratory, clinical laboratory, critical care unit, radiotherapy and oncology centre, radiology, endoscopy centre, chemotherapy centre, dialysis centre, health screening, rehabilitation, specialist outpatient clinics, dietetic services, etc. GHK Hospital won the "Management Innovation of the Year Award" in Healthcare Asia Awards 2019 for initiating a number of innovative initiatives that aim to deliver excellent and transparent healthcare services to patients and to introduce new concepts and systems to Hong Kong private healthcare.

Transport

The public transportation services provided by the NWSH Group include franchised and non-franchised bus services and passenger ferry services in Hong Kong. Through NWS Transport Services Limited, a company wholly-owned by NWSH, the NWSH Group operates a full range of transport related businesses in Hong Kong. As at 30 June 2019, New World First Bus Services Limited operates 93 franchised bus routes in Hong Kong and Citybus Limited operates 118 franchised bus routes covering Hong Kong Island and cross-harbour routes and also connecting Hong Kong International Airport and Tung Chung. At the same time, New World First Ferry Services Limited operates five ferry routes in the inner harbours and outlying islands in Hong Kong. New World First Ferry had an average daily patronage of approximately 36,300 for the year ended 30 June 2019.

Strategic investments

The NWSH Group's strategic investments segment includes investments with strategic value to the NWSH Group, growth potential which will enhance and create value for the Shareholders.

NWSH has also streamlined the business portfolio and focused further on the core businesses by disposing of some non-core assets, namely Urban Parking (Beijing) Limited, minority interests in Tianjin Orient Container Terminal and Tianjin Five Continents International Container Terminal, and shares of Beijing Capital International Airport Co., Ltd (the "**BCIA**"), for a total consideration of HK$1.3 billion.

Infrastructure

The Group is engaged in the development, investment, operation and/or management of infrastructure projects in Hong Kong, Macau and the PRC primarily through the NWSH Group. The NWSH Group is one of the largest foreign investors in, and operators of, infrastructure projects in the PRC. As a diversified infrastructure investor, the NWSH Group's infrastructure portfolio includes roads, aviation, environment and logistics projects and is engaged in developing, owning, operating and managing a portfolio of toll roads, water and wastewater treatment and waste management plants, power stations, ports and pivotal rail container terminals in the PRC; a logistics centre in Hong Kong and commercial aircraft leasing to worldwide airline operators as at 31 December 2019. The majority of the NWSH Group's assets in this division are located in Hong Kong and the PRC.

The NWSH Group focuses on strategic alliances with major international and PRC infrastructure and infrastructure-related companies. The NWSH Group believes that its network of strategic partners enables it to secure local support, diversify risks and continue to develop new projects in Hong Kong, the PRC and Macau. The NWSH Group believes that these strategic relationships will lead to co-investment opportunities in new projects for the NWSH Group.

The NWSH Group seeks to develop infrastructure projects in areas it expects will experience significant economic growth in the near term, but which may lack the infrastructure necessary to achieve or sustain such growth. In the PRC, rapid economic growth in recent years has provided significant opportunities for the NWSH Group. The Group believes its projects are well-positioned to benefit from the continued economic growth in the PRC.

Roads

The NWSH Group is engaged in the construction, management and operation of its road projects. The operations of the project companies are located in the PRC. In road projects in the PRC, the NWSH Group has a number of local partners supervised by local government authorities.

Roads segment has maintained largely stable in contributions, notwithstanding the adverse impact arising from RMB depreciation. Due to the fluctuation of RMB during the year ended 30 June 2019, the contribution of the roads business decreased by 7 per cent. compared to the year ended 30 June 2018. Excluding the exchange rate effect, as at 31 December 2019, the contributions would have increased by 4 per cent., which were in line with the overall growth in toll income reflecting the steady growth of the underlying traffic and that NWSH's acquisitions made in the last couple of years have gradually come to fruition. Following the acquisition of Hubei Suiyuenan Expressway in January 2018, the NWSH Group acquired 40 per cent. interest of Hunan Sui-Yue Expressway during the financial year ended 30 June 2019.

As at 30 June 2019, the NWSH Group had interests in 15 roads and related projects in strategic locations in Mainland China, namely Guangdong, Guangxi, Zhejiang, Shanxi, Tianjin, Hubei and Hunan, covering approximately 700 km in length. Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) contributed more than 80 per cent. to the roads business.

NWSH's four anchor expressways, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section), contributed more than 80 per cent. of the roads segment contributions. Meanwhile, traffic flow of seven expressways in the Greater Bay Area continued to register increase in traffic volume of up to 19 per cent. year-on-year as at 31 December 2019.

Aviation

Following the divestment of the remaining stakes in Beijing Capital International Airport Co., Ltd., the aviation segment principally engages in commercial aircraft leasing business through NWSH's full-service leasing platform Goshawk Aviation Limited ("**Goshawk**").The NWSH Group invests in commercial aircraft for leasing to worldwide airline operators through Goshawk. NWSH's commercial aircraft leasing business continued to grow rapidly during the six months ended 31 December 2019 together with the direct orders of 40 narrow-body aircraft from two major aircraft manufacturers with delivery scheduled between 2023 and 2025. The number of aircraft owned, managed and committed expanded from 223 as at 30 June 2019 to 239 as at 31 December 2019, with combined market value amounted to approximately US$12.0 billion, while aircraft on book expanded from 154 as at 30 June 2019 to 161 as at 31 December 2019.

Being a global leading commercial aircraft lessor in terms of fleet value with one of the youngest fleets and one of the longest average remaining lease term in the industry, the 161 aircraft on book's average age is 4.0 years and with an average remaining lease term of 6.8 years. As at 31 December 2019, Goshawk maintained its diversified strategy with customer base encompassing 62 airlines in 35 countries.

Due to the outbreak of COVID-19, governments across the world have imposed a number of measures in an effort to contain the spread of COVID-19, including business closures, travel restrictions and the suspension of major events. In addition, the aviation industry where the Group's clients operate in, has been adversely affected with material reduction in demand for air travel globally. As a result, the Group has received requests from its customers to delay lease payment obligations due to the effects of the COVID-19 pandemic. In the short term, the Group expects a certain impact on the financial performance of the aviation business. As at the date of the Offering Circular, it is difficult to quantify the economic impact arising from the COVID-19 outbreak. The Group will continue to closely monitor the progression of this pandemic, evaluate and proactively assess and respond to its impact on the Group.

Environment

As at 31 December 2019, the NWSH Group engaged in environmental business across the Greater China region through SUEZ NWS Limited ("**SUEZ NWS**") and Chongqing Derun Environment Co., Ltd. These two platforms provide one-stop environmental services, including water and wastewater treatment, sludge treatment, waste collection and treatment, industrial and municipal waste incineration, landfill and landfill restoration and environmental remediation.

In addition, the Group operates two power plants in Guangdong and Sichuan with a total installed capacity of approximately 1,820 MW.

The NWSH Group has formed an investment platform named ForVEI II S.r.l. in the financial year ended 30 June 2019 which is dedicated to grasp the opportunities in the solar power segment in Europe, mainly in Italy at present, in a bid to diversify the Group's portfolio in the environment segment and generate long-term growth and value for its shareholders. For the six months ended 31 December 2019, a total of 43.26 MW installed capacity of solar plants were acquired, with total installed capacity reaching 46.12 MW as at 31 December 2019.

Logistics

The NWSH Group invested in a joint venture, China United International Rail Containers Co., Limited, to develop and operate a large-scale pivotal rail container terminal network across the PRC. As at 30 June 2019, the rail container terminals in Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan, Xian, Ningbo, Tianjin, Urumqi and Qinzhou were operational and handled 3,438,000 twenty-foot equivalent units ("**TEUs**"). The development of the remaining terminals is in progress.

As at 30 June 2019, the NWSH Group also invested in one logistics centre in Hong Kong that offer a total leasable area of 5.9 million sq.ft., and one port project in Mainland China with container handling capacity of 9.1 million TEUs per year.

The following table sets forth the NWSH Group's major infrastructure projects as at 30 June 2019:

No.	**Name of Projects**	**Capacity/Installed Capacity**	**No. of Projects**	**NWSH's Form of Investment**	**NWSH's Attributable Interest**	**Operation Date**	**Year of Expiry[(1)]**
					(%)		
	Environment						
E1	SUEZ NWS Limited.	Water and wastewater treatment:	38	Equity	42.0	May-1985#	N/A
		9.41 million m^3/day					
		Sludge treatment: 2,140 tonnes/day	4				
		Waste collection and treatment: 11,283 tonnes/day	13				
		Industrial and municipal waste incineration: 778,300 tonnes/year	9				
		Landfill and landfill restoration:96 million m^3 (excluding landfill restoration)	9				
		Total	73				

No.	Name of Projects	Capacity/Installed Capacity	No. of Projects	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
E2	Chongqing Derun Environment Co., Ltd...........................	N/A		Equity	12.6	Oct-2014#	N/A
E3	Chongqing Silian Optoelectronics Science & Technology Co., Ltd	N/A		EJV	20.0	Jul-2008	N/A
E4	Zhujiang Power Station — Phase II ..	620 MW		EJV	25.0	Apr-1996	2020
E5	Chengdu Jintang Power Plant............	1,200 MW		Equity	35.0	Jun-2007	2040
E6	Guangzhou Fuel Company................	Coal Pier: 7 million tonnes/year		EJV	35.0	Jan-2008	2033
E7	ForVEI II S.r.l..........	Installed capacity:2.86 MW	3	Equity	40.0	Jun-2018#	2050

Notes:

(1) Project or JV expiry date

\# Date of incorporation

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
				(%)		
	Roads					
R1	Guangzhou City Northern Ring Road	22.0 km	CJV	65.3	Jan-1994	2023
R2	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)		CJV	25.0		2030
	Section I..	8.6 km			Dec-1999	
	Section II...	49.6 km			Dec-1999	
R3	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)	27.0 km	CJV	15.0	Dec-2005	2032
R4	Guangzhou-Zhaoqing Expressway		CJV	25.0		2031
	Phase I	48.0 km			Sept-2002	
	Phase II	5.4 km			Sept-2010	
R5	Shenzhen-Huizhou Expressway (Huizhou Section)	34.7 km	CJV	33.3	Jun-1993	2023
R6	Guangzhou Dongxin Expressway......................	46.2 km	Equity	45.9	Dec-2010	2035
R7	Guangzhou City Nansha Port Expressway........	72.4 km	Equity	22.5	Dec-2004	2030
R8	Guangdong E-serve United Co., Ltd.................	N/A	Equity	1.4	Jan-2013	N/A
R9	Hangzhou Ring Road..	103.4 km	Equity	100.0	Jan-2005	2029
R10	Roadway No. 321 (Wuzhou Section).................		CJV	52.0		2022
	Phase I	8.7 km			Mar-1997	
	Phase II	4.3 km			Dec-1998	
R11	Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)	36.0 km	CJV	60.0+	Apr-1999	2025
R12	Roadway No. 309 (Changzhi Section)..............	22.2 km	CJV	60.0+	Jul-2000	2023
R13	Taiyuan – Changzhi Roadway (Changzhi Section)	18.3 km	CJV	60.0+	Aug-2000	2023
R14	Tangjin Expressway (Tianjin North Section)......		CJV	60.0#		2039
	Section I..	43.5 km			Dec-1998	

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
				(%)		
	Section II	17.2 km			Dec-2000	
R15	Hubei Suiyuenan Expressway	98.1 km	EJV	30.0	Mar-2010	2040
R16	Hunan Sui-Yue Expressway	24.1 km	EJV	40.0	Dec-2011	2038
	Total Length	689.7 km				

Notes:

(1) Project or JV expiry date

\+ Cash sharing ratio of 90% for the first 12 years from the operation date and thereafter 60%

\# Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

No.	Name of Projects	Investment Scope Leasable Area/ Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Operation Date	Year of Expiry(1)
	Logistics					
L1	China United International Rail Containers Co., Limited	Pivotal rail container terminal network	EJV	30.0	Kunming: Jan-2008 Chongqing: Dec-2009 Chengdu: Mar-2010 Zhengzhou: Apr-2010 Dalian: Jul-2010 Qingdao: Aug-2010 Wuhan: Aug-2010 Xian: Dec-2010Ningbo: Jan-2011Tianjin: Jan-2017 Urumqi: Jun-2017Qinzhou: Jun-2019	2057
L2	ATL Logistics Centre Hong Kong Limited	5,900,000 sq.ft. leasable area	Equity	56.0	Phase I: Feb-1987Phase II: Mar-1988 Phase III: Feb-1992 Phase IV: Jan-1994 Phase V: Nov-1994	2047
L3	Xiamen Container Terminal Group Co., Ltd.	9,100,000 TEUs p.a.	EJV	20.0	Dec-2013	2063

Notes:

(1) Project or JV expiry date

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

p.a. = Per annum

No.	Name of Projects	Facility/No. of Aircraft	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
				(%)		
	Aviation					
A1	Goshawk Aviation Limited	**No. of Aircraft Owned: 154**	Equity	50.0	Oct-2013#	N/A
A2	Beijing Capital International Airport Company Limited	**3 runways and 3**	Equity	2.8	Oct-1999#	N/A

No.	Name of Projects	Facility/No. of Aircraft	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
		terminals (total floor area: 1.41 million sq.m.)				

Notes:

(1) Project or JV expiry date

\# Date of incorporation

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

Department Stores

The Group's department store development and management operations are undertaken by NWD's retail arm, NWDS. As at 31 December 2019, NWDS operated and managed a total of 31 department stores and shopping malls in Mainland China with total GFA of about 1,251,950 sq.m.. The department store business operates primarily on a concessionary basis, and commission income from concessionaire sales contribute a substantial amount of NWDS' revenue.

Insurance

The Group is covered by insurance policies arranged with reputable insurance agents which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group's insurance coverage, damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons 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 various laws and regulations of Hong Kong, the PRC and the other countries and regions in which it has operations. The Group's activities conducted on its investment and development properties are limited by zoning ordinances and other regulations. Developing properties, refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. From time to time, new regulations may be imposed 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. NWD 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 any regulation with regard to these issues, and is not aware of any pending legislation that might have a material adverse effect on its properties.

Environmental Matters

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

Legal Proceedings

The Group is involved in litigation as part of its day to day business and neither NWD 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.

Employees

As at 31 December 2019, over 45,000 employees were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share options schemes of the Guarantor and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Guarantor and certain employees of the Group to subscribe for shares in the Guarantor and/or the respective subsidiaries.

The Group has not experienced any strikes or disruptions due to labour disputes. NWD considers its relations with its employees to be good.

Principal subsidiaries, joint ventures and associated companies

The principal subsidiaries, principal joint ventures and principal associated companies of NWD as at 30 June 2019 are set out in notes 49, 50 and 51, respectively of the 2019 Audited Financial Statements.

RECENT DEVELOPMENTS

NWD's debt financing

On 18 July 2019, NWD issued U.S.$950 million in aggregate principal amount of 4.125 per cent. guaranteed notes due 2029 under the U.S.$4 billion guaranteed medium term note programme by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Guarantor.

On 24 July 2019, the Issuer issued U.S.$400 million in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

On 1 November 2019, the Issuer issued U.S.$400 million in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

On 19 May 2020, NWD issued U.S.$600 million in aggregate principal amount of 4.50 per cent. guaranteed notes due 2030 under the U.S.$6 billion guaranteed medium term note programme by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Guarantor.

NWSH subsidiary won a bid for acquiring the concession right to operate Changliu Expressway in Hunan Province, the PRC

On 19 July 2019, Guangdong Xin Chuan Co., Ltd. ("**Xin Chuan**", an indirect wholly-owned subsidiary of NWSH) was determined as the winning bidder at an online public auction in its bid for acquiring the concession right (and other related rights and assets) to operate Changliu Expressway in Hunan Province, the PRC at the bid purchase price of RMB4,571.0 million (equivalent to approximately HK$5,194.3 million). As of the date of this Offering Circular, Xin Chuan has fully paid the bid purchase price and signed a concession right agreement with the Department of Transportation of Hunan Province, the PRC.

NWCL acquisition of the remaining 51 per cent. interest in Silvery Yield Development Limited

On 26 July 2019, Esteemed Sino Limited ("**Esteemed Sino**"), an indirect wholly-owned subsidiary of NWCL, entered into a sale and purchase agreement with Praiseworth International Limited ("**Praiseworth**") and Property Giant Investments Limited ("**Property Giant**"), which are wholly-owned by CTFEL, whereby Praiseworth and Property Giant agreed to sell and assign, and Esteemed Sino agreed to acquire 51 per cent. interest of the entire issued share capital of Silvery Yield Development Limited ("**Silvery Yield**") and accept the assignment of shareholders' loans owing from Silvery Yield to Praiseworth and Property Giant, for a consideration of RMB4,010.0 million (equivalent to approximately HK$4,556.8 million) (the "**Acquisition**"). Silvery Yield and its subsidiaries are principally engaged in the business of property development of Ningbo New World Plaza in Ningbo City, Zhejiang Province, the PRC. Completion of the Acquisition took place immediately after the signing of the Agreement and Silvery Yield became an indirect wholly-owned subsidiary of NWCL.

NWCL won the bidding of land use right in Hangzhou

On 30 July 2019, Honour Team International Limited ("**Honour Team**"), an indirect wholly-owned subsidiary of NWCL, won the bidding in respect of the state-owned construction land use right of a parcel of land in Wangjiang New Town, Shangcheng District, Hangzhou, PRC for residential, business commercial and public carparking development through listing-for-sale at a consideration of RMB9,791.9 million (equivalent to approximately HK$11,127.1 million). Upon Honour Team's fulfilment of the requirements and conditions under the listing-for-sale documents

and the qualification examination conducted by Hangzhou Public Resource Trading Center (杭州市公共資源交易中心), Honour Team has entered into the grant contract for the state-owned construction land use right in Hangzhou with Hangzhou Bureau of Planning and Natural Resources (杭州市規劃和自然資源局) and Hangzhou Xinyu Industrial Development Co., Ltd. (杭州新蘊實業發展有限公司), a direct wholly-owned subsidiary of Honour Team has entered into the land transfer agreement with Hangzhou Land Reserve Center (杭州市土地儲備中心) on 7 April 2020.

NWCL disposal of interest in Hunan Success New Century Investment Company Limited

In September 2019, NWCL entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset held by Hunan Success New Century Investment Company Limited is Changsha La Ville New World.

Completion of the Acquisition of FTLife Insurance Company Limited

In December 2018, Earning Star Limited ("**Earning Star**"), an indirect wholly-owned subsidiary of NWSH, entered into a share purchase agreement with Bright Victory International Limited ("**Bright Victory**", an indirect wholly-owned subsidiary of Tongchuangjiuding Investment Management Group Co., Ltd. (同創九鼎投資管理集團股份有限公司)) and certain guarantors of Bright Victory in respect of the acquisition of the entire issued share capital of FTLife Insurance by Earning Star from Bright Victory at a total consideration of HK$21.5 billion (subject to adjustments) (the "**FTLife Acquisition**"). The FTLife Acquisition was completed on 1 November 2019, upon which FTLife Insurance became an indirect wholly-owned subsidiary of NWSH and an indirect non-wholly-owned subsidiary of NWD.

Toll Fee Exemption for toll roads in the PRC

Toll fee exemption for vehicles travelling on all toll roads in the PRC was implemented ("**Toll Fee Exemption**") with effect from 17 February 2020. Toll Fee Exemption discontinued from (and including) 6 May 2020 and the collection of toll fee has resumed from 6 May 2020 in accordance with local PRC laws.

NWD disposal of its economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O in Hong Kong

On 25 February 2020, NWD entered into two agreements with MTR Corporation Limited to dispose of its economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O in Hong Kong at a total consideration of HK$3.0 billion.

The Group's 2019/2020 interim financial results

On 20 March 2020, the Group published its 2019/2020 Interim Report for the six months ended 31 December 2019.

For the six months ended 31 December 2019, revenues of the Group amounted to HK$32,464.4 million, reflecting a decrease of 34 per cent. compared to the six months ended 31 December 2018. This was mainly due to the decrease in contribution from property development in Hong Kong with no new project completion and decrease in contribution from strategic businesses such as facilities management and transport affected by social unrest in Hong Kong. For the six months ended 31 December 2019, profit attributable to shareholders of the Company amounted to HK$1,017.3 million, and underlying profit amounted to HK$3,929.2 million which decreased by

27 per cent. compared to the six months ended 31 December 2018. For the six months ended 31 December 2018, the Group's underlying profit amounted to HK$5,396.1 million.

For the six months ended 31 December 2019, the basic earnings per share from underlying businesses of the Group decreased by 27 per cent. to HK$0.38 compared to the six months ended 31 December 2018. As at 31 December 2019, net gearing amounted to 42.2 per cent., an increase of 10.1 per cent. as compared to 32.1 per cent as at 30 June 2019..

Proposed share consolidation of NWD

On 27 April 2020, the board of directors of NWD announced its proposed implementation of share consolidation (the "Share Consolidation") on the basis that every four issued existing shares be consolidated into one consolidated share and to round down the number of consolidated shares in the issued share capital of NWD to the nearest whole number by disregarding each and every fractional consolidated share which would otherwise arise therefrom. Subject to the fulfilment of the relevant conditions, the Share Consolidation is expected to take effect on 23 June 2020 upon which the number of NWD's shares would be reduced from 10,196,477,123 as at 12 June 2020 to 2,549,119,280.

PRINCIPAL SHAREHOLDER

The major shareholder of NWD is CTFEL which, together with its subsidiaries, held approximately 44.35 per cent. of the issued share capital of NWD as at 31 December 2019. CTFEL is a private company ultimately 81.03 per cent. owned by Chow Tai Fook Capital Limited, which is controlled by the family members of the late Dato' Dr. Cheng Yu-Tung, one of the founders and the previous chairman of NWD. The late Dato' Dr. Cheng's family members continue to exert considerable influence over the management and affairs of the Group.

Certain transactions may occur between NWD and/or its subsidiaries and CTFEL, or entities associated with CTFEL which are connected persons of NWD under the Listing Rules. Under the Listing Rules, certain connected transactions, although entered into on an arm's length basis, will, depending on the nature and the size of each such transaction, be subject to certain disclosure requirements and/or the approval by the shareholders of NWD in a general meeting, in which CTFEL will abstain from voting and other requirements under the Listing Rules. See note 47 to the 2019 Audited Financial Statements.

DIRECTORS

Directors

The following table sets forth the names of the directors of NWD (the "**Directors**") and their position within NWD:

Executive Directors

Dr. Cheng Kar-Shun, Henry GBM GBS (*Chairman*)

Dr. Cheng Chi-Kong, Adrian JP (Executive Vice-chairman and Chief Executive Officer)

Mr. Cheng Chi-Heng (Responsible for finance)

Ms. Cheng Chi-Man, Sonia (Responsible for hotel and project management businesses)

Mr. Sitt Nam-Hoi (Responsible for Hong Kong projects)

Ms. Huang Shaomei, Echo (Responsible for Mainland China projects)

Ms. Chiu Wai-Han, Jenny (Responsible for human resources and talent development)

Non-executive Directors

Mr. Doo Wai-Hoi, William JP (Non-executive Vice-chairman)

Mr. Cheng Kar-Shing, Peter

Ms. Ki Man-Fung, Leonie GBS SBS JP

Independent Non-executive Directors

Mr. Yeung Ping-Leung, Howard

Mr. Cha Mou-Sing, Payson JP

Mr. Cha Mou-Zing, Victor (Alternate director to Mr. Cha Mou-Sing, Payson)

Mr. Ho Hau-Hay, Hamilton

Mr. Lee Luen-Wai, John BBS, JP

Mr. Liang Cheung-Biu, Thomas

Mr. Ip Yuk-Keung

Certain additional information in relation to the Directors of NWD is set out below:

Dr. Cheng Kar-Shun, Henry GBM GBS, aged 73, was appointed as Director in October 1972, Executive Director in 1973, became Managing Director from 1989 and Chairman from March 2012. Dr. Cheng is a member of the Remuneration Committee and the chairman of the Nomination Committee and Executive Committee of the Board of Directors of NWD. Dr. Cheng is the chairman and executive director of NWS Holdings Limited and Chow Tai Fook Jewellery Group Limited, the chairman and non-executive director of New World Department Store China Limited and FSE Services Group Limited, the vice-chairman and non-executive director of i-CABLE Communications Limited, and a non-executive director of DTXS Silk Road Investment Holdings Company Limited, all of them are listed public companies in Hong Kong. He was the

chairman and executive director of International Entertainment Corporation up to his resignation on 10 June 2017, an independent non-executive director of HKR International Limited and Hang Seng Bank Limited up to his resignation on 31 March 2018 and retirement on 10 May 2018 respectively, the chairman and non-executive director of Newton Resources Ltd up to his resignation on 9 April 2018 and a non-executive director of SJM Holdings Limited up to his retirement on 11 June 2019, all of them are listed pubic companies in Hong Kong. Dr. Cheng is the honorary chairman of NWCL on 1 February 2020. Dr. Cheng is the chairman of New World Hotels (Holdings) Limited and a director of certain subsidiaries of the Group. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of NWD. Dr. Cheng is the chairman of the Advisory Council for The Better Hong Kong Foundation. He was a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China. Dr. Cheng was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 2001 and 2017 respectively by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the father of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng.

Dr. Cheng Chi-Kong, Adrian JP, aged 40, was appointed as an Executive Director in March 2007, became Executive Director and Joint General Manager from March 2012, re-designated as Executive Vice-chairman and Joint General Manager from April 2015, and re-designated as Executive Vice-chairman and General Manager from March 2017 and re-designated as executive vice-chairman and Chief Executive Officer from May 2020. Dr. Adrian Cheng is a member of the Executive Committee and the chairman of the Sustainability Committee of the Board of Directors of NWD. Dr. Cheng is an executive director of NWS Holdings Limited, New World Department Store China Limited and Chow Tai Fook Jewellery Group Limited, and a non-executive director of Giordano International Limited and New Century Healthcare Holding Co. Limited, all being listed public companies in Hong Kong. Dr. Cheng is also the executive chairman of NWCL, the chairman of New World Group Charity Foundation Limited and a director of certain subsidiaries of the Group. In addition, he is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both of which are substantial shareholders of NWD. He was an executive director of International Entertainment Corporation, a non-executive vice chairman of Modern Media Holdings Limited and a non-executive director of i-CABLE Communications Limited, all being listed public companies in Hong Kong, up to his resignation on 10 June 2017, 26 August 2017 and 2 July 2019 respectively. Dr. Cheng oversees the strategic direction for NWD's property development and investment activities. He has launched New World's The Artisanal Movement since January 2015, and is currently overseeing NWD's large-scale developments including Victoria Dockside and Skycity. In 2008, Dr. Cheng launched the K11 brand, a museum-retail complex that is at the nexus of art and commerce and has since extended K11's reach across retail, hospitality, offices and non-profit art education through K11 Art Foundation and K11 Craft & Guild Foundation. He also directs early-stage funding to start-ups and technology-driven platforms. Dr. Cheng is the vice-chairman of All-China Youth Federation, a member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference, the chairman of China Young Leaders Foundation and the honorary chairman of K11 Art Foundation. He was acknowledged by Fortune as one of "40 Under 40" global business stars and a "Young Global Leader" by the World Economic Forum in 2012. In 2016, he was appointed as the Justice of Peace by the Government of the Hong Kong Special Administrative Region and was made an Officier in the Ordre des Arts et des Lettres by the French Government in 2017. Dr. Cheng holds a Bachelor of Arts Degree (cum laude) from Harvard University, and was conferred the Honorary Doctorate of Humanities by the Savannah College of Art and Design in 2014. Dr. Cheng worked in a major international bank prior to joining the Group in September 2006 and has substantial experience in corporate finance. He is the son of Dr. Cheng Kar-Shun, Henry, the brother of Ms.

Cheng Chi-Man, Sonia, the nephew of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Cheng Chi-Heng, aged 42, was appointed as an Executive Director in June 2010. Mr. Cheng is a member of the Executive Committee of the Board of Directors of NWD. He also acts as director of certain subsidiaries of the Group. Mr. Cheng is an executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Mr. Cheng is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of NWD. Mr. Cheng worked in Yu Ming Investment Management Limited from 1999 to 2000 as a corporate finance executive. He obtained his Bachelor of Arts Degree majoring in Economics from the University of Western Ontario, Canada in 1999. He is the son of Mr. Cheng Kar-Shing, Peter, the nephew of Dr. Cheng Kar-Shun, Henry and Mr. Doo Wai-Hoi, William, and the cousin of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Ms. Cheng Chi-Man, Sonia, aged 39, was appointed as an Executive Director in March 2012. Ms. Cheng is a member of the Executive Committee of the Board of Directors of NWD. She currently oversees the hotel division and the project management division of the Group. She is an executive director of NWCL and a director of certain subsidiaries of the Group. Ms. Cheng is a non-executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Before joining the Group in 2008, Ms. Cheng worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Ms. Cheng holds a Bachelor of Arts Degree with a concentration in Applied Mathematics from Harvard University in the U.S.A. Ms. Cheng is the chief executive officer of Rosewood Hotel Group, a member of the Thirteenth Guangzhou Municipal Committee of The Chinese People's Political Consultative Conference, the chairman of the advisory committee of the School of Hotel and Tourism Management at The Chinese University of Hong Kong and member of the advisory committee of the School of Hotel & Tourism Management Industry at The Hong Kong Polytechnic University. She is a member of the Y. Elites Association, the Young Presidents' Organization and the Hong Kong United Youth Association, and a non-official member of the Family Council and the Advisory Committee on Gifted Education. Ms. Cheng is the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Dr. Cheng Chi-Kong, Adrian, the niece of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Sitt Nam-Hoi, aged 65 was appointed as an Executive Director in June 2018. Mr. Sitt is a member of the Executive Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Sitt joined the Group and was appointed as Head of Projects (Hong Kong) of NWD in February 2011. He is currently the senior director of the Project Management Department of NWD, director and chief design officer of NWCL and director of certain subsidiaries of the Group. Before joining NWD, he was the project director of a listed public company in Hong Kong which he worked for over 25 years. Before that, Mr. Sitt had been working in Buildings Department of the Government of the Hong Kong Special Administrative Region. Mr. Sitt obtained his Bachelor of Architecture and Bachelor of Arts in Architectural Studies from the University of Hong Kong. He is a Registered Architect, an Authorised Person and is responsible for overseeing all project management matters for all property development projects of the Group in Hong Kong. He has extensive project management experience and participated in various significant projects in Hong Kong and mainland China.

Ms. Huang Shaomei, Echo, aged 51, has been appointed as an Executive Director in May 2020. Ms. Huang is a member of the Executive Committee of the Board of Directors of the NWD. She joined the Group as the deputy chief executive officer of NWCL in October 2015 and promoted to Director & Chief Executive Officer of NWCL in February 2020. Ms. Huang is also a director of certain subsidiaries of the Group. She has over 20 years of experience in the real estate sector, having served in a consulting capacity for large-scale urban infrastructures, urban planning and urban renewal in mainland China for extensive periods, providing the Government of the People's

Republic of China with professional recommendations on property development and urban planning. Prior to joining the Group, Ms. Huang held senior position with an international consulting firm. She was appointed as managing director (Southern China) of a Hong Kong-listed property developer, overseeing its property development throughout the southern China region. She has proven experience in China's real estate sector. Ms. Huang is a member of Guangdong Province Committee of the Chinese People's Political Consultative Conference (CPPCC), and a Deputy Secretary-General of Silk Road Chamber of International Commerce.

Ms. Chiu Wai-Han, Jenny, aged 48, has been appointed as an Executive Director in May 2020. Ms. Chiu is a member of the Executive Committee of the Board of Directors of the NWD. She joined the Group in 2004 and is currently the Senior Director – Human Resources of the Company. Ms. Chiu is responsible for planning and driving full spectrum of strategic human resources direction, including talent acquisition, talent development and management, reward management and human resources partnering services. Prior to joining the Group, she had taken up managerial role in renowned corporations in information and communications technology services and property development industries. Ms. Chiu was graduated from The Chinese University of Hong Kong. She is an Associate Member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Ms. Chiu possesses over 20 years of experience in human resources and corporate management.

Mr. Doo Wai-Hoi, William JP, aged 75, was appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is also a non-executive director of Lifestyle International Holdings Limited and an independent non-executive director of Shanghai Industrial Urban Development Group Limited, both being listed public companies in Hong Kong. Mr. Doo was an independent non-executive director of The Bank of East Asia, Limited, a listed public company in Hong Kong, up to his resignation on 18 February 2017. Mr. Doo is also a director of certain subsidiaries of the Group. He is the chairman and director of Fungseng Prosperity Holdings Limited. Mr. Doo is a Justice of the Peace appointed by the Government of the Hong Kong Special Administrative Region. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was further promoted to the Officier de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Heng.

Mr. Cheng Kar-Shing, Peter, aged 67, was appointed as a Director in October 1994. Mr. Cheng is also an independent non-executive director of King Fook Holdings Limited, a listed public company in Hong Kong. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of NWD. Mr. Cheng is an executive director of NWCL, a director of New World Hotels (Holdings) Limited, NWS Service Management Limited and certain subsidiaries of the Group. Mr. Cheng is committed to community services and is serving as the chairman of Chow Tai Fook Charity Foundation, the chairman of Chow Tai Fook Medical Foundation Limited, the chairman of Antonia Welfare Fund Limited, the vice-chairman of Hong Kong Economic Exchange and a director of Green Council. He is the University Assembly member of University of Macau. He is a Fellow of The Hong Kong Institution of Engineers, Hong Kong Institute of Arbitrators, Hong Kong Construction Arbitration Centre and The Chartered Institute of Arbitrators. He is a CEDR Accredited Mediator and on the lists of the Mediators of Hong Kong Mediation Accreditation Association Limited, Hong Kong International Arbitration Centre, Hong Kong Mediation Centre and Financial Dispute Resolution Centre. He is on the Panel of Arbitrators of South China International Economic and Trade Arbitration Commission/Shenzhen Court of International Arbitration and an Arbitrator of Huizhou Arbitration Commission, a Member of Society of Construction Law Hong Kong and a member of Hong Kong Institute of Mediation. Mr. Cheng is the brother of Dr. Cheng Kar-Shun, Henry, the

brother-in-law of Mr. Doo Wai-Hoi, William, the father of Mr. Cheng Chi-Heng, and the uncle of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Ms. Ki Man-Fung, Leonie GBS, SBS, JP, aged 73, was appointed as a Non-executive Director in December 2008 and was re-designated as Executive Director in March 2012 and re-designated as Non-executive Director in June 2018. Ms. Ki has been the managing director of New World China Enterprises Projects Limited (a subsidiary of NWD) since 1997 and is also a director of certain subsidiaries of the Group. Ms. Ki is an independent non-executive director of Sa Sa International Holdings Limited, a listed public company in Hong Kong. She was an independent non-executive director of Clear Media Limited (a listed public company in Hong Kong) up to her retirement on 7 September 2019. Ms. Ki is also a director of Chow Tai Fook Charity Foundation. Ms. Ki has more than 30 years' experience in integrated communication and marketing services. She was the founder, partner and chairman/chief executive officer of Grey Hong Kong Advertising Limited and Grey China Advertising Limited. Ms. Ki is committed to the community and public services. She was the first chief executive of The Better Hong Kong Foundation. She is currently a director of PMQ Management Company Limited, founder and honorable president of Wu Zhi Qiao Charitable Foundation, a member of the Asian Advisory Board of Cheng Yu Tung Management Institute, Richard Ivey School of Business (University of Western Ontario, Canada), a member of the Advisory Board of the EMBA Programme of The Chinese University of Hong Kong, the honorary consultant for the School of Hip Hop of Youth Outreach and a member of Hong Kong Institute of Construction Management Board. Ms. Ki is a recipient of Honorary University Fellowship from The Open University of Hong Kong and The University of Hong Kong. She has been awarded the honour of Beta Gamma Sigma by the Faculty of Business Administration of The Chinese University of Hong Kong, and Justice of the Peace, the Silver Bauhinia Star and the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. She was a National Committee Member of the 12th Chinese People's Political Consultative Conference (CPPCC) of The People's Republic of China and a member of the 10th, 11th and 12th CPPCC of Yunnan Provincial Committee.

Mr. Yeung Ping-Leung, Howard, aged 63, was appointed as a Director in November 1985. Mr. Yeung is a member of the Audit Committee and the Remuneration Committee of the Board of Directors of NWD. He is also an independent non-executive director of Miramar Hotel and Investment Company, Limited, a listed public company in Hong Kong.

Mr. Cha Mou-Sing, Payson JP, aged 77, was appointed as a Director in April 1989. Mr. Cha is a member of the Audit Committee, the Remuneration Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Cha is also the chairman of HKR International Limited, the non-executive chairman of Hanison Construction Holdings Limited and Million Hope Industries Holdings Limited, all of them are listed public companies in Hong Kong. Mr. Cha was an independent non-executive director of Munsun Capital Group Limited (formerly known as China Precious Metal Resources Holdings Co., Ltd.), a listed public company in Hong Kong, up to his resignation on 23 December 2016. He is also an independent non-executive director of Eagle Asset Management (CP) Limited — Manager of Champion Real Estate Investment Trust which is listed on The Stock Exchange of Hong Kong Limited, the chairman of Mingly Corporation and an independent non-executive director of Hong Kong International Theme Parks Limited.

Mr. Cha Mou-Zing, Victor (Alternate Director to Mr. Cha Mou-Sing, Payson), aged 70, was appointed as an Alternate Director in September 2000. Mr. Cha is the deputy chairman and managing director of HKR International Limited, a listed public company in Hong Kong. He was an independent non-executive director of SOHO China Limited, a listed public company in Hong Kong, up to his resignation on 17 August 2018. He has extensive experience in the textile manufacturing and real estate businesses.

Mr. Ho Hau-Hay, Hamilton, aged 69, was appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in November 2007. Mr. Ho was

an Alternate Director of NWD from 7 January 2004 to 29 August 2004. Mr. Ho is the chairman of the Remuneration Committee and a member of the Audit Committee of the Board of Directors of NWD. He is also an independent non-executive director of King Fook Holdings Limited (a listed public company in Hong Kong), and an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.

Mr. Lee Luen-Wai, John BBS, JP, aged 71, was appointed as an Independent Non-executive Director in August 2004. Mr. Lee is the chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee of the Board of Directors of NWD. Mr. Lee is the managing director and chief executive officer of Lippo Limited, an executive director and the chief executive officer of Lippo China Resources Limited and Hongkong Chinese Limited, as well as an independent non-executive director of UMP Healthcare Holdings Limited, all being listed public companies in Hong Kong. Mr. Lee was also a non-executive non-independent chairman of Healthway Medical Corporation Limited, a company listed on the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited, up until his retirement on 26 April 2019. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Price Waterhouse (now PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong and a Justice of Peace in Hong Kong. He serves as a member on a number of Public Boards and Committees including the Chairman of the Investment Committee of the Hospital Authority Provident Fund Scheme, a member of the Public Service Commission and the Chairman of the Hospital Governing Committee of Hong Kong Children's Hospital.

Mr. Liang Cheung-Biu, Thomas, aged 73, was appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in March 2012. Mr. Liang is a member of the Audit Committee and the Nomination Committee of the Board of Directors of NWD. Mr. Liang is an independent non-executive director of Miramar Hotel and Investment Company, Limited (a listed public company in Hong Kong), a director and the group chief executive of Wideland Investors Limited and a member of the Board of Trustees of Wei Lun Foundation Limited. Mr. Liang is a member of the Council of The Chinese University of Hong Kong, a member of the Court of the Hong Kong Baptist University and a member of the Board of Governors, The Hang Seng University of Hong Kong. He has extensive experience in financial management, corporate finance, banking, real estate development and equity investment.

Mr. Ip Yuk-Keung, aged 68, was appointed as an Independent Non-executive Director in June 2018. Mr. Ip is a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Ip is an independent non-executive director of TOM Group Limited, Power Assets Holdings Limited, Lifestyle International Holdings Limited and Hutchison Telecommunications Hong Kong Holdings Limited, all being listed public companies in Hong Kong. He is also a non-executive director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust (a listed real estate investment trust). He was the executive director and chief executive officer of LHIL Manager Limited which is the trustee-manager of Langham Hospitality Investments (a listed fixed single investment trust) and Langham Hospitality Investments Limited until his resignation on 1 April 2019. In addition, he was an independent non-executive director of AEON Credit Service (Asia) Company Limited (a listed public company in Hong Kong), Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited, a listed public company in Hong Kong) and Hopewell Holdings Limited (a listed public company in Hong Kong until its delisting on 3 May 2019) up to his resignation in September 2016, May 2018 and May 2019, respectively. Mr. Ip is an international banking and real estate executive with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and the United States. His areas of expertise are in real estate,

corporate banking, risk management, transaction banking and wealth management. Mr. Ip is an Honorary Professor of Business of Lingnan University, a Professor of Practice (International Banking and Real Estate) at The Hong Kong Polytechnic University, an Adjunct Professor of City University of Hong Kong, The Hong Kong University of Science and Technology, The Hang Seng University of Hong Kong and the School of Hotel and Tourism Management at The Chinese University of Hong Kong, an Adjunct Distinguished Professor in Practice of University of Macau, a Council Member of The Hong Kong University of Science and Technology, Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology, a trustee of the Board of Trustees at Washington University in St. Louis, and a Vice Chairman of the Board of Governors of World Green Organisation. Mr. Ip holds a Bachelor of Science degree at Washington University in St. Louis (summa cum laude) and Master of Science degrees at Cornell University and Carnegie-Mellon University. He is an Honorary Fellow of Vocational Training Council.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

Directors' Interests in Securities

As at 31 December 2019, the interests of the Directors and their associates in shares, underlying shares and debentures of NWD or any of its associated corporations which were recorded in the register required to be kept by NWD under Section 352 of the SFO were as follows:

(I) Long positions in shares

	Number of shares				
	Personal interests	**Spouse interests**	**Corporate interests**	**Total**	**Approximate % to the total number of issued shares as at 31 December 2019**
NWD					
(Ordinary shares)					
Mr. Doo Wai-Hoi, William..	—	—	29,117,081(1)	29,117,081	0.28
Dr. Cheng Chi-Kong, Adrian....................................	700,000	—	—	700,000	0.01
Mr. Cheng Kar-Shing, Peter	—	566,567	—	566,567	0.01
Mr. Ho Hau-Hay, Hamilton	—	—	878,353(2)	878,353	0.01
Mr. Liang Cheung-Biu, Thomas...............................	10,429	—	—	10,429	0.00
Ms. Ki Man-Fung, Leonie	90,000	—	—	90,000	0.00
New World Department Store China Limited					
(Ordinary shares of HK$0.10 each).........................					
Ms. Ki Man-Fung, Leonie	20,000	—	—	20,000	0.00
Ms. Cheng Chi-Man, Sonia	92,000	—	—	92,000	0.01
NWS Holdings Limited					
(Ordinary shares of HK$1.00 each).........................					
Dr. Cheng Kar-Shun, Henry	18,349,571	—	12,000,000(3)	30,349,571	0.78
Mr. Doo Wai-Hoi, William..	—	—	6,802,903(4)	6,802,903	0.17
Mr. Cheng Kar-Shing, Peter	320,097	—	6,463,227(5)	6,783,324	0.17
Ms. Ki Man-Fung, Leonie	15,000	—	—	15,000	0.00
Sun Legend Investments Limited					
(Ordinary shares)...					
Mr. Cheng Kar-Shing, Peter	—	—	5,000,500(6)	5,000,500	50.00

Notes:

(1) These shares are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(2) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.

(3) These shares are beneficially owned by a company which is wholly-owned by Dr. Cheng Kar-Shun, Henry.

(4) These shares are beneficially owned by a company which is wholly-owned by Mr. Doo Wai-Hoi, William.

(5) These shares are beneficially owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.

(6) These shares are beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

(II) Long positions in share options

(i) NWD

Name of Director	Date of grant	Exercisable period	Number of share options	Exercisable price per share
		(Notes)		*HK$*
Dr. Cheng Kar-Shun, Henry	10 June 2016	(1)	10,675,637	7.540
	3 July 2017	(2)	2,000,000	10.036
Mr. Doo Wai-Hoi, William	3 July 2017	(2)	100,000	10.036
Dr. Cheng Chi-Kong, Adrian............................	9 March 2016	(3)	3,800,000	7.200
	10 June 2016	(1)	3,736,471	7.540
	3 July 2017	(2)	2,000,000	10.036
Mr. Yeung Ping-Leung, Howard	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cha Mou-Sing, Payson	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cheng Kar-Shing, Peter	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Ho Hau-Hay, Hamilton	10 June 2016	(4)	333,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Lee Luen-Wai, John..................................	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Liang Cheung-Biu, Thomas.......................	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Ms. Ki Man-Fung, Leonie	10 June 2016	(5)	802,016	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cheng Chi-Heng	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Ms. Cheng Chi-Man, Sonia	10 June 2016	(1)	3,202,688	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Au Tak-Cheong...	10 June 2016	(5)	136,693	7.540
	3 July 2017	(6)	100,000	10.036
Mr. Sitt Nam-Hoi	10 June 2016	(5)	574,827	7.540
	3 July 2017	(2)	300,000	10.036
	6 July 2018	(7)	600,000	11.040
Mr. So Chung-Keung, Alfred*	3 July 2017	(2)	2,300,000	10.036
	6 July 2018	(7)	600,000	11.040
Mr. Ip Yuk-Keung	6 July 2018	(7)	600,000	11.040
			35,964,785	

* Mr. So Chung-Keung, Alfred resigned as Director of NWD with effect from 1 January 2020.

Notes:

(1) Divided into 4 tranches, exercisable from 10 June 2016, 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(2) Divided into 4 tranches, exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(3) Divided into 4 tranches, exercisable from 9 March 2016, 9 March 2017, 9 March 2018 and 9 March 2019 respectively to 8 March 2020.

(4) Divided into 3 tranches, exercisable from 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(5) Divided into 2 tranches exercisable from 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(6) Divided into 2 tranches exercisable from 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(7) Divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

(8) The cash consideration paid by each Director for the grant of share options is HK$10.0.

(ii) NWS Holdings Limited

Name of Director	Date of grant	Exercisable period	Number of share options	Exercisable price per share
		(Notes)		*HK$*
Dr. Cheng Kar-Shun, Henry	9 March 2015	(1)	7,420,739	14.120

Notes:

(1) 60% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40.0% of the share options are divided into two tranches, exercisable from 9 March 2016 and 9 March 2017, respectively to 8 March 2020.

(2) The cash consideration paid by the above Director for grant of the share options is HK$10.0.

(III) Long positions in debentures

(i) The Issuer

	Amount of debentures issued by the Issuer				
Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William..	—	3,075,000	74,600,000(1)	77,675,000	3.11
Ms. Ki Man-Fung, Leonie	1,000,000	—	—	1,000,000	0.04
	1,000,000	3,075,000	74,600,000	78,675,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(ii) NWD (MTN) Limited

	Amount of debentures issued by NWD (MTN) Limited				
Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	HK$	*HK$*	*HK$*	*HK$*	
Mr. Doo Wai-Hoi, William..	—	23,400,000(1)	156,000,000(2)	179,400,000	0.72
Ms. Ki Man-Fung, Leonie	11,800,000(3)	—	—	11,800,000	0.05
	11,800,000	23,400,000	156,000,000	191,200,000	

Notes:

(1) These debentures were issued in U.S.$ and had been translated into HK$ using the rate of U.S.$1.0 = HK$7.8.

(2) These debentures are beneficially owned by a company which is wholly-owned by Mr. Doo Wai-Hoi, William and were issued in U.S.$ and had been translated into HK$ using the rate of U.S.$1.0 = HK$7.8.

(3) This amount includes HK$7,800,000 debentures which were issued in U.S.$ and had been translated into HK$ using the rate of U.S.$1.0 = HK$7.8.

(iii) Fita International Limited (“Fita”)

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	Amount of debentures issued by Fita				
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William..	—	2,900,000	12,890,000[(1)]	15,790,000	2.11
Mr. Lee Luen-Wai, John	1,000,000	1,000,000	—	2,000,000	0.27
	1,000,000	3,900,000	12,890,000	17,790,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(iv) NWCL

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	Amount of debentures issued by NWCL				
	HK$	*HK$*	*HK$*	*HK$*	
Mr. Doo Wai-Hoi, William..	—	—	538,500,000[(1)]	538,500,000	6.59

Notes:

(1) These debentures are held by companies which are wholly owned by Mr. Doo Wai-Hoi, William, of which HK$390,000,000 debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(v) Celestial Dynasty Limited (“CDL”)

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	Amount of debentures issued by CDL				
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William..	—	—	2,800,000[(1)]	2,800,000	0.43

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(vi) **Celestial Miles Limited ("CML")**

Name of Directors	Amount of debentures issued by CML				Approximate % of the total amount of debentures in issue as at 31 December 2019
	Personal interests	**Family interests**	**Corporate interests**	**Total**	
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William	—	—	34,600,000[(1)]	34,600,000	2.66
Mr. Cheng Kar-Shing, Peter	2,000,000	—	—	2,000,000	0.15
Mr. Lee Luen-Wai, John	—	61,000	—	61,000	0.00
	2,000,000	61,000	34,600,000	36,661,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

Save as disclosed above, as at 31 December, none of the directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of NWD or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by NWD pursuant to Section 352 of the SFO or were required to be notified to NWD and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders' Interests in Securities

As at 31 December 2019, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of NWD as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares of NWD

Name	Number of shares of NWD			Approximate % of shareholding as at 31 December 2019
	Beneficial interests	**Corporate interests**	**Total**	
Cheng Yu Tung Family (Holdings) Limited ("**CYTFH**")[(1)]	—	4,535,634,444	4,535,634,444	44.35
Cheng Yu Tung Family (Holdings II) Limited ("**CYTFH-II**")[(2)]	—	4,535,634,444	4,535,634,444	44.35
Chow Tai Fook Capital Limited ("**CTFC**")[(3)]	—	4,535,634,444	4,535,634,444	44.35
Chow Tai Fook (Holding) Limited ("**CTFHL**")[(4)]	—	4,535,634,444	4,535,634,444	44.35
Chow Tai Fook Enterprises Limited ("**CTFE**")[(5)]	4,123,491,293	412,143,151	4,535,634,444	44.35

Notes:

(1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFC.

(2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFC.

(3) CTFC holds 81.03% direct interest in CTFHL and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFHL.

(4) CTFHL holds 100% direct interest in CTFE and is accordingly deemed to have an interest in the shares of NWD interested by or deemed to be interested by CTFE.

(5) CTFE together with its subsidiaries.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2019.

EXCHANGE RATES

The HK dollar is freely convertible into the U.S. dollar. Since 1983, the HK dollar has been linked to the U.S. dollar at the rate of HK$7.80 to U.S.$1.00. The Basic Law of Hong Kong (the "**Basic Law**")**,** which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the HK dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to U.S.$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK$7.80 per U.S. dollar to a rate range of HK$7.75 to HK$7.85 per U.S. dollar. Under the Basic Law, the HK dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the HK dollar will remain freely convertible into other currencies, including the U.S. dollar. However, there is no assurance that the Hong Kong government will maintain the link at HK$7.80 to U.S.$1.00, or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfers in HK dollars for the periods indicated:

	Noon Buying Rate			
Period	**Low**	**Average**	**High**	**Period End**
	(*HK$ per U.S.$1.00*)			
2010	7.7501	7.7687	7.8040	7.7810
2011	7.7634	7.7841	7.8087	7.7663
2012	7.7493	7.7569	7.7699	7.7507
2013	7.7503	7.7565	7.7654	7.7539
2014	7.7495	7.7545	7.7669	7.7531
2015	7.7495	7.7524	7.7686	7.7507
2016	7.7505	7.7620	7.8270	7.7534
2017	7.7540	7.7926	7.8267	7.8128
2018	7.8043	7.8376	7.8499	7.8305
2019	7.7894	7.8351	7.8499	7.7850
2020				
January	7.7665	7.7725	7.7889	7.7661
February	7.7873	7.7693	7.7693	7.7630
March	7.7511	7.7638	7.7797	7.7511
April	7.7501	7.7513	7.7530	7.7520
May	7.7501	7.7523	7.7558	7.7512
June (through 12 June)	7.7501	7.7504	7.7512	7.7501

Source: Bloomberg

* *Up to 12 June, 2020*

TAXATION

The following summary of certain British Virgin Islands and Hong Kong consequences of the purchase, ownership and disposition of the Securities and certain other relevant issues are based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Securities or any persons acquiring, selling or otherwise dealing in the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities.

Prospective investors considering the purchase of the Securities should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Securities under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

The Issuer and all dividends, interest, rents, royalties, compensations and other amounts paid by the Issuer to persons who are not persons resident in the British Virgin Islands are exempt from the provisions of the Income Tax Act in the British Virgin Islands, and any capital gains realised by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations, or other securities of the Issuer are exempt from all forms of taxation in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer.

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

Hong Kong

Withholding tax

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

Profits tax

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

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, distribution on the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, professional or business carried on in Hong Kong in the following circumstances:

(a) distribution on the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in

respect of which the distribution is received or accrues are made available outside of Hong Kong; or

(b) distribution on the Securities is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong; or

(c) distribution on the Securities is derived from Hong Kong and is received by or accrues to a person other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

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

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Securities will be subject to profits tax.

Stamp duty

No stamp duty is payable on the issue or transfer of the Securities.

FATCA Withholding

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

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 16 June 2020 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed severally but not jointly, to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Securities indicated in the following table at an issue price of 100.00 per cent. of their principal amount (the "**Issue Price**") in the amount set forth below. Any subsequent offering of the Securities to investors may be at a price different from such Issue Price.

Joint Lead Managers	**Principal amount to be subscribed**
The Hongkong and Shanghai Banking Corporation Limited	U.S.$162,500,000
UBS AG Hong Kong Branch	U.S.$162,500,000
Mizuho Securities Asia Limited	U.S.$162,500,000
J.P. Morgan Securities plc..	U.S.$162,500,000
HeungKong Securities Limited	U.S.$0
Total	**U.S.$650,000,000**

The Subscription Agreement provides that each of the Issuer and the Guarantor will indemnify each of the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of each of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and certain of its affiliates may have performed certain investment banking and advisory services for the Guarantor and/or its affiliates from time to time for which it has received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Guarantor and/or its affiliates in the ordinary course of their business.

The Joint Lead Managers or certain of their respective affiliates may purchase the Securities for asset management and/or proprietary purposes but not with a view to distribution.

The Joint Lead Managers or their respective affiliates may purchase the Securities for its own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Securities and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Securities).

In connection with the issue of the Securities, the Stabilising Manager may over-allot Securities or effect transactions with a view to supporting the price of the Securities at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Securities 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 Securities and 60 days after the date of the allotment of the Securities. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would permit a public offering of the Securities, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required.

United States

The Securities and the Guarantee of the Securities have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state law. Each Joint Lead Manager has represented that it has not offered or sold, and has agreed that it will not offer or sell, any Securities and the Guarantee of the Securities constituting part of its allotment within the United States, and any offers and sales will be made in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, none of the Joint Lead Managers, their affiliates or any persons acting on their behalf have engaged in, or will engage in, any directed selling efforts with respect to the Securities and the Guarantee of the Securities. Terms used in these paragraphs have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Securities and the Guarantee of the Securities, an offer or sale of the Securities or the Guarantee of the Securities within the United States by any "dealer" (as defined in the Securities Act), whether or not participating in the offering, may violate the registration requirements of the Securities Act.

United Kingdom

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

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA and UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Hong Kong

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

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document or otherwise, any Securities other than:

  (i) to "**Professional Investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or

  (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong (the "**C(WUMP)O**") and 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, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong or otherwise is or contains an invitation to the public (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China

Each Joint Lead Manager has represented, warranted and undertaken that the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that

trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(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.

Japan

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

British Virgin Islands

Each Joint Lead Manager has represented, warranted and undertaken that the Securities have not been and will not be offered to members of the public or any other person in the British Virgin Islands.

GENERAL INFORMATION

1. **Clearing Systems:** The Securities have been accepted for clearance through Euroclear and Clearstream under Common Code number 213298674 and the International Securities Identification Number for the Securities is XS2132986741.

2. **Listing of Securities:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Securities by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Securities on the Hong Kong Stock Exchange will commence on or around 23 June 2020.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the Securities. The issue of the Securities was authorised by resolutions of the directors of the Issuer dated as at 4 March 2020. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the provision of and performance of its obligations under the Guarantee of the Securities. The provision of the Guarantee of the Securities was authorised by resolutions of the Board of Directors of the Guarantor dated as at 4 March 2020.

4. **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of the Guarantor and the Group since 31 December 2019.

5. **Litigation:** Neither the Guarantor, the Issuer nor any of the subsidiaries of the Guarantor is involved in any litigation or arbitration proceedings that the Guarantor believes are material in the context of the Securities or the Guarantee of the Securities nor is the Issuer nor the Guarantor aware that any such proceedings are pending or threatened.

6. **Available Documents:** A copy of the Guarantor's annual report for the year ended 30 June 2019, a copy of the Guarantor's 2019/2020 Interim Report, and copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee will be available for inspection by the Holders from the Issue Date, at the specified office of the Paying Agent during normal business hours, so long as any of the Securities is outstanding.

7. **Auditor:** The consolidated financial statements of the Guarantor for the year ended 30 June 2019 have been audited by PricewaterhouseCoopers, Certified Public Accountants. The 2019/2020 Interim Financial Statements has not been audited or reviewed by the auditor of the Guarantor.

8. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 25490076V8K09HMNCT88.

ISSUER

NWD Finance (BVI) Limited
Vistra Corporate Services Centre
Wickhams Cay II
Road Town, Tortola
VG1110, British Virgin Islands

GUARANTOR

New World Development Company Limited
30th Floor, New World Tower
18 Queen's Road Central
Hong Kong

AUDITOR OF THE GUARANTOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

FISCAL AGENT, PAYING AGENT AND TRANSFER AGENT

The Hong Kong and Shanghai Banking Corporation Limited
Level 24, HSBC Main Building
1 Queen's Road Central
Hong Kong

REGISTRAR

The Hong Kong and Shanghai Banking Corporation Limited
Level 24, HSBC Main Building
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Hong Kong

To the Issuer and the Guarantor as to English and Hong Kong law

Linklaters
11th Floor
Alexandra House
Chater Road
Central
Hong Kong

To the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers as to English law

Clifford Chance
27th Floor
Jardine House
One Connaught Place
Central
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APPENDIX III – SUPPLEMENTAL OFFERING CIRCULAR DATED 3 SEPTEMBER 2021

IMPORTANT NOTICE

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

Important: You must read the following before continuing. The following applies to the supplemental 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.

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 U.S. 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, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. 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. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. The Offering Circular is being sent at your request and by accepting the electronic mail and accessing the Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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

The materials relating to any offering of securities to which the 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 such 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, such 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 the Offering Circular) in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor or the Manager (as defined in the Offering Circular), any person who controls the Manager, any director, officer, employee or agent of the Issuer, the Guarantor, the Manager 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 Manager.

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.

Actions that you may not take: If you receive this document by e-mail, you should not reply by email to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "**Reply**" function on your e-mail software, will be ignored or rejected.

NWD FINANCE (BVI) LIMITED

(*incorporated with limited liability under the laws of the British Virgin Islands*)

U.S.$150,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities Guaranteed by

New World Development Company Limited

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

(to be consolidated and form a single series with the U.S.$850,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities (comprising the U.S.$200,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities issued on 30 June 2020 consolidated and forming a single series with the U.S.$650,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities issued on 22 June 2020))

This supplemental offering circular (the "**Supplemental Offering Circular**") is supplemental to the Offering Circular dated 16 June 2020 (the "**Original Offering Circular**") as supplemented by the supplemental offering circular dated 23 June 2020 (the "**First Supplemental Offering Circular**" and, together with the Original Offering Circular and as supplemented by this Supplemental Offering Circular, the "**Offering Circular**"). The U.S.$150,000,000 in aggregate principal amount of the 5.25 per cent. Guaranteed Senior Perpetual Capital Securities (the "**New Securities**") will be issued by NWD Finance (BVI) Limited (the "**Issuer**") and the due and punctual payment of all sums payable by the Issuer in respect of the New Securities will be unconditionally and irrevocably guaranteed (the "**Guarantee of the Securities**") by New World Development Company Limited (the "**Guarantor**"). Such New Securities will be consolidated and form a single series with the U.S.$850,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities (comprising the U.S.$200,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities issued on 30 June 2020 consolidated and forming a single series with the U.S.$650,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities issued on 22 June 2020) (the "**Original Securities**" and together with the New Securities, the "**Securities**"). The terms and conditions for the New Securities are the same as those for the Original Securities in all respects, except for the issue price and the New Securities Issue Date, and the New Securities and the Original Securities will vote together as a single series on all matters with respect to the Securities. The issue price will include accrued distribution from, and including, 22 June 2021 to, but excluding, the New Securities Issue Date. The New Securities will upon issue constitute a further issue of Securities pursuant to Condition 13 of the Terms and Conditions of the Securities as set out in the Original Offering Circular. Upon the issue of the New Securities, the aggregate principal amount of outstanding Securities will be U.S.$1,000,000,000.

The Securities confer a right to receive distributions (each a "**Distribution**") at the applicable rate of distribution (the "**Distribution Rate**"). Subject to the Conditions, the Distribution Rate applicable to the Securities shall be: (i) from, and including, 22 June 2020 (the "**Issue Date**") to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and (ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*" in the Original Offering Circular) falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*" in the Original Offering Circular). Subject to the provisions of the Securities relating to deferral of Distribution (see "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*" in the Original Offering Circular), Distribution is payable semi-annually in arrear on 22 June and 22 December of each year (each a "**Distribution Payment Date**") with the first Distribution Payment Date falling in December 2020.

The Issuer may, at its sole discretion, elect to defer a Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by providing holders of the Securities ("**Holders**") with not more than 10 nor less than 5 Business Days' (as defined in "*Terms and Conditions of the Securities"* in the Original Offering Circular) notice prior to the relevant Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date an Optional Deferral Event (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*" in the Original Offering Circular) has occurred. Any Distribution so deferred shall constitute "**Arrears of Distribution**". Each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Securities at the Distribution Rate and the amount of such interest payable thereon shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution as described in "*Terms and Conditions of the Securities — Distribution — Cumulative Deferral*" in the Original Offering Circular. The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement and is not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred. See "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*" in the Original Offering Circular.

The Securities are perpetual securities and have no fixed final redemption date. The Issuer may redeem the Securities in whole, but not in part, on any business day on or after 22 March 2026 at 100 per cent. of their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (as defined in "*Terms and Conditions of the Securities*" in the Original Offering Circular) (if any) and Distribution (if any) accrued to the date fixed for redemption on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant date for redemption). The Securities may also be redeemed in whole, but not in part, at the option of the Issuer, subject to certain provisos, at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption: (i) upon the occurrence of any change or amendment to the Relevant Accounting Standard (as defined in "*Terms and Conditions of the Securities — Redemption and Purchase — Redemption for Accounting Reasons"* in the Original Offering Circular*)* such that the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard; or (ii) upon the occurrence of a change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 16 June 2020 such that the Issuer or the Guarantor would be required to pay additional amounts in respect of the Securities or the Guarantee of the Securities and such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it or (iii) if at least 75 per cent. in principal amount of the Securities originally issued has been redeemed or purchased and cancelled. Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent (in accordance with the "*Terms and Conditions of the Securities*" in the Original Offering Circular) by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral —Definitions*" in the Original Offering Circular), stipulating that a Change of Control has occurred and whether or not it will redeem the Securities at their principal amount together with Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amounts, if any). See "*Terms and Conditions of the Securities — Redemption and Purchase*" in the Original Offering Circular. If the Issuer does not give such notice, the Distribution Rate shall increase by 3.00 per cent. per annum with effect from the next Distribution Payment Date, as set out in "*Terms and Conditions of the Securities*" in the Original Offering Circular.

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of the New Securities 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. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Securities are intended for purchase by Professional Investors only and the Original Securities have been and the New Securities will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Securities 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 Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Securities or the Issuer or Guarantor or the Group 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 disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Investing in the New Securities involves certain risks. See "*Risk Factors*" beginning on page 12 in the Original Offering Circular as amended and supplemented by the section headed "*Risk Factors*" beginning on page 9 of this Supplemental Offering Circular. Investors should be aware that the New Securities are perpetual in tenor and that they have no right to require redemption, that Distributions may be deferred in the circumstances set out in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*", that there are limited remedies for default under the New Securities and that there are various other risks relating to the New Securities, the Issuer, the Guarantor and their subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the New Securities. See "*Risk Factors*" beginning on page 12 in the Original Offering Circular as amended and supplemented by the section headed "*Risk Factors*" beginning on page 9 of this Supplemental Offering Circular.

The New Securities and the Guarantee of the Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the New Securities and the distribution of this Offering Circular, see "*Subscription and Sale*" in this Supplemental Offering Circular.

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

Sole Global Coordinator, Bookrunner and Lead Manager

J.P. Morgan

Supplemental Offering Circular dated 3 September 2021

IMPORTANT NOTICE

This Supplemental Offering Circular incorporates by reference all information contained in the Original Offering Circular and the First Supplemental Offering Circular as set out in Annex I of this Supplemental Offering Circular and should be read in conjunction with the Original Offering Circular and the First Supplemental Offering Circular. The information in this Supplemental Offering Circular supersedes the information in the Original Offering Circular as supplemented by First Supplemental Offering Circular to the extent inconsistent with the information in the Original Offering Circular and the First Supplemental Offering Circular.

Terms used but not defined herein shall have the meanings given to them in the Original Offering Circular.

The Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the purpose of giving information with regard to the Issuer, the Guarantor, the Group, the Securities and the Guarantee of the Securities. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in the 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. If investors are in any doubt about any of the contents of the Offering Circular, they should obtain independent professional advice.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (together, the "**Group**"), the New Securities and the Guarantee of the Securities, which is material in the context of the issue and offering of the New Securities; (ii) the statements contained herein relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed 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 New Securities or the Guarantee of the Securities, the omission of which would, in the context of the issue and offering of the New Securities, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the New Securities described in this Offering Circular. The distribution of this Offering Circular and the offering of the New Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and J.P. Morgan Securities plc as the Sole Global Coordinator, the Bookrunner and the Lead Manager (the "**Manager**") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the New Securities or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the New Securities, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the New Securities and distribution of this Offering Circular, see "*Subscription and Sale*" in this Supplemental Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor and the Group, the New Securities or the Guarantee of the Securities other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Manager or the Agents (as defined in the Terms and Conditions of the Securities (the "**Conditions**") as set out in the Original Offering Circular). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the New Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the

Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Manager or the Agents to subscribe for or purchase any of the New Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Manager or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty, express or implied, by the Manager or the Agents. The Manager has not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Guarantor, any member of the Group, the Manager or the Agents that any recipient of this Offering Circular should purchase the New Securities. Each potential purchaser of the New Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the New Securities should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

To the fullest extent permitted by law, none of the Manager or the Agents or any of their respective affiliates, directors or advisers accepts any responsibility for the contents of this Offering Circular. The Manager and the Agents and their respective affiliates, directors or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Manager or the Agents or any of their respective affiliates, directors or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the New Securities of any information coming to the attention of the Manager or the Agents.

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. Listing of the New Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the New Securities. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the Conditions, including the merits and risks involved. See "*Risk Factors*" in the Original Offering Circular for a discussion of certain factors to be considered in connection with an investment in the New Securities. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Manager or any person affiliated with the Manager in connection with its investigation of the accuracy of such information or its investment decision.

IN CONNECTION WITH THE ISSUE OF THE NEW SECURITIES, THE MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH MANAGER) (THE "STABILISING MANAGER") MAY OVER ALLOT NEW SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NEW SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER STABILISATION MAY NOT OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE NEW SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NEW SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NEW SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offering of the New

Securities. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The New Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). 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 ("**MiFID II**"); or (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. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the New Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS – The New Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (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. 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 New Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the New Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION: 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 New Securities are 'prescribed capital markets products' (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Issuer*", "*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. The Issuer, the Guarantor and the directors, employees and agents of the Issuer and the Guarantor, respectively do not assume: (i) 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 or the Guarantor's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based or (ii) any liability in the event that any of the forward-looking statements does not materialise or turns out to be incorrect. This Offering Circular discloses, under "*Risk Factors*" in the Original Offering Circular 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.

CERTAIN DEFINED TERMS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained here. Unless indicated otherwise, in this Offering Circular all references to (i) to "**Issuer**" are to NWD Finance (BVI) Limited, (ii) the "**Guarantor**" or "**NWD**" are to New World Development Company Limited, and (iii) the "**Group**" are to New World Development Company Limited and its direct and indirect subsidiaries, taken as a whole unless the context otherwise indicated.

In this Offering Circular, unless otherwise specified or the context requires, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People Republic of China, all references to the "**PRC**" or to "**Mainland China**" are to the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan, all references to "**U.S.**" are to the United States of America, all references to "**Hong Kong dollars**", "**HK dollars**", "**HK$**" or "**cents**" are to the lawful currency of Hong Kong, all references herein to "**U.S. dollars**" or "**U.S.$**" are to the lawful currency of the U.S., all references to "**HKFRS**" are to Hong Kong Financial Reporting Standards, all references to "**MW**" are to megawatts.

This Offering Circular contains translations of certain HK dollar amounts into U.S. dollars, and *vice versa,* at specific rates solely for the convenience of the reader. For convenience only and unless otherwise noted, all translations between HK dollars and U.S. dollars in this Offering Circular were made at the rate of HK$7.80 to U.S.$1.00. Such translations should not be construed as representations that the Hong Kong dollar and U.S. dollar amounts referred to herein could have been, or could be, converted into U.S. dollars or Hong Kong dollars, as the case may be, at that or any other rate or at all.

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. References to information in billions of units are to the equivalent of a thousand million units.

INCORPORATION BY REFERENCE AND PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Guarantor for the years ended 30 June 2019 (the "**2019 Audited Financial Statements**") and 2020 (the "**2020 Audited Financial Statements**"), which are contained in page 124 to page 239 of the 2019 annual report of the Guarantor and page 170 to page 298 of the 2020 annual report of the Guarantor, respectively, and the unaudited condensed consolidated interim financial statements of the Guarantor as at and for the six months ended 31 December 2020 (the "**December 2020 Unaudited Interim Financial Statements**"), which are contained in page 18 to page 43 of the 2020/2021 interim report of the Guarantor, are incorporated by reference in this Supplemental Offering Circular. Copies of the 2019 Audited Financial Statements and the 2020 Audited Financial Statements are available and may be downloaded free of charge from the Hong Kong Stock Exchange website on the internet at https://www.hkexnews.hk/.

This Supplemental Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 30 June 2020 and 2019, which has been extracted from the 2020 Audited Financial Statements of the Guarantor. The 2020 Audited 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 ("**HKICPA**"). The Group has adopted HKFRS 16 "Lease" and amendments to HKAS 28 "Long-term Interests in Associates and Joint Ventures" retrospectively from 1 July 2019 but has not restated comparatives for the year ended 30 June 2019 as permitted under the specific transition provisions in the standards. For details of the effects of adoption, please refer to note 4 of the 2020 Audited Financial Statements. The Group has also early adopted Amendment to HKFRS 16 "COVID-19 Related Rent Concessions" from 1 July 2019, for details of the effects of the adoption, please refer to note 2 of the 2020 Audited Financial Statements.

This Supplemental Offering Circular also contains the condensed consolidated income statement – unaudited, condensed consolidated statement of comprehensive income – unaudited, condensed consolidated statement of financial position – unaudited, condensed consolidated statement of changes in equity – unaudited and condensed consolidated statement of cash flows – unaudited and the related notes thereto for the six months ended 31 December 2020 for the Guarantor and its subsidiaries as set out in the December 2020 Unaudited Interim Financial Statements have not been audited or reviewed by the Guarantor's auditor.

The December 2020 Unaudited Interim Financial Statements were originally prepared and published by the Guarantor for the purposes of compliance with The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. Consequently, the December 2020 Unaudited Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review and prepared specifically for inclusion in an offering circular. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results

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SUMMARY

The section headed "Summary" appearing on page 1 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

The section headed "Risk Factors – Risks Relating to the Group and its Business" appearing from page 12 to page 27 in the Original Offering Circular shall be deleted in its entirety and replaced with the following. NWD is one of the largest Hong Kong-based property developers listed on the Hong Kong Stock Exchange in terms of market capitalisation. Established in 1970, NWD was listed on the Hong Kong Stock Exchange in 1972 and its shares are currently a constituent stock of the Hang Seng Index. As at 31 December 2020, based on the closing price of its shares on the Hong Kong Stock Exchange, NWD had a market capitalisation of approximately HK$91,888.5 million.

The Group's operations are based primarily in Hong Kong, Macau and the PRC, and include business activities in the following segments:

- *Property:* The Group is one of the major property developers and investors in Hong Kong and the PRC and is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment property portfolio comprising shopping malls, offices, hotels and serviced apartments. The Group undertakes its property development and investment businesses in the PRC primarily through NWCL, its subsidiaries, associated companies and joint ventures (the "**NWCL Group**").

- *Service:* The Group, through NWSH and its subsidiaries, associated companies and joint ventures (the "**NWSH Group**"), is engaged in a diversified range of service businesses including insurance, construction, facilities management, transport and strategic investments in Hong Kong, Macau and the PRC.

- *Infrastructure:* The Group is one of the largest foreign investors and operators of infrastructure projects in Hong Kong, Macau and the PRC. Its infrastructure portfolio comprises roads, aviation, environment and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.

- *Hotels:* As at 31 December 2020, the Group operated 18 hotel properties in Hong Kong, Mainland China and Southeast Asia with 7,503 guest rooms.

- *Department Stores:* As at 31 December 2020, the Group, through NWDS and its subsidiaries, operated and managed 29 department stores and shopping malls in the PRC.

Within the business segments, the Group focuses on its current core businesses, which include property development, property investment, roads, aviation, insurance and construction.

The following sets forth an overview of the Group's organisation structure showing its principal functional units and business activities as at 31 December 2020:

新世界發展有限公司
New World Development Company Limited
HK stock code: 17

Hong Kong Property
Development and Investment

NWSH (HK stock code: 659)	NWCL	NWDS (HK stock code: 825)
Infrastructure & Service	Mainland Property	Mainland Department Store
Approximately 61 per cent.	100 per cent.	Approximately 75 per cent.

SUMMARY OF THE OFFERING OF THE NEW SECURITIES

The following is a summary of the terms and conditions of the New Securities. For a more complete description of the New Securities, see "*Terms and Conditions of the Securities*" in the Original Offering Circular. Terms used in this summary and not otherwise defined shall have the meanings given to them in "*Terms and Conditions of the Securities*" in the Original Offering Circular.

Issuer	NWD Finance (BVI) Limited
Guarantor	New World Development Company Limited
Issue..................................	U.S.$150,000,000 guaranteed senior perpetual capital securities (the "**New Securities**") to be consolidated and form a single series with the U.S.$850,000,000 guaranteed senior perpetual capital securities (comprising the U.S.$200,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities issued on 30 June 2020 consolidated and forming a single series with the U.S.$650,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities issued on 22 June 2020)
Guarantee	The Guarantor will, in the Deed of Guarantee, unconditionally and irrevocably guarantee the due and punctual payment of all sums payable by the Issuer in respect of the New Securities.
Status of the New Securities	The New Securities will constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which will rank *pari passu* without any preference 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.
Status of the Guarantee of the Securities.........................	The Guarantee of the Securities will constitute a direct, general, unsecured, unconditional and unsubordinated obligation of the Guarantor which will rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Form and Denomination	See "*Summary of the Offering – Form and Denomination*" in the Original Offering Circular.
Distributions	See "*Summary of the Offering – Distributions*" in the Original Offering Circular.
Distribution Rate................	See "*Summary of the Offering – Distribution Rate*" in the Original Offering Circular.
Optional Deferral of Distributions.....................	See "*Summary of the Offering – Optional Deferral of Distributions*" in the Original Offering Circular.
Arrears of Distribution	See "*Summary of the Offering – Arrears of Distribution*" in the Original Offering Circular.
Restrictions in the case of a Deferral	See "*Summary of the Offering – Restrictions in the case of a Deferral*" in the Original Offering Circular.
New Securities Issue Date.	9 September 2021.

Maturity Date......................	There is no maturity date.
Redemption at the Option of the Issuer.........................	See "*Summary of the Offering – Redemption at the Option of the Issuer*" in the Original Offering Circular.
Redemption for Change of Control.............................	See "*Summary of the Offering – Redemption for Change of Control*" in the Original Offering Circular.
Tax Redemption.................	See "*Summary of the Offering – Tax Redemption*" in the Original Offering Circular.
Redemption for accounting reasons............................	See "*Summary of the Offering – Redemption for accounting reasons*" in the Original Offering Circular.
Redemption for minimum outstanding amount.........	See "*Summary of the Offering – Redemption for minimum outstanding amount*" in the Original Offering Circular.
Governing Law...................	The New Securities, the Guarantee of the Securities and any non contractual obligations arising out of or in connection with such will be governed by, and construed in accordance with, English law.
Clearing Systems...............	The New Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the New Securities Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for New Securities will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement .	The New Securities have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS2132986741 Common Code: 213298674
Legal Entity Identifier (LEI)...	25490076V8K09HMNCT88
Fiscal Agent, Paying Agent and Transfer Agent..........	The Hongkong and Shanghai Banking Corporation Limited
Calculation Agent...............	The Hongkong and Shanghai Banking Corporation Limited
Registrar.............................	The Hongkong and Shanghai Banking Corporation Limited
Listing.................................	Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Securities by way of debt issues to Professional Investors only.
Use of Proceeds.................	See "*Use of Proceeds*" in this Offering Circular.

SELECTED FINANCIAL INFORMATION OF THE GUARANTOR

The section headed "Selected Financial Information of the Guarantor" appearing from page 8 to page 11 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

The following tables present the summary consolidated financial information of the Group as of and for the years ended 30 June 2020 and 30 June 2019 and as of and for the six months ended 31 December 2020. The summary consolidated financial information is derived from and should be read in conjunction with the 2020 Audited Financial Statements and the December 2020 Unaudited Financial Statements.

The 2020 Audited Financial Statements were prepared in conformity with HKFRS issued by the HKICPA. The Group has adopted HKFRS 16 "Lease" and amendments to HKAS 28 "Long-term Interests in Associates and Joint Ventures" retrospectively from 1 July 2019 but has not restated comparatives for the year ended 30 June 2019 as permitted under the specific transition provisions in the standards. For details of the effects of adoption, please refer to note 4 of the 2020 Audited Financial Statements. The Group has also adopted Amendment to HKFRS 16 "COVID-19 Related Rent Concessions" from 1 July 2019, for details of the effects of the adoption, please refer to note 2 of the 2020 Audited Financial Statements.

The condensed consolidated income statement, condensed consolidated statement of comprehensive income and condensed consolidated statement of financial position and the related notes thereto for the six months ended 31 December 2020 for the Guarantor and its subsidiaries as set out in the December 2020 Unaudited Financial Statements have not been audited or reviewed by the Guarantor's auditor.

The December 2020 Unaudited Financial Statements of the Guarantor as at and for the six months ended 31 December 2020 have not been audited or reviewed by the Guarantor's auditor. Consequently, the December 2020 Unaudited Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results.

Save for the 2020 Audited Financial Statements, the financial information contained in this Offering Circular does not constitute the Guarantor's specified financial statements (as defined in the Companies Ordinance (Cap. 622) of Hong Kong) for the financial year ended 30 June 2020 but, in respect of financial information relating to the full financial year, is derived from those specified financial statements. The Group has delivered the specified financial statements for the financial year ended 30 June 2020 to the Registrar of Companies of Hong Kong. PricewaterhouseCoopers (Certified Public Accountants), the auditor of the Group, has issued auditor's report on the specified financial statements in relation to the Issuer for the financial year ended 30 June 2020. Such report was not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain any statement under Sections 406(2) or 407(2) or (3) of the Companies Ordinance (Cap. 622) of Hong Kong.

Consolidated Income Statement

	For the year ended 30 June		**For the six months ended 31 December**	
	2020	**2019**	**2020**	**2019**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*	*HK$ million (Unaudited)*
Revenues	59,007.8	76,763.6	35,577.3	32,464.4

	For the year ended 30 June		For the six months ended 31 December	
	2020	**2019**	**2020**	**2019**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*	*HK$ million (Unaudited)*
Cost of sales	(39,076.6)	(51,742.1)	(26,262.4)	(20,199.7)
Gross profit	19,931.2	25,021.5	9,314.9	12,264.7
Other income	243.8	121.4	90.5	95.7
Other gains, net	344.5	338.8	664.8	1,472.6
Selling and marketing expenses	(1,937.2)	(2,161.0)	(1,198.6)	(1,022.3)
Expenses of department store's operation	(1,286.8)	(2,125.6)	(644.4)	(695.3)
Administrative and other operating expenses	(7,121.5)	(6,298.7)	(3,209.7)	(3,309.6)
Overlay approach adjustments on financial assets	208.2	-	(895.1)	(137.8)
Changes in fair value of and gain on transfer to investment properties	1,653.2	10,305.7	92.0	(2,269.2)
Operating profit	12,035.4	25,202.1	4,214.4	6,398.8
Financing income	2,827.0	1,716.2	1,419.3	1,345.7
Financing costs	(4,837.9)	(2,472.5)	(1,547.7)	(2,229.8)
	10,024.5	24,445.8	4,086.0	5,514.7
Share of results of joint ventures	1,007.3	3,670.3	411.2	910.5
Share of results of associated companies	(237.4)	1,012.8	341.4	333.0
Profit before taxation	10,794.4	29,128.9	4,838.6	6,758.2
Taxation	(7,528.0)	(7,489.8)	(2,320.2)	(3,662.8)
Profit for the year/period	3,266.4	21,639.1	2,518.4	3,095.4
Attributable to:				
Shareholders of the Company	1,096.2	18,160.1	1,013.0	1,017.3
Holders of perpetual capital securities	1,688.3	803.0	1,070.7	800.8
Non-controlling interests	481.9	2,676.0	434.7	1,277.3
	3,266.4	21,639.1	2,518.4	3,095.4
Earnings per share				
Basic	HK$0.43	(Adjusted) HK$7.11	HK$0.40	(Adjusted) HK$0.40
Diluted	HK$0.43	(Adjusted) HK$7.11	HK$0.40	(Adjusted) HK$0.40

Consolidated Statement of Financial Position

	As at 30 June		As at 31 December
	2020	**2019**	**2020**
	HK$ million *(Audited)*	*HK$ million* *(Audited)*	*HK$ million* *(Unaudited)*
Assets			
Non-current assets			
Investment properties	169,717.5	173,326.7	190,916.8
Property, plant and equipment	30,099.9	31,024.1	21,451.0
Right-of-use assets	8,514.7	-	7,049.8
Land use rights	-	1,213.9	-
Intangible concession rights	14,005.1	9,973.0	14,647.0
Intangible assets	8,427.6	3,464.5	8,352.4
Value of business acquired	5,651.5	-	5,495.4
Deferred acquisition costs	688.2	-	1,199.1
Interests in joint ventures	43,013.3	50,865.5	42,061.1
Interests in associated companies	21,143.7	25,331.9	15,703.1
Financial assets at fair value through profit or loss	13,488.4	8,420.9	16,951.4
Financial assets at fair value through other comprehensive income	39,131.2	5,038.8	44,470.7
Derivative financial instruments	2,154.2	130.8	922.8
Properties for development	35,424.0	28,922.3	34,699.9
Deferred tax assets	1,120.0	763.5	1,443.5
Other non-current assets	25,344.7	14,644.3	16,148.6
	417,924.0	353,120.2	421,512.6
Current assets			
Properties under development	48,657.7	34,145.5	61,758.5
Properties held for sale	17,724.1	23,130.0	19,423.3
Inventories	685.1	805.7	625.1
Debtors, prepayments, premium receivables and contract assets	35,188.9	25,722.0	34,987.9
Investments related to unit-linked contracts	9,053.6	-	10,458.5
Financial assets at fair value through profit or loss	1,140.5	818.5	965.8
Financial assets at fair value through other comprehensive income	528.1	-	449.5
Derivative financial instruments	0.7	6.5	687.3
Restricted bank balances	144.4	2.5	226.0
Cash and bank balances	67,291.2	63,729.1	54,622.2
	180,414.3	148,359.8	184,204.1
Non-current assets classified as assets held for sale	1,857.6	1,804.9	10,773.6
	182,271.9	150,164.7	194,977.7

	As at 30 June		As at 31 December
	2020	2019	2020
	HK$ million (*Audited*)	*HK$ million* (*Audited*)	*HK$ million* (*Unaudited*)
Total assets	600,195.9	503,284.9	616,490.3
Equity			
Share capital	78,225.7	77,875.3	78,227.0
Reserves	134,797.6	145,989.2	147,292.1
Shareholders' funds	213,023.3	223,864.5	225,519.1
Perpetual capital securities	37,092.0	21,505.5	42,552.0
Non-controlling interests	29,629.8	29,994.5	30,563.1
Total equity	279,745.1	275,364.5	298,634.2
Liabilities			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities	134,787.9	114,558.6	128,716.1
Lease liabilities	5,759.4	-	5,307.1
Insurance and investment contract liabilities	14,454.8	-	16,377.6
Liabilities related to unit-linked contracts	168.2	-	173.8
Deferred tax liabilities	11,545.6	10,371.1	10,831.1
Derivative financial instruments	943.4	542.4	858.7
Other non-current liabilities	182.1	1,191.7	112.5
	167,841.4	126,663.8	162,376.9
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	54,101.2	48,753.0	56,962.2
Current portion of long-term borrowings and other interest-bearing liabilities	36,434.5	25,921.2	32,898.6
Short-term borrowings and other interest-bearing liabilities	20,166.6	15,854.8	19,797.5
Lease liabilities	1,227.9	-	1,130.0
Insurance and investment contract liabilities	20,445.3	-	22,328.1
Liabilities related to unit-linked contracts	9,053.6	-	10,458.5
Derivative financial instruments	104.8	78.3	219.9
Current tax payable	11,067.4	10,640.9	11,671.6
	152,601.3	101,248.2	155,466.4
Liabilities directly associated with non-current assets classified as assets held for sale	8.1	8.4	12.8
	152,609.4	101,256.6	155,479.2
Total liabilities	320,450.8	227,920.4	317,856.1
Total equity and liabilities	600,195.9	503,284.9	616,490.3

RISK FACTORS

The section headed "Risk Factors – Risks Relating to the Group and its Business" appearing from page 12 to page 27 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

Risks Relating to the Group and its Businesses

Hong Kong property market risks

The Group derives a substantial portion of its revenue and operating profits from its Hong Kong property development and investment activities and is consequently dependent on the state of the Hong Kong property market. Historically, the Hong Kong property market has been cyclical and Hong Kong property values have been affected by supply and demand of comparable properties, the rate of economic growth in Hong Kong, political and economic developments in the PRC and the condition of the global economy. For instance, for the six months ended 31 December 2020, revenues of the Group amounted to HK$35,577.3 million, reflecting an increase of 9.6 per cent. compared to the six months ended 31 December 2019. For the six months ended 31 December 2020, profit attributable to shareholders of the Company amounted to HK$1,013.0 million, which decreased slightly by 0.4 per cent. compared to the six months ended 31 December 2019. For the six months ended 31 December 2020, the Group's underlying profit amounted to HK$3,718.6 million, while for the six months ended 31 December 2019, the Group's underlying profit amounted to HK$3,929.2 million.

Hong Kong property prices and rents for residential, commercial and industrial properties, after reaching record highs in the mid-1990s, declined significantly in and after the fourth quarter of 1997 as a result of the general economic downturn in Asia and the local economic environment. The property market showed improvement during the period from 2004 to the end of the first half of 2008, while property prices and rents in Hong Kong declined in the second half of 2008. Property prices remained substantially flat during 2009, but have generally increased from 2010 onwards. Factors such as the prospect of economic downturn and the tightening of liquidity can create negative sentiments for the property market, and the demand for, and rental rates of, prime office buildings and residential, commercial and industrial properties can consequently reduce. At the end of 2010, the Hong Kong government and the Hong Kong Monetary Authority ("**HKMA**") introduced residential property cooling measures, such as Special Stamp Duty ("**SSD**") for residential property that is disposed of by the seller within 24 months of the date of acquisition, and reduced loan-to-value borrowings limits. The size of the prospective purchaser base in the Hong Kong residential property market has shrunk since these measures were introduced in 2010. The PRC government has also taken measures to cool the property market in the PRC.

The Hong Kong government has introduced a number of additional residential property cooling measures. In October 2012, the government introduced Buyer's Stamp Duty ("**BSD**") and extended the SSD regime. BSD applies to all residential properties acquired by any person, other than a Hong Kong Permanent Resident, and is charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty charge. The SSD regime was amended to increase the rate of the SSD and to extend the minimum holding period from 24 months to 36 months.

On 22 February 2013, the financial secretary announced that the Hong Kong government would further amend the Stamp Duty Ordinance to adjust the ad valorem stamp duty ("**AVD**") rates and to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale. Any residential property (except that acquired by a Hong Kong permanent resident who does not own any other residential property in Hong Kong at the time of acquisition) and non-residential property acquired on or after 23 February 2013, either by an individual or a company, will be subject to the new rates of AVD upon the enactment of the relevant legislation. Transactions which took place before 23 February 2013 will be subject to the original stamp duty regime. In addition, the Residential Properties (First-hand Sales) Ordinance came into effect on 29 April 2013. This ordinance sets out detailed requirements in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements and the mandatory provisions of the Preliminary Agreement for Sale and Purchase and Agreement for Sale and Purchase for the sales of first-hand residential properties.

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

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

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

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. If implemented, the Vacancy Tax may present a financial burden to the Group that may have an adverse effect on its business, operating results and financial condition.

On 16 October 2019, the Hong Kong government has expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio has been raised from HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent loan-to-value ratio has also been raised from HK$6 million to HK$10 million. On 26 November 2020, the Hong Kong government abolished the double ad valorem stamp duty on non-residential properties.

There can be no assurance that the Hong Kong government will not implement further cooling measures or extend the scope, application and rate level of the existing measures. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business, operating results, financial condition and prospects.

In the event of economic decline, the Group may experience market pressures that affect all Hong Kong property companies, such as pressures from tenants or prospective tenants to provide rent reductions or reduced market prices for sale properties. Rental values and property prices 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.

In addition, from time to time, and especially during economic downturns, the Group has experienced pressure from existing and prospective commercial tenants to provide rent reductions or longer rent free periods than previously given. This has had a negative impact on the Group's rental income from its commercial property investments in the past and the recurrence of such market conditions in the future may have an adverse effect on the Group's business, operating results, financial condition and prospects.

There can be no assurance that rents and property values will not decline, tightening of credit provided by banks will not increase or that interest rates will not rise in the future. This could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Volatility in the Hong Kong property market also impacts the timing for both the acquisition (or modification of land use terms) of sites and the sale of completed development properties. This volatility, combined with the lead time required for completion of projects and the sale of existing properties, means that the Group's results from its property development activities may be susceptible to significant fluctuations from year to year.

PRC property market risks

The Group has substantial property development and investment interests in the PRC through its subsidiary New World China Land Limited ("**NWCL**") and expects to continue to develop and invest in properties in the PRC. The Group is therefore subject to risks usually associated with property development and investment in the PRC.

Private ownership of property in the PRC is still at an early stage of development. The growth of the private property market has been and will continue to be affected by social, political, government policy, economic and legal factors which may inhibit demand for residential properties. For example, the PRC property market has in the past experienced weakness in demand due to the lack of a mature and active secondary market for private properties and the limited availability of mortgage loans to individuals in the PRC as a result of government interventions.

Historically, the PRC property market has been a cyclical market. The rapid expansion of the property markets in certain major cities in the PRC, including Shanghai and Beijing in the early 1990s, culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of that decade. Since the late 1990s, private residential property prices and the number of residential property development projects have increased significantly in major cities as a result of increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Beijing, Shanghai, Guangzhou and Shenzhen have experienced rapid and significant growth. However, residential property prices have experienced some correction since the end of 2007 and in response to the cooling measures taken in 2010. There can be no assurance that the problems of oversupply and falling property prices will not recur in the PRC property market.

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 introduced additional measures 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. 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. See also "— *Risks Relating to the PRC*".

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. In particular, the Group has interests in development projects which require resettlement of the original occupants of the sites of the project. Resettlement is costly and may result in delays in the development schedule. 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.

Global economic factors

Economic developments outside Hong Kong and the PRC could adversely affect the property, transportation, hotel and retail sectors in Hong Kong and the PRC. The global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 have had a negative impact on the global economy. Since 2011, the global economy was overshadowed by the wide-ranging and complex effects arising from the worsening European sovereign debt crisis, the continued slow recovery of the United States economy, and the escalating political instability in the Middle East and North Africa. More recently, the uncertainty arising from the United Kingdom's withdrawal from the European Union on 31 January 2020, political instability in the Korean Peninsula, a slump in commodity prices, particularly the price of oil, fears of a slowdown in the PRC economy and interest rate adjustments in the United States have resulted in instability and volatility in the capital markets. Furthermore, fears over a trade war between the United States and the PRC, with the United States imposing tariffs on PRC products from July 2018 and retaliatory tariffs imposed by the PRC, have caused greater volatility in global markets. Additionally, the EU-UK Trade and Cooperation Agreement reached on 24 December 2020 may lead to further developments in global markets. These events have had and continue to have a significant adverse impact on the global credit and financial markets as a whole.

Any deterioration in the financial markets may contribute to a slowdown in the global economy, including in the growth forecasts, and may lead to significant declines in employment, household wealth, consumer demand and lending. These events have had, or may have, a significant adverse impact on economic growth in Hong Kong, the PRC and elsewhere. An economic downturn may also have a negative impact on the overall level of business and leisure travel to Hong Kong and the PRC. There can be no assurance that these conditions will not lead to oversupply and reduced properly prices and rentals, reduced hotel occupancy levels and rates and reduced consumer spending in Hong Kong and the PRC. There can be no assurance that the stimulus measures implemented or proposed by a number of governments as at the date of this Offering Circular, including any quantitative easing, will improve economic growth or consumer sentiment in these countries. Hong Kong stock market prices have also experienced significant volatility which may continue to affect the value, and any return from the sale of the Group's investments in companies listed on the Hong Kong Stock Exchange.

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

Lease renewals

The leases that the Group has granted are typically for two to three years for office and retail tenants occupying relatively small commercial floor space and longer lease periods for those tenants occupying relatively large commercial floor space. 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 that 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 and the demand and rental rates of prime office buildings and retail space may greatly reduce. Should the economic environment weaken, a more cautious view may be taken by tenants towards the size of leased space and the rental rates upon renewal of commercial tenancies, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Property ownership and development considerations

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

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

Availability of mortgages

The terms on which mortgages are available, if at all, to purchasers of the Group properties may affect its sales. An increasing number of purchasers of the Group's residential properties in Hong Kong and in the PRC arrange mortgages to fund their purchases. An increase in interest rates may increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. On 16 October 2019, the Hong Kong government has expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. Such measures allow more potential buyers to fulfil eligibility in relation to property mortgages, thereby expanding residential property options available to potential buyers. However, there can be no assurance that such measures may stimulate the appetite of potential buyers. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business, operating results, financial condition and prospects.

Specifically, in the PRC, in line with macroeconomic policies and policies intended to regulate and cool down the property market, the PRC government has taken a number of measures to regulate the availability, terms and pricing of mortgage financing for property purchasers. In addition, the PRC government and commercial banks may also increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner which would make mortgage financing unavailable or unattractive to potential property purchasers. Further, any increase in interest rates including the People's Bank of China ("**PBoC**") benchmark rate, will adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of the Group's properties.

If the availability or attractiveness of mortgage financing is reduced or limited, some of the Group's potential purchasers may not be able to purchase its developed properties and, as a result, the Group's business, liquidity and results of operations could be adversely affected.

Competition

Hong Kong properties in the office, retail, residential and carpark sectors are highly competitive. New properties and facilities built in Hong Kong may compete with the Group for tenants and occupants, which may affect the Group's ability to maintain high occupancy and utilisation levels, rental rates and carpark charges in respect of its investment properties, and buyers, which may affect the Group's ability to sell its development properties. For example, since 2018, there is a trend for Grade A office building tenants to relocate to nearby sub-core districts where rents are lower. The Group may be under pressure to lower rental rates, carpark charges and incur additional capital expenditure to effect improvements or offer additional concessions to tenants to avoid falling occupancy or utilisation levels and to reduce sale prices on its development properties, all of which may have a negative impact on the Group's profit. For the retail properties sector, the competitive business environment among retailers in Hong Kong may also have a detrimental effect on tenants' businesses and, consequently, their ability to pay rent. Any of the above could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Effects of property revaluations

In accordance with HKFRS, the Group values its investment properties at every reporting financial statement date at their open market value on the basis of an external professional valuation. Any change in the valuation is charged or credited, as the case may be, to the income statement. 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 profit. There was an uptrend in the fair value of the Group's investment properties since the financial year ended 30 June 2014 up to the six months ended 31 December 2020 of the Group's investment properties, and there is no assurance that the fair value will not decrease in the future. Any such decrease in the fair value of the Group's investment properties will reduce its profit and equity for that year and would 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.

Land for Hong Kong 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 or investment and the Group's ability to replenish its land bank at favourable costs. The limited supply of, and competition for, land in Hong Kong has, in the past, made it increasingly difficult to locate suitable property to acquire at economical prices for development. Government policies seeking to increase land supply and increases in borrowing costs could affect the Group's ability to maintain historical operating margin levels, and profits from property development activities could be adversely affected. Although the Group has a significant agricultural land reserve, it is required to obtain government approval for the modification of land usage rights to residential, commercial or other appropriate use before such agricultural land can be used for development purposes. There can be no assurance, however, that such applications will be successful. If the applications are granted, they are likely to be subject to conditions, including the payment of land modification premiums which are typically greater than the cost of acquisition of the land. Approvals of applications may also be subject to restrictions on the area of a piece of land that may be developed for residential or commercial use. This could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Reliance on independent contractors and sub-contractors

The Group engages independent third-party contractors and sub-contractors to provide various services in connection with its property development and its infrastructure business including construction, piling and foundation, 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, in view of the tightening of credit facilities provided by banks, there is a risk that the Group's major contractors and sub-contractors may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. The timely performance by these contractors and sub-contractors may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorisms, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption of delays in transportation, all of which are beyond the control of the Group. Any of these factors may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Cost of construction materials

Construction costs are one of the main 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, foundation and substructure, 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 and its infrastructure business, 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 re-negotiate, 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 all of the increased costs onto its customers.

Construction delays

The Group is exposed to risks associated with project delays and cost overruns. Projects undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before cash proceeds are generated. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of construction materials, equipment or labour, adverse weather conditions, natural disasters, labour disputes, disputes with subcontractors, accidents, difficulties in obtaining necessary governmental approvals, changes in governmental priorities and other unforeseen circumstances. Any of these circumstances could give rise to construction delays and/or cost overruns.

Construction delays may result in the loss of revenues. Since the Group outsources the majority of its construction work to third-party contractors, it relies on its contractors to complete projects according to the agreed completion schedules and does not exercise any direct control over materials sourcing or the construction schedule of such projects. Under the Group's pre-sale contracts, it is liable to the purchasers for default payments if it fails to deliver the completed properties in accordance with the delivery schedule in these contracts, and in the case of a prolonged delay, the purchasers will be entitled to terminate the pre-sale contracts and require a refund of the purchase price in addition to the default payments. In addition, the failure to complete construction according to its specifications may result in liabilities, reduced efficiency and lower financial returns. Although most of the Group's projects have been completed on schedule and the Group has not incurred any material default liabilities due to construction delays, there can be no assurance that this will remain the case or that future projects will be completed on time, or at all, and generate satisfactory returns.

Infrastructure business

The Group, through its subsidiary NWS Holdings Limited ("**NWSH**"), has substantial investments in infrastructure projects in the PRC. In addition to the typical political risks associated with other investments in the PRC, there are a number of construction, financing, operating and other risks associated with infrastructure investments in the PRC. Infrastructure projects of the types undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before they become operational and generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in government priorities and other unforeseen circumstances. Any of these could give rise to delays in the completion of construction and/or to cost overruns. For instance, since the outbreak of the novel coronavirus ("**COVID-19**") in late-2019, toll road operations in the PRC have been affected with toll fees having been suspended since mid-February 2020, which in turn is expected to result in decreased toll fee income. The collection of toll fees for toll roads in the PRC was subsequently resumed on 6 May 2020. In relation to certain of the Group's infrastructure projects in the PRC, certain government approvals, permits, licences or consents may not yet be obtained. Delays in the process of obtaining or failure to obtain the requisite licences, permits or approvals from government agencies or authorities can also increase the cost or delay or prevent the commercial operation of a business, which could adversely affect the financial performance of the Group's PRC infrastructure business. Construction delays may result in the loss of revenues. The failure to complete construction according to its specifications may result in liabilities, reduced efficiency, delay in commencement of operations and thus lower financial returns. There can be no assurance that infrastructure projects undertaken by the Group will be completed on time, or at all, or that they will generate satisfactory returns.

Hotel business

The hotel business is sensitive to changes in global and national economies in general, and to other external factors. The recent economic downturn, coupled with Hong Kong's social unrest since June 2019 and in May 2020, and the global COVID-19 pandemic since late-2019, have had, and any further economic downturn, social unrest or outbreaks could have, a negative impact on the level of business and leisure travel to Hong Kong, the PRC and elsewhere in South East Asia where the Group operates its hotels, which in turn has had, and may continue to have, a negative impact on the hotel industry in the region. In particular, a decline in business and leisure travel has had a negative impact on occupancy and room rates of the Group's hotels. A prolonged downturn in the hotel industry may have an adverse effect on the Group's business, operating results, financial condition and prospects.

The hotel industry may also be unfavourably affected by other factors such as government regulations, changes in local market conditions, competition in the industry, excess hotel supply or reduced international or local demand for hotel rooms and associated services, foreign exchange fluctuations, interest rate environment, the availability of finance and social factors.

Additionally, the Group's hotel operations may be adversely impacted by the Group's ability to control costs, including increases in wage levels, energy, healthcare, insurance costs and other operating expenses. This may result in lower operating profit margins or even losses and the relative mix of owned, leased and managed properties and the success of its food and beverage operations may be adversely affected.

Department store business

The Group, through its subsidiary New World Department Store China Limited ("**NWDS**"), operates a network of department stores in the PRC. The success of the department store business depends to a significant extent on NWDS' relationships with its concessionaires, which contribute a substantial amount of NWDS' revenue through the payment of commissions. NWDS also relies on its concessionaires to provide a variety of products and brands. In the event that a significant number of major brand concessionaires terminate or fail to renew their contracts with NWDS and NWDS fails to find other suitable brand concessionaires as replacements, or if the commission rate of concessionaire sales decrease, financial results of the department store business could also be adversely affected.

Most of the department stores are subject to lease agreements, and there can be no assurance that the landlord of each department store will renew the respective lease upon its expiry. In the event that NWDS ceases to occupy the leased properties, NWDS will be required to relocate or close down the relevant department store may have an adverse effect on the Group's business, operating results, financial condition and prospects.

NWDS and its concessionaires source merchandise worldwide. The standard agreement with concessionaires requires that neither the names of concessionaire stores nor the merchandise sold by them may infringe intellectual property rights, or in any other way be unlawful. In addition, the concessionaires may neither display nor sell any prohibited or illegal merchandise. The standard supply agreement with direct sales suppliers also provides that the merchandise sold by them do not infringe intellectual property rights. In the event that NWDS directly, or indirectly through its concessionaires, sells infringing goods at the department stores, NWDS may be found liable for infringement of intellectual property rights and be compelled to pay damages or penalties. Although NWDS's concessionaires and direct sales suppliers provide it with written indemnities covering the full extent of any third party liability that NWDS may incur through their operations and sales made in NWDS' department stores, there can be no assurance that NWDS can successfully obtain any such indemnity payment or that the indemnity payment will fully cover all of NWDS's costs associated with the original liability. If any claims alleging infringement of intellectual property rights are brought against NWDS or its concessionaires, the reputation of NWDS and the Group may also be damaged.

There are general risks associated with the retail business, including changing customer preferences, seasonal fluctuations, adverse weather conditions, suitable sites for expansion, sufficient human resources, obtaining and retaining direct sales suppliers, concessionaires and personnel, labour disputes and government approvals, some of which are beyond NWDS' and the Group's control. Failure to manage such risks may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Insurance business

Following the completion of acquisition of FTLife Insurance by NWSH in November 2019, FTLife Insurance became an indirect wholly-owned subsidiary of NWSH and an indirect non-wholly-owned subsidiary of NWD. Since its completion, FTLife Insurance started its contribution to NWSH. FTLife Insurance's new products were well received in the Hong Kong market and support its business growth. Although FTLife Insurance has shown early signs of fruition in synergies, the insurance market is cyclical and faces high levels of competition. There may also be new entrants to the market or expansion by existing participants, which could then lead to increased competition, a reduction in premium rates, less favourable policy terms and fewer opportunities to underwrite insurance risks. Failure to manage such risks could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Risks relating to accidents or other hazards

The Group maintains insurance coverage in respect of 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 become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of high premium costs 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 may have an adverse effect on its business, operating results, financial condition and prospects. Further, 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 and other natural disasters may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, whilst every care is taken by the Group and its employees 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 its 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 may have an adverse effect on the Group's business, operating results, financial condition and prospects. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

Legal and regulatory considerations

The operations of the Group are subject to various laws and regulations of Hong Kong, 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 re-development 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.

Furthermore, 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 an adverse effect on the Group's business, operating results, financial condition and prospects.

Outbreaks of contagious diseases

The outbreak of contagious diseases such as the COVID-19 pandemic could be severe and widespread and may result in protracted volatility in international markets and/or result in a global or local recession or depression as a consequence of disruptions to travel and retail segments, tourism, hotel and manufacturing supply chains. Such outbreaks may have an adverse effect on Hong Kong and global economy, which in turn may affect the Group's business operations, financial condition and operating results.

In 2003, the Severe Acute Respiratory Syndrome ("**SARS**") that began in the PRC and Hong Kong had an adverse effect on all levels of business in Hong Kong and the PRC. The outbreak of SARS led to a significant decline in travel volumes and business activities throughout most of the Asian region.

Since late-2019, the outbreak of COVID-19 has resulted in a widespread and global health crisis, restrictions on travel and public transport and prolonged closures of workplaces. Such outbreak affects investment sentiment and results in sporadic volatility in global capital markets and oil prices. It has caused stock markets worldwide to lose significant value and has impacted economic activity worldwide. A number of governments have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, recession or depression despite monetary and fiscal interventions by governments and central banks globally. Any material change in the financial markets or global economy as a result of these events and development may disrupt the Group's business operations and consequently have an adverse effect on its financial condition and operating results.

Concerns about the outbreak and rapid spread of such contagious diseases, including COVID-19, have caused governments to take measures to prevent the spread of the virus. The outbreak of communicable diseases such as the ones listed above on a global scale has caused significant disruption to economies around the world, in particular the travel, tourism, hotel and retail segments and resulted in sporadic volatility in global capital markets. The outbreak of COVID-19 has resulted in restrictions on travel and transportation and prolonged closures of workplaces, businesses, schools and certain public areas which has had and could continue to have a material adverse effect on our business operations, financial condition and operating results. In response to the closure of certain properties due to COVID-19, rental reductions were provided to selected tenants for a limited period of time. As more travel restrictions are imposed, both locally and in terms of border-crossings, employees being asked to work from home and citizens being advised to stay at home as much as possible, traffic volumes may be adversely affected and result in lower revenues for the Group's various businesses, including hotels, toll roads, aircraft leasing, facilities management, transport, shopping malls and insurance. In particular, the impact on hotel businesses is more apparent, where the occupancy rate in hotels in Hong Kong had once dropped to lower than 10 per cent. in 2020 since the outbreak of COVID-19. Demand for food & beverages and catering services also dropped as citizens avoided going to restaurants, hotels and other public places. In addition, toll fee exemption for vehicles travelling on all toll roads in the PRC was implemented from 17 February 2020 to 5 May 2020, which in turn affected the business operations, financial condition and operating results of the Group. There is no assurance how long such travel and transportation restrictions or advisories may be in place or whether traffic volumes will return to pre-epidemic levels even after such restrictions or advisories are lifted. Additionally, governments are taking unprecedented action to prevent the spread of COVID-19 and such current or future government action could have a material adverse effect on the Group's business operations, financial condition and results of operations. Government measures or actions could also negatively impact the Group's contractors' ability to perform their contracts with the Group, including its construction contractors. As a result, the completion of the Group's projects may be delayed, which might in turn result in an increase in development costs, a decrease in sales and/or otherwise adversely affect the Group's financial condition and operating results. Additionally, if any of the Group's employees or the Group's contractors' employees are identified as a possible source of spreading COVID-19, Swine Flu, Avian Flu or any other similar epidemic, the Group may be required to quarantine employees that are suspected of being infected, or the Group's contractors may be required to quarantine its employees that are suspected of being infected, as well as others that have come into contact with those employees which could have an adverse effect on the Group's business operations, financial condition and operating results.

The outbreak of COVID-19 has adversely affected some of the Group's business areas. The retail business saw prevention and control measures leading to a decline in footfall in shopping malls. Rising unemployment rates have also exerted a direct impact upon local consumption. Hotel operations slowed for the six months ended 31 December 2020 mainly due to the COVID-19 outbreak prompting various regions to impose travel restrictions and shifting the reliance to local 'staycation' packages. Stringent social distancing measures locally also impacted the food and beverage business. Additionally, the impact of COVID-19 on the airline business has led to the Group receiving requests from its customers to delay lease payment obligations due to the effects of the COVID-19 pandemic. The Group's property investment strategies have also been affected by the COVID-19 outbreak causing various sectors to respond to worsening market conditions with stricter cost management, redundancies, work from home arrangements and office space downsizing, which led to shrinking demand for office space. By the end of 2020, Hong Kong saw its steepest annual decline since 2009 in overall rent of Grade A office buildings while vacancy rates increased. Tenants reduced their rented areas or relocated to fringe areas, driving the vacancy rate higher in Central for the six months ended 31 December 2020.

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

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

Civil unrest has had and may continue to have an adverse impact on the Group's business, financial condition or operating results

Civil unrest occurring in close proximity to the Group's shopping malls and hotels in various districts in Hong Kong, in particular the social unrest in Hong Kong since June 2019 and in May 2020, has disrupted and may further disrupt the Group's business. Protests, demonstrations or rioting have caused mass disruption to businesses and transportation and have resulted in a decrease in consumer foot traffic and 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. As a result, local businesses have been affected. There is no assurance that there will not be any future interruptions to the business and operations of the Group's shopping malls or hotels, or to the potential consumers' access to the activities therein. Civil unrest includes, without limitation, any protests occurring in close proximity to the Group's stores similar to the recent anti-extradition bill protests or the Occupy Central Movement that took place during the latter half of 2014. Moreover, inbound tourism may be affected by civil unrest or protests, with fewer tourists travelling to Hong Kong which in turn may negatively affect the Hong Kong retail market and hospitality industry. Civil unrest is outside the control of the Group and any such demonstrations, protests or riots occurring in close proximity to the Group's stores could adversely impact the Group's business, financial condition and results of operations.

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.

Limited availability of funds

The Group's businesses require substantial capital investment. The Group will require additional financing to fund working capital and capital expenditures, to support the future growth of its business and/ or to refinance existing debt obligations. The Group's core businesses will require substantial capital investment, particularly for its property development and investment, hotel, infrastructure and department store businesses. The Group has historically required and expects to continue to require 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, the 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 Hong Kong and the PRC. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on favourable terms. Any increase in interest rates would increase the cost of borrowing and adversely affect the Group's result of operations.

Joint venture risks

Co-operation and agreement among the Group and its joint venture partners on its existing or any future projects is 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 fulfill their obligations under the relevant joint venture or other agreements 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 does not have majority control of the joint venture. In most cases, the Group does, however, through contractual provisions or representatives appointed by it, have the ability to control or influence most 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.

Major shareholder of NWD

The major shareholder of NWD is Chow Tai Fook Enterprises Limited ("**CTFEL**") which, together with its subsidiaries, held approximately 44.55 per cent. of the issued share capital of NWD as at 31 December 2020. CTFEL is a private company ultimately owned as to approximately 81.03 per cent. by Chow Tai Fook Capital Limited which is controlled by the family members of the late Dato' Dr. Cheng Yu-Tung, one of the founders and the ex-chairman of NWD. CTFEL, the Cheng family members are therefore able to exert considerable influence over the management and affairs of the Group, and are able to influence the Group's corporate policies, appoint directors and officers and vote on corporate actions requiring shareholders' approval. The strategic goals and interests of CTFEL, the Cheng family members may not always be aligned with the Group's strategy and interests and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. The interests of the Group's major shareholder may also differ from those of the Holders. Transactions between NWD and other companies in which the family has an interest, including Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, are also subject to the rules of the Hong Kong Stock Exchange which, in certain circumstances may require disclosure to, and approval from, the shareholders, excluding CTFEL, of NWD. NWD believes that all transactions between the Group and CTFEL are carried out on an arm's length basis. As a result of the above, the Group may lose some of its competitive advantage, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Franchise and licence risks

The Group and its associated companies and joint ventures operate and manage certain franchise businesses such as providing facilities services in respect of the Hong Kong Convention and Exhibition Centre (the "**HKCEC**"), operating public bus transportation services in Hong Kong, operating ferry transportation services in Hong Kong and operating duty free tobacco and alcohol sales under franchise and licence agreements. There can be no assurance that renewals of franchise and licence periods can be obtained or that if renewed, that the terms of such franchise and licence will not be on terms less favourable than currently obtained by the Group.

Intellectual property considerations

The Group has registered, or applied for registration of, various classes of the "New World" trademark for use in Hong Kong, the PRC, several other Asian countries, the USA and Canada and the "New World" trademark in Chinese (新世界) in some of these jurisdictions. Although the Group has not been subject to any intellectual property dispute in respect of the use of the "New World" trademark (both in English and Chinese), there can be no assurance that third parties will not assert trademark or other intellectual property infringement claims against the Group. Any such claims against the Group, with or without merit, as well as claims initiated by the Group against third parties, could be time consuming and expensive to defend or prosecute and resolve. If third party claims are successful, the Group may have to pay damages and legal costs, and may be restricted from using the "New World" trademark (both in English and Chinese), which may have a negative impact on the Group's reputation. The related costs or potential disruption to the Group's operations could have an adverse effect on the Group.

NWDS does not own the "新世界" (New World) trade name in Shanghai. The "新世界" (New World) trade name has been registered by an independent third party in Shanghai which operates a department store in Shanghai under such trade name. Although NWDS is neither related to nor associated with the owner of the "新世界" (New World) trade name in Shanghai or the store which it operates, negative publicity concerning such store may have an adverse impact on the image and brand recognition of NWDS, NWD or the Group. In order to avoid confusion with the department store operated in Shanghai by the independent third party, NWDS has relied on the

"巴黎春天" (Ba Li Chun Tian) trade name for its Shanghai operations since 2001 pursuant to an exclusive and non-transferable licence granted by Shanghai Yimin Department Stores Joint Stock Company Limited. If the licence for the "巴黎春天" (Ba Li Chun Tian) trade name is terminated and NWDS is required to cease using the "巴黎春天" (Ba Li Chun Tian) trade name, NWDS will have to undertake measures, including the use of other trade marks or names for its stores in Shanghai. This may lead to additional marketing and advertising expenses for the purpose of promotion of a new trade mark or brand for stores in Shanghai and there can be no assurance that the use of other trade names or marks will be able to generate a level of reputation similar to that of the "巴黎春天" (Ba Li Chun Tian) trade name.

Generally, a deterioration in the Group's brand image, or any failure to protect the Group's brand and intellectual property rights, could have a negative impact on the Group's business. The Group's images play an integral role in all of the business operations. Any negative incident or negative publicity concerning the Group could adversely affect the Group's reputation and business. Brand value is based largely on subjective consumer perceptions and can be damaged even by isolated incidents that degrade consumer trust. Consumer demand for the Group's products and the Group's brand value could diminish significantly if the Group fails to preserve the quality of the products, or fail to deliver a consistently positive consumer experience, or if the Group is perceived to act in an unethical or socially irresponsible manner. In addition, any unauthorised use of the Group's brands, trademarks and other intellectual property rights could harm the Group's competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorised use is difficult. The measures the Group take to protect the Group's intellectual property rights may not be adequate. If the Group is unable to adequately protect the brand, trademarks and other intellectual property rights, the Group may lose these rights and the Group's business may suffer materially.

The paragraph headed "Risk Factors – Risks Relating to the PRC – Inflation risks" appearing on page 30 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

Inflation risks

In recent years, the PRC economy has experienced periods of rapid expansion and highly fluctuating rates of inflation. During the past ten years, the rate of inflation in China has been as high as 5.9 per cent. and as low as -0.7 per cent., and as at June 2020, the consumer price index in China increased by 2.5 per cent. year over year, according to the National Bureau of Statistics of China. That has led to the adoption by the PRC government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the PRC government to impose controls on credit or prices, or to take other action, which could inhibit economic activity in China, which could materially and adversely affect our business, financial condition and results of operations.

In particular, such inflation in the PRC may result in increased construction and funding costs for the Group. The PRC government uses various measures to control inflation, including increasing benchmark lending rates and reserve ratios on several occasions. As commercial banks in Mainland China link the interest rates on their loans to benchmark lending rates published by the PBoC, any increase in such benchmark lending rates will increase the funding costs for the Group. The PRC government is expected to continue to manage liquidity, cool down the real estate market and use price controls when needed. The Group's business, financial condition and results of operations in Mainland China may be adversely affected by increased construction and funding costs.

DESCRIPTION OF THE ISSUER

The section headed "Description of the Issuer" appearing on page 57 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

Formation

NWD Finance (BVI) Limited was incorporated as an international business company on 2 April 1992 under the International Business Companies Act (Cap 291) of the British Virgin Islands (Company Number: 60211) and was automatically re-registered as a business company on 1 January 2007 under the BVI Business Company Act 2004 of the British Virgin Islands. Its registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Issuer is a wholly-owned subsidiary of NWD.

Business Activity

The Issuer was established pursuant to the unrestricted objects and powers set out in its memorandum of association. 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 wholly-owned subsidiary of NWD and those incidental to the issuance of securities from time to time.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

Directors and Officers

The directors of the Issuer are Mr. Sitt Nam Hoi, Mr. Wong Man Hoi, Mr. Lau Fu Keung, Mr. Hui Chi Fai Casey and Mr. Yam Yuen Tung, each of their business addresses is c/o NWD at 30/F., New World Tower, 18 Queen's Road Central, Hong Kong. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer.

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

DESCRIPTION OF THE GUARANTOR

The section headed "Description of the Guarantor" appearing from page 58 to page 91 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

Introduction

NWD is one of the largest Hong Kong-based property developers listed on the Hong Kong Stock Exchange in terms of market capitalisation. Established in 1970, NWD was listed on the Hong Kong Stock Exchange in 1972 and its shares are currently a constituent stock of the Hang Seng Index. As at 31 December 2020, based on the closing price of its shares on the Hong Kong Stock Exchange, NWD had a market capitalisation of approximately HK$91,888.5 million.

The Group's operations are based primarily in Hong Kong, Macau and the PRC, and include business activities in the following segments:

- *Property:* The Group is one of the major property developers and investors in Hong Kong and the PRC and is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment property portfolio comprising shopping malls, offices, hotels and serviced apartments. The Group undertakes its property development and investment businesses in the PRC primarily through NWCL, its subsidiaries, associated companies and joint ventures (the "**NWCL Group**").

- *Service:* The Group, through NWSH and its subsidiaries, associated companies and joint ventures (the "**NWSH Group**"), is engaged in a diversified range of service businesses including insurance, construction, facilities management, transport and strategic investments in Hong Kong, Macau and the PRC.

- *Infrastructure:* The Group is one of the largest foreign investors and operators of infrastructure projects in Hong Kong, Macau and the PRC. Its infrastructure portfolio comprises roads, aviation, environment and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.

- *Hotels:* As at 31 December 2020, the Group operated 18 hotel properties in Hong Kong, Mainland China and Southeast Asia with over 7,503 guest rooms.

- *Department Stores:* As at 31 December 2020, the Group, through NWDS and its subsidiaries, operated and managed 29 department stores and shopping malls in the PRC.

Within the business segments, the Group focuses on its current core businesses, which include property development, property investment, roads, aviation, insurance and construction.

The following sets forth an overview of the Group's organisation structure showing its principal functional units and business activities as at 31 December 2020:

新世界發展有限公司
New World Development Company Limited
HK stock code: 17

Hong Kong Property
Development and Investment

NWSH (HK stock code: 659)	NWCL	NWDS (HK stock code: 825)
Infrastructure & Service	Mainland Property	Mainland Department Store
Approximately 61 per cent.	100 per cent.	Approximately 75 per cent.

For the year ended 30 June 2020

For the year ended 30 June 2020, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK$59,007.8 million. Profit attributable to shareholders of the Guarantor amounted to HK$1,096.2 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK$6,588.9 million, down 25.2 per cent. year-on-year.

For the six months ended 31 December 2020

For the six months ended 31 December 2020, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK$35,577.3 million. Profit attributable to shareholders of the Guarantor amounted to HK$1,013.0 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK$3,718.6 million, down by 0.4 per cent. and 5 per cent., respectively year-on-year.

Strategy

- NWD's overall strategic objective is to enhance shareholders' value by focusing on developing, expanding and synergising its core businesses of property development, property investment, roads, aviation, insurance and construction operations in Hong Kong, Macau and the PRC. In particular, in Hong Kong, the Group's strategy is to maintain its core position as a comprehensive property developer and a leading Hong Kong and Mainland China property brand that is known for its real estate developments across asset classes. The Group has continued to replenish its land bank through various means, including public auction and tender, old building redevelopment as well as agricultural land conversion. Resources consumed in its current development were replenished to provide the Group with a steady pipeline of land supply in the coming years and to plan for property development and strategies in the long term. Through these means, the Group will be able to maintain a stable level of quality land bank and thus establish a solid foundation for the Group's property development business in Hong Kong that continues to contribute to the Group's sales revenue. The launch of new residential projects including ARTISAN GARDEN, TIMBER HOUSE, ATRIUM HOUSE, MOUNT PAVILIA and FLEUR PAVILIA offer abundant saleable resources in Hong Kong.

- With a proven underlying profit track record and strong leadership and management team, the Group adopts a prudent and proactive approach in financial management and execution. To strengthen the profit contributions from the Group's investment property portfolio in Hong Kong, the Group proactively reviews its assets and investments with a view to achieving substantial growth through enhancing product quality and service delivery. The Group has stable cash flows supported by a strong development pipeline, increasing recurring income and making non-core disposals. In the past, the Group has regularly made dividend payments.

- In the PRC, the Group's strategy is to maintain a reasonable development pace to realise the capital value of its substantial land bank in the PRC with particular focus on the development of mid-scale and large-scale mixed-use projects with varying combinations of residential, office and retail spaces. As one of the largest and earliest foreign investors in the PRC with over 30 years of experience, NWD believes it has developed strong relationships and operating experience in the PRC that give it a competitive advantage, particularly in the Greater Bay Area. NWD believes that an increasing proportion of the Group's revenues and profits will, over the next few years, be generated from the PRC activities as the Group's PRC projects continue to mature and will seek to maintain a balance between revenues from property development and property investment. The Group will continue to develop properties in top-tier cities whilst focusing on geographical diversification into emerging second-tier cities. This diversification will include an expanding the number of projects the Group is involved in and developing projects in new cities during the next five financial years, including projects in Ningbo, Shenzhen and Hangzhou. Furthermore, through old city redevelopment, the Group can secure land at prime locations at more reasonable costs. The Group has managed to become the most active Hong Kong developer in the old city redevelopment market with a proven track record. During the year ended 30 June 2020, the Group became the intended cooperative enterprise of six old city redevelopment projects across the Greater Bay Area covering 1.8 million sq.m., the land of which will be successfully included in the landbank from 2022 onwards. As at 31 December 2020, the Group had a landbank (excluding carpark) with a total GFA of approximately 6.14 million sq m available for immediate development in Mainland China. The Group also replenishes its land bank through cooperation with state-owned enterprise partnership and working with government-related bodies. NWD believes that the Group's geographical diversification will enable it to benefit from the stable economic growth of top-tier cities as well as the emerging infrastructure development in high growth second-tier cities, alleviate the risks associated with having too much of its operation concentrated in one particular city or region in the PRC, strengthen its regional property portfolios and position the Group as one of the leading national property developers and investors in the PRC.

- The Group's strategy in relation to its service businesses is to focus further on the insurance and construction business. For the remaining facilities management, transport and strategic investment aspects of the business, they are grouped under the strategic portfolio and the Group is looking to continue to benefit from stable income generated by its service operations.

- The Group's strategy in relation to its infrastructure businesses is to streamline the business portfolio and to focus further on the core businesses of roads and aviation. The Group continues to acquire quality road assets including a 100 per cent. interest of Changliu Expressway. The Group also invests in commercial aircraft leasing investments given their strong earnings and growth potential. This stable and recurrent income stream is expected to help fund the Group's organic growth. Environment and logistics businesses are grouped under the Group's strategic portfolio and the focus is to maintain operations within its current range, which provide steady and diversified sources of income to the Group.

- In relation to hotel operations, the Group aims to continue to achieve better returns from the hotels in terms of both occupancy and average room rate.

- In relation to department store operations, the Group will continue to upgrade and reform its stores to enhance their in-store experience and merchandise appeal, with the aim of actualising store-specific strategies and positioning. In parallel, the Group actively configured online channels such that new retail, new technology and new marketing tactics can be leveraged to craft a shopping experience that unifies online and offline elements for its customers. The Group will perfect its multi-platform online setup to ride on novel marketing means such as mini-programmes, online community marketing, live-streaming e-commerce, etc. to expedite the integration of online and offline retail, as well as to facilitate the landing of omni-channel strategies. The positioning of community-focused department stores, as well as day-to-day essential businesses such as convenience stores and supermarkets will also be consolidated to strengthen the Group's business setup.

- As part of the Group's established strategies, the Group strives to focus on developing its current core businesses to optimise its assets and business portfolio while disposing of non-core assets. Under its dual growth engine strategy, the Group complements development properties sales with recurring investment property rentals. The Group also strives to develop strategic businesses such as HUMANSA.
- The Group relies on synergies between business segments and customer conversion between and within segments. This boosts customer value and has resulted in high growth in average spending of overlapping members.
- The Group has integrated Environmental, Social and Governance standards into its businesses, which has enabled it to stay aligned to the Group and the world's priorities and be accountable to all shareholders.

Business

During the financial year ended 30 June 2020, following the completion of FTLife Insurance's acquisition and to better reflect the nature of the Group's income streams and group strategies, the Group reclassified its reporting business segments. The Executive Committee of the Guarantor considers its business from products and services perspectives, which comprise property development, property investment, roads, aviation, construction, insurance, hotel operations and others (including facilities management, transport, environment, logistic, department store, media and technology and other strategic businesses) segments. The comparative figures for the year ended 30 June 2019 have been aligned to conform with the presentation below accordingly.

As at 30 June 2020, the Group's cash and bank balances (including restricted bank balances) stood at HK$67,435.6 million. Undrawn facilities from banks stood at HK$39,303.3 million, and the net gearing ratio was 41.6 per cent.. The average cost of capital was 4.05 per cent.. Furthermore, non-core asset disposals amounted to approximately HK$10.6 billion, which exceeded the target for the year.

As at 31 December 2020, the Group's cash and bank balances (including restricted bank balances) stood at HK$54,848.2 million. Undrawn facilities from banks stood at HK$46,817.3 million, and the net gearing ratio was 40.4 per cent.. The average cost of capital was 2.93 per cent.. From 1 July 2020 to the end of February 2021, the total proceeds of non-core assets disposal was HK$12.8 billion.

The Group has undertaken stringent cost control efforts, as evidenced by the 8 per cent. year-on-year decrease in recurring administrative and other operating expenses. For the year ended 30 June 2020, a high property development gross margin of 57 per cent. was achieved in both Hong Kong and Mainland China.

For the six months ended 31 December 2020, the Group achieved gross margin of 38 per cent. and 30 per cent. respectively for the property development segment in Hong Kong and Mainland China.

The following tables set forth the revenues and results for the business segments of the Guarantor and its subsidiaries for the fiscal years indicated:

	For the year ended 30 June			
	2020		2019	
	HK$ million	*%*	*HK$ million*	*%*
Revenues				
Property Development	19,207.5	32.5	38,511.5	50.2
Property Investment	4,349.5	7.4	3,669.4	4.8
Roads	2,070.5	3.5	2,529.0	3.3
Aviation	—	—	161.6	0.2
Construction	16,691.0	28.3	17,368.0	22.6
Insurance	6,180.0	10.4	—	—
Hotel Operations	1,212.2	2.1	1,490.9	1.9
Others	9,297.1	15.8	13,033.2	17.0
Total	59,007.8	100.0	76,763.6	100.0

	For the year ended 30 June			
	2020		2019	
	HK$ million	*%*	*HK$ million*	*%*
Segment results (including share of results of joint ventures and associated companies)				
Property Development	11,001.8	79.0	15,037.1	75.3
Property Investment	2,382.7	17.1	1,888.5	9.5
Roads	1,184.7	8.5	2,086.7	10.4
Aviation	399.3	2.9	480.6	2.4
Construction	983.6	7.1	1,086.4	5.4
Insurance	819.2	5.9	—	—
Hotel Operations	(1,292.0)	(9.3)	(249.4)	(1.2)
Others	(1,560.6)	(11.2)	(352.1)	(1.8)
Total	13,918.7	100.0	19,977.8	100.0

The following tables set forth the Guarantor and its subsidiaries' share of results of joint ventures (those over which the Guarantor and its subsidiaries exercise joint control along with their partners pursuant to contractual arrangements) and their associated companies (those over which the Guarantor and its subsidiaries may exert influence through representations on the board of directors of such companies), by business segments for the fiscal years indicated:

	For the year ended 30 June			
	2020		2019	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of joint ventures				
Property Development	482.8	47.9	1,603.0	43.7
Property Investment	(117.7)	(11.7)	326.2	8.9
Roads	276.1	27.4	700.3	19.1
Aviation	316.5	31.4	433.2	11.8
Construction	—	—	1.7	0.0
Insurance	—	—	—	—
Hotel Operations	(384.4)	(38.1)	11.8	0.3
Others	434.0	43.1	594.1	16.2
Total	1,007.3	100.0	3,670.3	100.0

	For the year ended 30 June			
	2020		2019	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of associated companies				
Property Development	14.8	(6.2)	(4.1)	(0.4)
Property Investment	(329.0)	138.6	199.1	19.6
Roads	97.5	(41.1)	186.9	18.5
Aviation	—	—	—	—
Construction	308.9	(130.1)	348.5	34.4
Insurance	—	—	—	—
Hotel Operations	—	—	—	—
Others	(329.6)	138.8	282.4	27.9
Total	(237.4)	100.0	1,012.8	100.0

The following tables set forth the revenues and results of the business segments of the Guarantor and its subsidiaries for the periods indicated:

	For the six months ended 31 December			
	2020		2019	
	HK$ million	*%*	*HK$ million*	*%*
Revenue				
Property development	12,794.6	36.0	11,986.6	36.9

	For the six months ended 31 December			
	2020		2019	
	HK$ million	*%*	*HK$ million*	*%*
Property Investment	2,314.6	6.5	2,188.5	6.7
Roads	1,646.1	4.6	1,430.8	4.4
Aviation	—	—	—	—
Construction	10,844.9	30.5	8,186.4	25.2
Insurance	4,583.7	12.9	1,998.6	6.2
Hotel operations	429.9	1.2	838.7	2.6
Others	2,963.5	8.3	5,834.8	18.0
Total	35,577.3	100.0	32,464.4	100.0

	For the six months ended 31 December			
	2020		2019	
	HK$ million	*%*	*HK$ million*	*%*
Segment results (including share of results of joint ventures and associated companies)				
Property development	4,114.7	59.8	6,800.9	70.3
Property investment	1,332.2	19.4	1,310.3	13.6
Roads	1,427.2	20.7	1,122.3	11.6
Aviation	259.3	3.8	266.8	2.8
Construction	466.5	6.8	662.2	6.8
Insurance	433.8	6.3	294.6	3.0
Hotels operations	(666.3)	(9.7)	(425.2)	(4.4)
Others	(483.0)	(7.1)	(359.8)	(3.7)
Total	6,885.4	100.0	9,672.1	100.0

The following tables set forth the Guarantor and its subsidiaries' share of results of joint ventures (those over which the Guarantor and its subsidiaries exercise joint control along with their partners pursuant to contractual arrangements) and their associated companies (those over which the Guarantor and its subsidiaries may exert influence through representations on the board of directors of such companies), by business segments for the periods indicated:

	For the six months ended 31 December			
	2020		2019	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of joint ventures				
Property development	119.5	29.1	224.7	24.7
Property investment	(55.2)	(13.4)	(49.1)	(5.4)

	For the six months ended 31 December			
	2020		2019	
	HK$ million	*%*	*HK$ million*	*%*
Roads	372.7	90.6	321.8	35.3
Aviation	(144.2)	(35.1)	269.1	29.6
Construction	—	—	—	—
Insurance	—	—	—	—
Hotel operations	(246.0)	(59.8)	(79.1)	(8.7)
Others	364.4	88.6	223.1	24.5
Total	411.2	100.0	910.5	100.0

	For the six months ended 31 December			
	2020		2019	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of associated companies				
Property development	(8.9)	(2.6)	6.3	1.9
Property investment	(35.3)	(10.3)	51.4	15.4
Roads	111.5	32.7	89.8	27.0
Aviation	—	—	—	—
Construction	131.2	38.4	164.7	49.5
Insurance	—	—	—	—
Hotel operations	—	—	—	—
Others	142.9	41.9	20.8	6.2
Total	341.4	100.0	333.0	100.0

Property

Hong Kong – Property overview

The Group is one of the major property developers in Hong Kong and is engaged in the development of residential, retail, office and hotel properties. As at 31 December 2020, the Group possessed a land bank with attributable gross floor area ("**GFA**") of approximately 9.35 million sq.ft. in Hong Kong available for immediate development. Of which, attributable residential GFA amounted to approximately 4.46 million sq.ft. Meanwhile, the Group had a total of approximately 16.46 million sq.ft. of attributable agricultural land area in the New Territories pending for usage conversion, which are mainly located in Yuen Long. Sales of property in Hong Kong historically have been a significant source of the Group's operating profits.

In 2020, the COVID-19 outbreak adversely affected the Hong Kong economy. Despite the downward pressure on the economy, the Hong Kong property development market benefited from the strong pent-up housing demand and raise of mortgage cap under the new mortgage insurance by the Hong Kong government. Hong Kong banks followed the U.S. Federal Reserve in lowering interest rate which also eased the pressure on buyers and demand has been further unleashed. Such factors, together with tight land supply in Hong Kong, expedited home buyers' pace of home purchase and facilitated the stable development of the property market.

Through its subsidiaries, NWD oversees and largely performs all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for zoning and modifications, the design and construction of development projects, and the marketing, leasing and management of completed projects. The typical development cycle for vacant land in Hong Kong from acquisition of the site and preparation of architectural plans until expected completion date is approximately three to five years. However, if there is a variance of land usage required, the process may take longer and may involve the payment to the government of substantial land premiums in connection with the modification of the land use restrictions. The development cycle for urban property may also be longer, since such sites generally are not vacant and frequently contiguous multiple sites or separate units within a site must be assembled before development can begin.

In general, the Group's practice is to pre-sell its developments before completion and the granting of occupation permits by government authorities in order to improve its financial liquidity and reduce market risk. Revenues and profits from such sales are only recognised when or as the control is transferred to the customer. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

Hong Kong – Property investment

The completed investment property portfolio of the Group in Hong Kong amounted to approximately 18.5 million sq.ft. of total GFA (approximately 10.6 million sq.ft. of total attributable GFA) as at 31 December 2020. The business segment continues to be a key source of income for the Group in the medium to long term.

The portfolio consists of retail shopping centres and office buildings which collectively accounted for approximately 40.7 per cent. of the Group's completed investment properties in attributable GFA terms, with the balance being hotels (which accounted for approximately 25.3 per cent. of the Group's completed investment properties), logistic centres and carparks.

The COVID-19 outbreak caused various sectors to respond to worsening market conditions with stricter cost management, redundancies, work from home arrangements and office space downsizing, which led to shrinking demand for office space. As a result, tenants reduced their rented areas or relocated to fringe areas, driving the vacancy rate higher in Central for the six months ended 31 December 2020. By the end of 2020, Hong Kong saw its steepest annual decline since 2009 in overall rent of Grade A office buildings while vacancy rates increased.

Social distancing measures, rising unemployment rate and decreasing tourist arrivals have brought pressure on the local economy. Coupled with social events in Hong Kong, local consumer sentiment has become more cautious, which has put tremendous pressure on the overall retail sales and related property rental performance. Recently, Hong Kong has witnessed an easing epidemic situation, as local consumer sentiment gradually recovers.

The Group performs the rental management and marketing of most of its investment properties through a division of NWD and a subsidiary, K11 Concepts Limited. The Group proactively reviews its investment assets with a view to enhancing its product quality and service delivery including performing periodic property renovations.

The leases the Group has granted are typically for two or three years for office and retail tenants occupying relatively small commercial floor space and longer lease periods can be granted for those tenants occupying relatively large commercial floor space. Notwithstanding that such properties are classified as investment properties, the Group will evaluate offers from potential purchasers and may dispose of certain of its investment properties if the price offered is competitive.

In accordance with HKFRS, the Group values its investment properties at every reporting balance sheet date at their fair market value determined by professional valuation. Any change in the valuation is charged or credited, as the case may be, to the consolidated income statement. The Group's financial performance is therefore subject to fluctuation from period to period in light of the movements in property value in Hong Kong, which has been cyclical in the past and could result in a significant accounting profit or loss for the Group.

The Group's rents in Hong Kong are generally quoted in sq.ft. per lettable area. In most cases, the rents quoted by the Group do not include property management charges or government rates payable by its tenants.

The table below sets out the Group's major property investment and other projects in Hong Kong as at 30 June 2020.

No.	Name of project	Total GFA (sq.ft.)	Total attributable GFA (sq.ft.)	Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Others (sq.ft.)	Total number of carpark	Land lease expiry
	COMPLETED								
	Hong Kong Island								
1	Manning House, Central	110,040	110,040	63,383	46,657				2843
2	New World Tower, Central	640,135	640,135	77,948	562,187			385	2863
3	K11 ATELIER KING'S ROAD, North Point	487,504	487,504	7,160	480,344				2083 2088 2090
4	Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai	87,999	87,999	69,173			18,826(2)	1,070	2060
5	Grand Hyatt Hong Kong	524,928	262,464			262,464			2060
6	Renaissance Harbour View Hotel Hong Kong	544,518	272,259			272,259			2060
7	Pearl City, Causeway Bay — Ground Floor to 4th Floor	53,691	21,476	21,476					2868
	Pearl City, Causeway Bay — Ground Floor to Basement	24,682	24,682	24,682					2868
8	Methodist House, Wan Chai(1)	40,813	40,405		40,405				2084
	Subtotal	**2,514,310**	**1,946,964**	**263,822**	**1,129,593**	**534,723**	**18,826**	**1,455**	
	Kowloon								
9	K11 ATELIER of Victoria Dockside, Tsim Sha Tsui	435,145	435,145		435,145				2052
	Rosewood Hong Kong & Rosewood Residences of Victoria Dockside, Tsim Sha Tsui	1,105,644	1,105,644			1,105,644			2052
	K11 MUSEA of Victoria Dockside, Tsim Sha Tsui	1,156,356	1,156,356	1,156,356				1,116(7)	2052
	K11 ARTUS of Victoria Dockside, Tsim Sha Tsui	379,720	379,720				379,720		2052
10	K11, Tsim Sha Tsui	335,939	335,939	335,939				240	2057
	Hyatt Regency Hong Kong, Tsim Sha Tsui	277,877	138,939			138,939			2057

No.	Name of project	Total GFA (sq.ft.)	Total attributable GFA (sq.ft.)	Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Others (sq.ft.)	Total number of carpark	Land lease expiry
11	pentahotel Hong Kong, Kowloon .	285,601	285,601			285,601			2057
12	KOHO, Kwun Tong	204,514	204,514	1,567	202,947			28	2047
13	THE FOREST, Mong Kok[(1)]	53,337	26,669	26,669				7	2062
14	ARTISAN HUB, San Po Kong	64,519	64,519	31,087	33,432				2047
	Subtotal	**4,298,652**	**4,133,046**	**1,551,618**	**671,524**	**1,530,184**	**379,720**	**1,391**	
	New Territories								
15	ATL Logistic Centre, Kwai Chung	9,329,000	3,190,518				3,190,518[(3)]		2047
16	D • PARK, Tsuen Wan	466,400	466,400	466,400				1,000	2047
17	Hyatt Regency Hong Kong, Sha Tin[(1)]	538,000	538,000			538,000		100	2047
18	Citygate, Tung Chung[(4)]	659,003	131,801	99,697	32,104			1,231	2047
	Novotel Citygate Hong Kong	236,758	47,352			47,352		7	2047
19	Tung Chung Town Lot No. 11, Tung Chung	473,655	94,731	68,231		26,393	107	127	2063
20	PARK SIGNATURE, Yuen Long..	24,155	24,155	24,155					2058
	Subtotal	**11,726,971**	**4,492,957**	**658,483**	**32,104**	**611,745**	**3,190,625**	**2,465**	
	Grand Total	**18,539,933**	**10,572,967**	**2,473,923**	**1,833,221**	**2,676,652**	**3,589,171**	**5,311**	
	TO BE COMPLETED/UNDER CONSTRUCTION								
21	21 Luk Hop Street, San Po Kong	100,798	100,798				100,798[(5)]		2047
22	New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan	998,210	998,210	38,062	960,148				2067
23	SKYCITY Project[(1)]	3,767,400	3,767,400	2,707,491	562,311		497,598[(6)]		2066
	Grand Total	**4,866,408**	**4,866,408**	**2,745,553**	**1,522,459**		**598,396**		

Notes:

(1) Properties in which the Group has a development interests: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements after completion

(2) Meeting rooms

(3) Logistics centre

(4) Includes Tung Chung Crescent

(5) Industrial

(6) Includes carparking and transport terminal

(7) Total number of carpark of Victoria Dockside

Set forth below is a brief description of selected rental property:

Victoria Dockside, a new global landmark located at the core area of Tsim Sha Tsui waterfront in Kowloon with a total GFA of approximately 3 million sq.ft., accommodates K11 ATELIER, K11 ARTUS, K11 MUSEA, Rosewood Hong Kong and Rosewood Residences.

The Grade A office building K11 ATELIER commenced operation in the second half of 2017. As at 31 December 2020, around 78 per cent. were leased, with several large multinational corporations engaged. K11 ARTUS is the first luxury hospitality and serviced apartment extension of K11 which shapes up a unique hospitality culture. The project comprises 287 suites and has begun operation in stages since July 2019, with leading monthly rent for serviced apartments in Kowloon.

K11 MUSEA, a cultural landmark situated in the heart of Victoria Dockside, commenced operation in late August 2019 to create a new museum-retail experience for consumers. Created by 100 local and international designers, K11 MUSEA houses more than 250 international brands and flagship stores. As at 31 December 2020, over 95 per cent. were leased.

K11 ATELIER King's Road, a Grade A office building on Island East and the first in the world to achieve three green building certifications - the WELL Building Standard™ platinum pre-certification, the U.S. LEED platinum pre-certification and the HK Green BEAM Plus provisional platinum certification, occupies a total GFA of approximately 490,000 sq.ft and is located next to the Quarry Bay MTR station. This Grade A office building commenced operation in late 2019. As at 31 December 2020, around 52 per cent. was leased.

During the financial year ended 30 June 2020 (the "**FY2020**"), a total area of more than 1.5 million sq.ft. (K11 MUSEA and K11 ATELIER King's Road) was added to the Hong Kong property investment flagships which is expected begin to provide full-year contributions in the financial year ended 30 June 2021 (the "**FY2021**"). The recurring income growth of property investment is entering an acceleration stage. Citygate extension in Tung Chung, in which the Group has a 20 per cent. interest, opened in August 2019, with a total GFA of approximately 470,000 sq.ft..In addition, the development of Grade A office building project in King Lam Street, West Kowloon is on schedule, with the Group intending to commence pre-leasing activities in 2021. With a total GFA of approximately 1 million sq.ft., the project will contribute to the development of the emerging business district and provide the Group with additional rental income.

For office buildings, New World Tower and Manning House located in Central recorded a solid and stable performance with occupancy rates of 93 per cent. and 95 per cent. achieved respectively as at 31 December 2020, whereas the malls including Hong Kong K11, D•PARK and THE FOREST have an occupancy ranging from 92 per cent. to 99 per cent. as at 31 December 2020.

For the six months ended 31 December 2020, the Group's revenues and segment results of property investment in Hong Kong was HK$1,440.0 million and HK$827.7 million, respectively, representing an increase of 7.1 per cent and a decrease of 2.4 per cent., respectively, as compared to the same period in 2019.

Hong Kong – Property development

The COVID-19 outbreak placed pressure on Hong Kong's economy in 2020. The Hong Kong Government's repeated tightening of pandemic containment measures have caused delays in issuing pre-sale consents, stalled the project launch by developers and generated major backlogs in property sales. Despite the downward pressure on the economy and delays in constructure and sales due to pandemic containment measures, the Hong Kong property development market benefited from the strong pent-up housing demand and raise of mortgage cap under the new mortgage insurance by the Hong Kong government. Additionally, the Hong Kong property development market benefited from quantitative easing in the U.S. and the U.S. interest rate cut to near zero, which facilitated the stable development of the property market.

On 16 October 2019, the Hong Kong government announced plans to expand eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio will be raised from HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent loan-to-value ratio will also be raised from HK$6 million to HK$10 million.

For the six months ended 31 December 2020, the Group's revenues of property development in Hong Kong, including joint development projects, amounted to HK$2,764.5 million, while the Group's segment results of property development in Hong Kong and Singapore, including joint development projects amounted to HK$1,058.3 million. The contributions were mainly attributable to residential projects including PARK VILLA, Reach Summit, the Double Cove series and MOUNT PAVILIA.

For the six months ended 31 December 2019, the Group's revenues and segment results of property development in Hong Kong and Singapore, including joint development projects, amounted to HK$3,666.9 million and HK$1,777.0 million, respectively. The contributions were mainly attributable to residential projects including MOUNT PAVILIA, The Masterpiece, FLEUR PAVILIA in Hong Kong and ARTRA in Singapore, together with the disposal of the carparks in Riveria Gardens, Tsuen Wan. For the six months ended 31 December 2020, the Group's attributable contracted sales in Hong Kong amounted to HK$26.3 billion, which were mainly contributed by residential projects including THE PAVILIA FARM, MOUNT PAVILIA, FLEUR PAVILIA and the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan. For the six months ended 31 December 2019, the Group's attributable contracted sales in Hong Kong amounted to HK$3 billion, which were mainly contributed by residential projects including MOUNT PAVILIA, FLEUR PAVILIA and ATRIUM HOUSE.

As at 31 December 2020, the Group had a total of 203 residential units in Hong Kong available for sale, of which, 129 residential units were under the lead of the sales management of the Group.

The Group's key residential project at Tai Wai Station in Sha Tin, "PAVILIA FARM", involving more than 3,000 residential units, was launched in 2020 and intends to launch a further phase in 2021. For the six months ended 31 December 2020, over 2,100 units were sold, realising nearly HK$23.8 billion in sales proceeds, which exceeded the Group's FY2021 Hong Kong contracted sales target of HK$20 billion. The project is the only large-scale new project in the district in recent years, taking fully the market potentials of the comprehensive railway network.

In December 2020, the Group launched a Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan, comprising a 28-storey building with a total GFA of approximately 529,000 sq ft and the project is expected to complete in April 2022. It was the first major project launched by the Group following the abolition of the ABSD on non-residential property transactions announced by the Hong Kong Government. For the six months ended 31 December 2020, the project has launched sales campaigns and sold 86 units, contributing HK$1.51 billion to the attributable contracted sales.

The Group is also part of a consortium that won the tender for the fifth phase of the project at Wong Chuk Hang atop Wong Chuk Hang MTR station in Hong Kong for HK$6.8 billion in January 2021, the only mega comprehensive development project on Hong Kong Island in recent years. With a total GFA of approximately 636,000 sq. ft., it is expected to have 1,050 units with an average size of approximately 600 sq. ft. per unit.

The table below sets out the Group's major property development projects in Hong Kong as at 30 June 2020:

					Attributable GFA					
No.	**Name of Property Development Projects**	**Site Area**	**Total GFA**	**The Group's Interest**	**Residential**	**Retail**	**Office**	**Others**	**Total Attributable GFA**	**Stage of Completion[1]**
		(sq.ft.)	*(sq.ft.)*	*(%)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	
	Hong Kong Island									
1	4A-4P Seymour Road, Mid-levels (phase 1	52,466	472,186	35.00	165,265				165,265	S

No.	Name of Property Development Projects	Site Area	Total GFA	The Group's Interest	Attributable GFA: Residential	Attributable GFA: Retail	Attributable GFA: Office	Attributable GFA: Others	Total Attributable GFA	Stage of Completion[(1)]
		(sq.ft.)	(sq.ft.)	(%)	(sq.ft.)	(sq.ft.)	(sq.ft.)	(sq.ft.)	(sq.ft.)	
	and 2)									
	Subtotal	**52,466**	**472,186**		**165,265**				**165,265**	
	Kowloon									
2	TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin	11,256	94,974	51.00	43,055	5,382			48,437	S
3	ARTISAN GARDEN, 68 Kowloon City Road, Ma Tau Kok[(2)]	14,897	111,730	100.00	111,730				111,730	S
4	Yau Tong Redevelopment Project, Kowloon East	808,397	3,982,722	10.88	422,607	10,793			433,400	LE
5	New Kowloon Inland Lot No. 6574, 4B3, Kai Tak	104,475	574,615	29.30	168,362				168,362	F
6	New Kowloon Inland Lot No. 6552, 4C2, Kai Tak	105,110	641,169	18.00	111,624	3,786			115,410	F
7	New Kowloon Inland Lot No. 6576, 4B1, Kai Tak	103,151	722,060	10.00	72,206				72,206	F
8	New Kowloon Inland Lot No. 6582, Cheung Shun Street, Cheung Sha Wan	44,897	529,185	100.00		415	492,333	36,437[(3)]	529,185	S
9	New Kowloon Inland Lot No. 6572, Wing Hong Street, Cheung Sha Wan	30,925	363,392	100.00		6,008	353,064	4,320	363,392	S
	Subtotal	**1,223,108**	**7,019,847**		**929,584**	**26,384**	**845,397**	**40,757**	**1,842,122**	
	New Territories									
10	STTL No. 520, Tai Wai Station Property Development, Sha Tin[(2)]	521,107	2,050,327	100.00						
	Phase 1				495,323				495,323	S
	Phase 2				871,965				871,965	S
	Phase 3				683,039				683,039	S
11	Reach Summit, Sereno Verde Phase 5, 99A Tai Tong Road, Yuen Long	48,933	171,265	20.97	35,914				35,914	C
12	ATRIUM HOUSE, 99 Shap Pat Heung	24,230	121,148	100.00	121,148				121,148	S

No.	Name of Property Development Projects	Site Area	Total GFA	The Group's Interest	Attributable GFA: Residential	Retail	Office	Others	Total Attributable GFA	Stage of Completion[1]
		(sq.ft.)	*(sq.ft.)*	*(%)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	
	Road, Yuen Long									
13	Lung Tin Tsuen (Phase 2), Yuen Long	88,157	440,785	100.00	440,785				440,785	LE
14	Lung Tin Tsuen (Phase 4), Yuen Long	56,285	281,425	100.00	281,425				281,425	LE
15	Tong Yan San Tsuen (Phase 3), Yuen Long	88,658	88,658	100.00	88,658				88,658	LE
16	Tong Yan San Tsuen (Phase 4), Yuen Long	193,591	193,591	100.00	193,591				193,591	—
17	Sha Po North (Phase 2), Yuen Long	TBC	373,240	34.81	129,925				129,925	—
18	DD110, Kam Tin, Yuen Long	170,071	68,029	100.00	68,029				68,029	LE
19	DD221, Sha Ha, Sai Kung	593,635	890,452	76.00	676,744				676,744	P
	Subtotal		**4,678,920**		**4,086,546**				**4,086,546**	
	Grand Total		**12,170,953**		**5,181,395**	**26,384**	**845,397**	**40,757**	**6,093,933**	

Notes:

(8) P=Planning; D=Demolition; SP=Site Preparation; F=Site Formation / Foundation; S=Superstructure; C=Completed (OP Issued); LE=Land Exchange; TBC=To be confirmed

(9) Property in which the Group is entitled to a share of development profits in accordance with the terms and conditions of the respective development agreements

(10) Include public carpark, but exclude government accommodations (i.e., children care centre and elderly care centre)

The Group has been actively reviewing its business and asset portfolios, and works to identify opportunities of non-core asset disposal to unlock values. For the six months ended 31 December 2020, the Group completed the disposal of non-core assets with total consideration approximately HK$5.9 billion, with the disposal of NWSH's entire interest in the Hong Kong bus business and NWCL's Wuhan Guanggu Tower 1 office project. In January 2021, NWSH disposed the main assets of its Environment segment at a consideration of HK$6,533 million. Going forward, the Group will remain focused on developing its core business and optimise its businesses and assets through non-core disposal which can provide more resources for its core business continuously and generate extra cash flow to support its core business development.

As at 31 December 2020, unrecognised attributable income from contracted sales of properties in Hong Kong amounted to HK$30,944 million, of which, HK$5,393 million is to be booked in the second half of FY2021 ("**2HFY2021**"), HK$1,729 million to be booked in FY2022 and HK$23,822 million to be booked in FY2023.

Key projects expected to be booked in 2HFY2021 include ARTISAN GARDEN in Ma Tau Kok, ATRIUM HOUSE in Yuen Long and TIMBER HOUSE in Ho Man Tin. Among the projects mentioned, ARTISAN GARDEN and TIMBER HOUSE were sold out and over 90% of the units at ATRIUM HOUSE and Reach Summit are sold already. The Grade A office building at 888 Lai Chi Kok Road, Cheung Sha Wan is expected to be the major project to be booked in FY2022. Key projects are expected to be booked in FY2023 include THE PAVILIA FARM I and II in Tai Wai, Sha Tin.

Contracted sales of property development in Hong Kong to be recognised in FY2021 (as at 30 June 2020)	Total no. of units	Attributable income
		HK$ million
PARK VILLA	38	1,583.0
ARTISAN GARDEN	294	1,772.0
ATRIUM HOUSE	295	1,623.0
Reach Summit	487	486.0
Double Cove series	32	318.0
MOUNT PAVILIA	9	399.0
FLEUR PAVILIA	30	308.0
The Masterpiece	1	220.0
THE PAVILIA HILL	1	127.0
Others and Carparks		193.2
Total		**7,029.2**

Contracted sales of property development in Hong Kong to be recognised in FY2022 (as at 30 June 2020)	Total no. of units	Attributable income
		HK$ million
TIMBER HOUSE	240	957.0
THE PAVILIA HILL	1	157.0
FLEUR PAVILIA	8	59.0
Total	**249**	**1,173.0**

Hong Kong – Land bank

It is the Group's policy to use various channels to replenish its Hong Kong land bank. Apart from public auction and tender, the Group has also pursued diversified means, including old building acquisitions and farmland conversions to secure a stable supply of land resources for development. The private housing supply in 2019–2020 by the government fell behind the target. In addition, the split between public and private housing supply has been adjusted from 60:40 to 70:30. The government has stated their intention to launch the "Land Sharing Pilot Scheme" this year. The Group will continue to actively study the changes and the content in land policies and properly plan its development in order to achieve a win-win situation for the Group and the society.

As at 31 December 2020, the Group possessed a land bank with attributable GFA of approximately 9.35 million sq.ft. for immediate development. Of which, attributable residential GFA amounted to approximately

4.46 million sq.ft. Meanwhile, the Group had a total of approximately 16.46 million sq.ft. of attributable agricultural land area reserve in the New Territories pending for usage conversion, which are mainly located in Yuen Long.

Nine projects with a total GFA of approximately 1.87 million sq.ft. located in Yuen Long and Fanling are under active negotiation with relevant authority of the government on usage conversion, of which a total GFA of approximately 0.5 million sq.ft. has entered the final stages.

Land bank by district	Property development total attributable GFA	Property investment and others total attributable GFA	Total attributable GFA
	(sq.ft. '000)	*(sq.ft. '000)*	*(sq.ft. '000)*
Hong Kong Island	448.4	-	448.4
Kowloon	1,842.1	1,118.5	2,960.6
New Territories	2,171.5	3,767.4	5,938.9
Total	**4,462.0**	**4,885.9**	**9,347.9**

Agricultural land bank by district	Total land area	Total attributable land area
	(sq.ft.'000)	*(sq.ft.'000)*
Yuen Long District	12,377.5	11,378.7
North District	2,488.8	2,184.1
Sha Tin District and Tai Po District	1,933.6	1,879.7
Sai Kung District	1,180.0	1,019.8
Total	**17,979.9**	**16,462.3**

The Group through a consortium was awarded the bids for three residential sites on the Kai Tak runway. The three projects have a total GFA of 1.9 million sq.ft. in aggregate, of which approximately 360,000 sq.ft. is attributable to the Group. In furtherance of the Group's strategy of development in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"), on 2 May 2018, the Group won a successful bid for an iconic world-class commercial development in SKYCITY at Hong Kong International Airport ("**HKIA**"). Situated next to HKIA, the development will involve total investment of HK$20 billion and take up a GFA of approximately 3.77 million sq.ft., comprising 2.1 million sq.ft. for dining and retail outlets and 570,000 sq.ft. each for experience-based entertainment facilities and office space. The remaining floor area will be used for public facilities and carparks. The project is scheduled to be completed in phases from 2022 to 2025.

The Group will be responsible for the design, development and management of the entire project, aiming to build this strategically located project into a commercial and entertainment hub in Hong Kong and the Greater Bay Area at large, offering high-tech experiential entertainment, making it a new landmark in Hong Kong for locals and visitors from overseas and a population of more than 60 million people of the Greater

Bay Area.After two-year legal proceedings of compulsory sale, the Group managed to unify the ownership of the State Theatre Building, a residential and commercial joint venture project located at 277-291 King's Road, North Point at the floor price of HK$4,776 million in October 2020, and officially became the owner of the project. At the same time, the Group has been engaged in a large-scale heritage conservation project led by private developers, a rarity in Hong Kong over recent years. Covering a land area of approximately 36,000 sq ft, the project has commenced its exploration works, with international and local teams of building conservation elites engaged to prepare conservation and development plans for the project.

The Group has announced to supply 3 million sq ft agricultural land in stages to NGOs and/or Hong Kong Government to build innovative social housing for the underprivileged families. The Group had donated some agricultural land in Tin Shui Wai to the social enterprise "LightBe" to build Hong Kong first-ever "Light Village", to alleviate housing burden of the needy. The initial planning of "Light Village" has completed and the construction work will start once the planning application is approved by the Town Planning Board. The Group keeps in close touch with some NGOs and related Hong Kong Government departments with the initial planning of 2 social housing projects having started and making good progress. The Group aims to infuse unique and innovative elements in these social housing projects, with a view to building a better community for the next generation and benefitting various social groups and grassroots families.

The PRC – Property overview

The Group entered the PRC property market in the early nineties and has since then expanded its business operations to the southern, central, eastern, northern and north-eastern regions of the PRC. The Group is now one of the largest foreign property developers and investors in the PRC. The Group is engaged in property development and investment in the PRC principally through its solely-owned subsidiary, the NWCL.

The NWCL Group's core business is the development and sale of mid-sized to large-scale residential projects. The NWCL Group is also engaged in other complementary property-related businesses such as land preparatory work, property investment, hotel operations and property management services.

As at 31 December 2020, the NWCL Group had a total land bank (excluding carpark) held for property development of approximately 6.14 million square metres ("**sq.m.**") available for immediate development in the PRC, of which, residential GFA amounted to approximately 3.48 million sq.m. As at 31 December 2020, the NWCL Group's core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Hangzhou, Ningbo, Beijing, Shanghai and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.31 million sq.m., of which 51 per cent. was located in the Greater Bay Area and 1.73 million sq.m. was for residential use.

The PRC – Property Investment

The NWCL Group's investment property portfolio comprises completed residential, commercial and office properties and car park spaces held for long-term investment, and as at 30 June 2020, amounted to approximately 3.2 million sq.m. in total GFA.

During the six months ended 31 December 2020, with improving prevention and control of the COVID-19 pandemic, the PRC saw a gradual recovery in its economic and social development. Owing to the effective strategies to boost domestic demand and policies to drive consumption, consumer demand increased in the PRC.

According to the data released by the National Bureau of Staistics, total retail sales of consumer goods amounted to RMB39,198.1 billion in 2020, registering a 3.9% decline from last year, with positive growth rate recorded for the third and fourth quarters of 2020. Commodity retail recovered more quickly than the overall consumer market, delivering positive year-on-year growth for 6 consecutive months. Upgraded commodity retail performed well, as the market share of luxury products in the PRC grew from 11 per cent. in 2019 to 20 per cent. in 2020 due to COVID-19 and outbound travel restrictions.

For the year ended 30 June 2020, the Group recorded a gross rental income of HK$1,759.0 million in Mainland China, representing an increase of 1.8 per cent. from the year ended 30 June 2019. For the six months ended 31 December 2020, the Group recorded a gross rental income of HK$875.0 million in Mainland China, representing an increase of 3.6 per cent. as compared to the six months ended 31 December 2019.

For the six months ended 31 December 2020, the Group's revenues and segment results of property investment in Mainland China amounted to HK$874.6 million and HK$505.5 million, respectively, representing an increase of 3.6 per cent. and 9.3 per cent. respectively, as compared to the same period in 2019.

For the six months ended 31 December 2019, the Group's revenues and segment results of property investment in Mainland China was HK$844.1 million and HK$462.3 million, respectively, representing an increase of 6 per cent. and 2 per cent., respectively, as compared to the same period in 2018.

The NWCL Group's investment property portfolio (including those held by joint ventures and associated companies) as of 31 December 2020 comprise property projects in the Pearl River Delta region and top-tier and second-tier cities in the PRC, including Beijing, Shanghai, Guangzhou, Shenyang, Wuhan, Tianjin, Dalian, Anshan, Tangshan, Foshan, Nanjing, Jinan, Zhaoqing, Langfang and Changsha. New World • NEW PARK in Guangzhou commenced operation in December 2018. Shanghai Hong Kong New World Tower which houses Shanghai K11, the first art mall in Mainland China, recorded satisfactory occupancy rate. Wuhan K11, the Group's second shopping mall project in Wuhan, is scheduled to commence operation in phases starting from the end of 2020.

It is the NWCL Group's policy to commence the development of the commercial properties at the early stage of the property development. Since a well-equipped living environment is of utmost importance in formulating the NWCL Group's marketing strategy and promoting the overall image of its quality property projects, the NWCL Group believes that the provision of commercial facilities for residents at an early stage of its residential community project could enhance the value of the project. The Group is actively upgrading its investment property portfolio in the PRC, several core projects such as Shanghai K11 Art Mall will play a modeling role. Meanwhile, a series of high-quality composite projects in prime cities will gradually be delivered and will be operated through the Group's unique brands K11 and D • PARK, which will further stimulate the rental contribution in The PRC. Among them are a number of key projects in the Greater Bay Area such as Prince Bay and Qianhai in Shenzhen as well as Panyu in Guangzhou, as well as major first- and second-tier cities, such as Beijing, Shanghai, Hangzhou and Ningbo, which will broaden the Group's recurring rental income base and consolidate its development in the Greater Bay Area and major cities.

The NWCL Group's rents are generally quoted per sq.m. of lettable area. In most cases, the rents that it quotes do not include property management charges and rates payable by its tenants. Commercial and office leases are typically entered into for two to three year terms, some of which have the option to renew. In connection with longer term leases, the tenancy agreements usually contain rent review clauses or rent adjustment provisions. The majority of the completed investment properties of the NWCL Group are being managed by the NWCL Group's own property management companies for the purposes of providing premier estate management services and maintaining high quality and conditions of the premises. Only some of the investment properties of the NWCL Group are managed by outsourced management companies. Notwithstanding that such commercial facilities are classified as investment properties, the NWCL Group will evaluate offers from potential purchasers and may dispose of certain of its investment properties if the price offered is competitive. Set forth below is a brief description of some of the NWCL Group's and NWD Group's major investment property projects in the PRC:

Beijing New World Centre, Phases I and II

Beijing New World Centre comprises joint ventures between the NWCL Group and local partners, providing NWCL with a 70 per cent. and 100 per cent. attributable interest for the development of Phases I and II respectively. Phase I, which has approximately 94,188 sq.m. of total GFA, comprises a large retail shopping arcade and two levels of basement parking. Phase II, which has approximately 74,359 sq.m. of total GFA, mainly comprises a large retail shopping arcade and basement parking facilities.

Tianjin Xin An New World Plaza

Tianjin Xin An New World Plaza is owned by a wholly-owned subsidiary of the NWCL Group. The project, which was completed in June 1997, is among the PRC's largest shopping arcades, comprising retail and commercial space of approximately 98,338 sq.m. of total GFA.

Tangshan New World Centre

Tangshan New World Centre is fully owned by the NWCL Group. The project, which is adjacent to 150,000 sq.m. Dazhao Park, comprises offices, retail shops and service apartments.

Wuhan New World International Trade Towers, Towers I and II

The NWCL Group holds a 100 per cent. attributable interest in Wuhan New World International Trade Tower for the development of Towers I and II. Towers I and II have in aggregate approximately 131,833 sq.m. of total GFA and primarily comprises office space.

Wuhan New World Centre

Wuhan New World Centre is a mixed development complex which comprises retail, office and car park spaces of approximately 76,164 sq.m. of total GFA.

Wuhan Guanggu New World

The NWD Group holds a 100 per cent. attributable interest in Wuhan Guanggu New World. The project is divided into commercial and residential sections, including hotel, shops and grade A office and space for innovative enterprises which offer attractive rental rates.

Langfang New World Centre

The NWCL Group holds a 100 per cent. attributable interest in Langfang New World Centre. The project is located in the commercial district of Zhougezhuang. This project comprises high-end offices, hotel and retail shops.

Guangzhou Park Paradise

The NWCL Group holds a 100 per cent. attributable interest in Guangzhou Park Paradise. The project comprises seven high-rise buildings complemented by a 500,000 sq.m. mixed-use complex that includes service apartments, retail shops and recreational facilities.

The table below sets out the NWCL Group's major property investment projects and hotels in the PRC as at 30 June 2020.

No	Name of completed project	Accounting classification	Attributable interest	Total GFA (excl. carpark and others)	Serviced apartment	Commercial	Office	Hotel	Carpark and Others
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m)*	*(sq.m.)*
1	Guangzhou Covent Garden..	Subsidiary	100%	23,752		23,752			24,437
2	Guangzhou Park Paradise ...	Subsidiary	100%	142,965	22,112	57,447		63,406	100,435
3	Guangzhou Xintang New World Garden	Joint venture	63%	27,299		27,299			10,346
4	Guangzhou Central Park-view Area L8.........................	Subsidiary	91%	47,277	29,869	17,408			5,157
5	Guangzhou New World Oriental Garden Phase 1......	Subsidiary	100%	21,654		21,654			829
6	Guangzhou Dong Yi Garden Phase 2	Subsidiary	100%	7,443		7,443			520
7	Canton First Estate CF19A (T5, T6).................................	Subsidiary	85%	11,043	11,043				
8	Shunde New World Centre...	Joint venture	42%	26,098		26,098			14,940
9	New World Shunde Hotel	Joint venture	25%	36,524				36,524	
10	Wuhan Guanggu New World A...	Subsidiary	100%	140,485			81,771	58,714	21,971
	Wuhan Guanggu New World B...	Subsidiary	100%	2,159		2,159			
11	Wuhan K11 Select................	Subsidiary	100%	57,155		56,354	801		55,437
12	Wuhan New World International Trade Tower 1 .	Subsidiary	100%	104,556			104,556		17,272
	Wuhan New World International Trade Tower 2 .	Subsidiary	100%	10,005			10,005		
13	Wuhan New World Centre....	Subsidiary	100%	48,270		45,766	2,504		27,894
14	Wuhan K11 Gourmet Tower.	Subsidiary	100%	10,367		10,367			10,580
15	New World Wuhan Hotel	Joint venture	60%	29,974			563	29,411	5,639
16	Nanjing New World Centre ...	Subsidiary	100%	41,712		41,712			11,082
17	Shanghai Hong Kong New World Tower.........................	Subsidiary	50%	116,023		35,474	80,549		14,362
18	Beijing New World Centre Phase 1	Joint venture	70%	74,232		74,232			19,956
	Beijing New World Centre Phase 2	Subsidiary	100%	47,345		47,345			27,014
19	Beijing New View Garden.....	Joint venture	70%	4,030		4,030			15,988
20	Beijing Xin Yu Garden	Joint venture	70%	3,603		3,603			21,197
21	Beijing Xin Kang Garden	Joint venture	70%	12,011		12,011			28,185
22	Beijing Baoding Building Shopping Arcade..................	Subsidiary	100%	40,286		40,286			22,000
23	pentahotel Beijing………………	Joint venture	55%	23,988				23,988	
24	New World Beijing Hotel………..	Joint venture	70%	53,998				53,998	
25	Rosewood Beijing………………...	Subsidiary	82%	143,000				143,000	
26	Tianjin Xin An New World Plaza	Subsidiary	100%	87,054		80,440	6,614		11,284
27	Tianjin Xin Hui Hua Ting.......	Subsidiary	100%	25,876		25,876			
28	KHOS Langfang………………	Subsidiary	100%	46,421				46,421	
29	Langfang New World Centre B...	Subsidiary	100%	7,016		7,016			
30	Tangshan New World Centre Phase 2	Subsidiary	100%	86,061		37,776	48,285		

No	Name of completed project	Accounting classification	Attributable interest	Total GFA (excl. carpark and others)	Serviced apartment	Commercial	Office	Hotel	Carpark and Others
				(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m)*	*(sq.m.)*
31	Jinan New World Sunshine Garden East District 2…………	Subsidiary	100%	1,009		1,009			10,282
	Jinan New World Sunshine Garden West	Subsidiary	100%	4,498		4,498			
32	Shenyang New World Garden Phase 1E.................	Subsidiary	100%	5,026		5,026			22,517
	Shenyang New World Garden Phase 2A.................	Subsidiary	100%	4,601		4,601			125,864
	Shenyang New World Garden Phase 1XA	Subsidiary	100%	5,862		3,859	2,003		
	Shenyang New World Garden Phase 2D1...............	Subsidiary	100%	1,325		1,325			47,684
	Shenyang New World Garden Phase 2D2...............	Subsidiary	100%	9,499		9,499			54,283
33	Shenyang New World Centre	Subsidiary	100%	333,789		264,038		69,751	237,934
34	Anshan New World Garden..	Subsidiary	100%	2,349		2,349			160,838
35	Dalian New World Plaza.......	Subsidiary	88%	49,413		49,413			19,783
36	Dalian New World Tower......	Subsidiary	100%	52,835				52,835	21,915
	Total			2,029,888	63,024	1,051,165	337,651	578,048	1,167,625

The PRC – Property Development

Overview: The NWCL Group has extensive experience in property development in Beijing, Wuhan, Shenyang, Tianjin, Guangzhou, Shenzhen and the Pearl River Delta region and has expanded into other major cities in the PRC including Changsha, Foshan, Anshan, Langfang, Yiyang, Ningbo, Jinan and Huizhou. Development of the NWCL Group's properties usually entails seven phases: land acquisition, project planning, financing, design, project construction, pre-sales and sales, and after-sales services. The Group's property business in the PRC is mainly concentrated in core cities like Shenzhen and Guangzhou in the Greater Bay Area and cities located in certain important economic clusters. In particular, around 50 per cent. of the Group's core landbank in the PRC is located in the Greater Bay Area. The Group's Greater Bay Area exposure is high and has shown significant growth in Greater Bay Area projects.

For the year ended 30 June 2020, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$14,665.6 million and HK$8,409.7 million, respectively. For the year ended 30 June 2019, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$15,322.4 million and HK$7,067.5 million, respectively. For the six months ended 31 December 2020, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$10,030.1 million and HK$3,056.4 million, respectively. For the six months ended 31 December 2019, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$8,319.7 million and HK$5,023.9 million, respectively. The contribution was mainly attributable to the sales of residential projects in Guangzhou, Foshan and Shenyang.

During the six months ended 31 December 2020, the property market in Mainland China has resumed normal operation as COVID-19 subsided. For the six months ended 31 December 2020, the total contracted sales area of properties in the PRC was approximately 380,000 sq.m., with total sales proceeds amounted to RMB11.2 billion. For the six months ended 31 December 2019, the total contracted sales area of properties in the PRC was approximately 309,000 sq m, with total sales proceeds amounted to RMB11.6 billion. The average selling price of overall residential contracted sales was over RMB39,000 per sq.m., with the Southern region led by the Greater Bay Area accounting for over 76 per cent. of the contribution, followed by Central region which accounted for 13 per cent. of the contribution. Contributions were mainly delivered by sales of residential projects in the Greater Bay Area including Guangzhou Park Paradise, Guangzhou Covent Garden and Shenzhen Prince Bay BAYHOUSE.

At the Central Economic Work Conference held in December 2019, the PRC government demanded full implementation of a long-standing management and control mechanism that stabilises land prices, housing prices, and expectations in accordance with city-specific policies and category-based guidance. Local governments have the flexibilities to fine-tune the policies in line with the actual supply and demand in the local market. For example, Shenzhen has relaxed the standard for ordinary commodity housing which was originally subject to value-added tax and lifted the sales restrictions on business apartments. At the same time, large cities with a permanent resident population of 3 to 5 million have relaxed their requirements for permanent household registration. Guangdong Province announced in January 2020 that it would relax restrictions on the permanent household registration in cities other than Guangzhou and Shenzhen, accelerating the population flow and urbanisation in the region. The PRC Government has repeatedly reaffirmed its stance that housing is for living rather than speculation, that policies should be implemented to promote steady development of the property market, and that financing shall be tightened for property developers. Hence, the market generally expects housing prices to remain stable.

As the development in the Greater Bay Area intensifies, Guangzhou has kick-started its eastward expansion strategy, bringing development to Zengcheng District. During the six months ended 31 December 2020, the Group launched New World Canton Centre as a new landmark project and its residential portion The New Canton Mansion. New World Canton Centre is the Group's first urban complex integrating residential, office, hotel and commercial buildings in east Guangzhou. As a signature deployment in the Greater Bay Area, the project will mark the Group's ambitious strategic presence in east Guangzhou.

The Group continued with its strategy to dispose of non-core assets. It works to identify appropriate opportunities, optimise its business portfolio, and invest resources in core business with high growth and high potential. In late December 2020, the Group disposed of the Wuhan Guanggu Tower 1 office project in Wuhan Guanggu New World complex at a consideration of RMB1.33 billion. The Group will further strengthen its business in Wuhan, refining the operation of multiple premium projects such as Wuhan New World International Trade Tower, the K11 Art Mall of Wuhan New World Centre and Wuhan K11 Select. Meanwhile, Wuhan New World • Times Project A pressing ahead. As at 31 December 2020, unrecognised gross income from contracted sales of properties in the PRC amounted to RMB10,754 million, of which RMB1,428 million is to be booked in FY2021, RMB9,028 million and RMB298 million to be booked in FY2022 and FY2023 respectively.

Properties under development: As at 31 December 2020, the NWCL Group has a total GFA of 8.49 million sq.m. of properties under development, which comprise residential, commercial, office, hotel properties and car park spaces in the Pearl River Delta region and top-tier and second-tier cities in the PRC, including Guangzhou, Shenzhen, Foshan, Shenyang, Wuhan, Beijing, Shanghai, Changsha, Anshan, Ningbo, Yiyang, Langfang, Jinan and Huizhou.

Land acquisition strategy: The NWCL Group has an established land acquisition strategy which takes into account its short-, medium- to long-term development requirements. The NWCL Group focuses on acquiring land in prime urban locations of key top-tier cities with a sizable population of middle to high income households.

The NWCL Group places a strong emphasis on its land acquisition strategy and considers it fundamental to the success of a property development project. The NWCL Group typically prefers to acquire interests in land through cooperative investment or acquisition of existing interests as opposed to acquisition through public tenders. The major considerations the NWCL Group applies are:

- location and population demographics: focus on acquiring land in prime urban locations with a sizable population of middle to high income households;
- cost, investment and financial returns;
- site area: focus on sites with a GFA of less than 500,000 sq.m.;
- accessibility of the site and availability of infrastructure support; and
- synergies with other existing projects located within the same region.

The NWCL Group designs and develops the land granted to it according to its overall master development plan. The NWCL Group is actively involved in all of the different stages of the development process in order to control the costs, schedule and quality of its projects including the selection and acquisition of land, the resettlement process, the preparation of feasibility studies and market surveys, the obtaining of government approvals for development, the design of development projects, the supervision of construction and the sales and marketing and management of completed projects.

As at 31 December 2020	**Residential contracted sales**		**Non-residential contracted sales**	
Region	**Area (sq.m. '000)**	**Proceeds (RMB million)**	**Area (sq.m. '000)**	**Proceeds (RMB million)**
Southern region (i.e. the Greater Bay Area)	143.4	7,359.2	57.9	1,218.7
Central region	3.1	61.7	96.8	1,338.3
Eastern region	—	—	5.4	137.5
Northern region	11.4	405.3	3.9	39.4
North-eastern region	56.2	613.5	1.9	30.9
Total	**214.1**	**8,439.7**	**165.9**	**2,764.8**

For the year ended 30 June 2020, the total area of projects completed (excluding carpark) amounted to approximately 417,000 sq.m., which were mainly located in Ningbo and Wuhan. The total GFA of completion (excluding carpark) is expected to reach approximately 553,000 sq. m. in 2HFY2021.

Project Completion in Mainland China as at 31 December 2020 — Property Development

Region	Project / Total GFA (sq.m.)	Residential	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Foshan	Guangzhou Foshan Canton First Estate CF27B	30,210	—	—	30,210	30,210
Shenzhen	Prince Bay Land DY02–02	—	24,692	54,797	79,489	79,489
Ningbo	Ningbo New World Plaza Land No. 7–10	138,520	25,973	—	164,493	238,483
Anshan	Anshan New World Garden Phase 2B1	9,297	—	—	9,297	9,297
Total		**178,027**	**50,665**	**54,797**	**246,584**	**305,740**

Project completion in the PRC as at 31 December 2020 — property investment, hotel and others

Region	Project / Total GFA (sq.m.)	Commercial	Office	Hotel	Total (excluding carpark)	Total (including carpark)
Wuhan	Wuhan New World Centre Phase 3 — Wuhan K11	52,019	51,319	—	103,338	157,295
Shenyang	pentahotel Shenyang ...	—	—	29,924	29,924	29,924
Total		**52,019**	**51,319**	**29,924**	**133,262**	**187,219**

Estimated project completion in the PRC for the six months ending 30 June 2021 — property development

Region	Project/Total GFA (sq.m.)	Residential	Apartment	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou	Guangzhou Park Paradise District 3 Batch B	42,586	—	—	—	42,586	48,388
Foshan	Guangzhou Foshan Canton First Estate CF35	2,720	—	—	—	2,720	3,434
	Guangzhou Foshan Canton First Estate CF07	4,328	—	—	—	4,328	4,328
	Guangzhou Foshan Canton First Estate CF19C	59,860	—	—	—	59,860	74,681
Shenzhen	Prince Bay Land DY02-04	—	54,726	24,840	—	79,566	79,566

Region	Project/Total GFA (sq.m.)	Residential	Apartment	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Ningbo	Ningbo New World Plaza Land No. 11	—	—	9,702	57,055	66,757	90,010
	Ningbo New World Plaza Land No. 12	—	—	8,085	12,331	20,416	46,428
Beijing	Beijing New View Commercial Centre	—	—	9,063	12,231	21,294	25,367
Shenyang	Shenyang New World Garden Phase 2C – 1	108,954	—	—	—	108,954	108,954
Anshan	Anshan New World Garden Phase 1B3	91,830	—	14,358	—	106,188	133,636
	Anshan New World Garden Phase 2B3	19,367	—	—	—	19,367	19,367
Total		**329,645**	**54,726**	**66,048**	**81,617**	**532,036**	**634,159**

Estimated project completion in the PRC for the six months ending 30 June 2021 — property investment, hotel and others

Region	Project/Total GFA (sq.m.)	Commercial	Total (excluding carpark)	Total (including carpark)
Shenyang	Shenyang New World Garden Phase 2C – 1	21,160	21,160	21,160
Total..		**21,160**	**21,160**	**21,160**

The PRC – Land Bank

Positioning in the Greater Bay Area and selected key cities and diversified channels in landbank management are the keys of the Group's ability to successfully stand out and differentiate among many large mainland developers. Over the past three years, the Group has successfully won the rights to develop multiple projects in the Greater Bay Area through different means, reflecting the unique strengths and robust execution of its professional teams. In September 2019, the Group obtained the Tagang Village project on Yongning Street in Zengcheng with the reserve price of RMB3.4 billion. The Tagang Village project is a Class 2 residential land with a total GFA of over 320,000 sq.m.

To optimise project coverage in key cities other than the Greater Bay Area, the Group acquired the remaining 51 per cent. interest in the commercial and residential complex project Ningbo New World, for RMB4.01 billion in July 2019. During the same period, the Group also successfully acquired a land parcel for commercial and residential purposes in Wangjiang New Town, Shangcheng District, Hangzhou through a public tender at a price of approximately RMB9.79 billion, with a total GFA of approximately 454,000 sq.m. The project will strengthen the strategic layout of the Group in key cities in the Yangtze River Delta.

In August 2020, the Group successfully acquired a land parcel in Huaihai Middle Road of Huangpu District, Shanghai with approximately RMB4.1 billion. The land parcel covers a total GFA of approximately 93,600 sq.m. (excluding carpark and others) and is the first land parcel launched in Huaihai Road in more than two decades.

In December 2020, the Group successfully acquired a land parcel for educational use at Guangzhounan Railway Station in Panyu, Guangzhou. With a total construction area of approximately 120,000 sq m, the project represents the first educational land parcel obtained by the Group in the PRC, representing a diversification of the Group's business and further development of the New World Ecosystem.

In December 2020, the Group also commenced its urban renewal project for the flower market in Guangzhou. The project has a total construction area of 340,000 sq.m is and located in the core living area in Bai'e Tan of Guangzhou West CBD and adjacent to multiple residential projects of the Group.

With the competitive advantages of brands and excellent project operational management in its unique ecosystem, the Group has become the only Hong Kong developer that actively participates in the arena of old city redevelopment in the PRC. In June 2020, the Group became the intended cooperative enterprise for Xiajie Village in Licheng Street within the Zengcheng District of Guangzhou. This project is designated as the future district public service centre with an area totalling over one million sq.m. after redevelopment.

During FY2020, the Group has successfully become the only intended cooperative enterprise for several old village redevelopment projects including the Xili Project in Nanshan District of Shenzhen, the Shancun Project in Liwan District of Guangzhou, the Nanji Village Project in Haizhu District of Guangzhou, and the Tagang Village Project in Zengcheng District of Guangzhou. The above projects are expected to be included in the Group's landbank gradually starting in 2022 and with their prime locations and more reasonable acquisition costs compared to public tender, it will significantly boost the resources for the Group's long-term development. In addition, the remodeling cooperation project of Economic Belt at Man Kam To Crossing in Lo Wu district, Shenzhen, is also actively underway.

As at 31 December 2020 the NWCL Group had a land bank (excluding carpark) of approximately 6.14 million sq.m. available for immediate development in the PRC, of which 3.48 million sq.m. was for residential use. Core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Hangzhou, Shanghai, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.31 million sq.m., of which 50 per cent. was located in the Greater Bay Area and approximately 1.73 million sq.m. was for residential use.

The Group has four upcoming projects that are expected to contribute to the land bank. The Group's projects in Ningbo, Shenyang, Guanzhou Zengcheng and Guangzhou Panyu are expected to contribute 138,000 sq.m. in FY2021, 74,000 sq.m. in FY2022, 276,000 sq.m. in FY 2023 and 165,000 sq.m. in FY2024, respectively.

As at 30 June 2020 **Region**	**Total GFA (excluding carpark) (sq.m. '000)**	**Residential total GFA (sq.m. '000)**
Southern Region (i.e. the Greater Bay Area)	2,728.2	1,790.6
Central Region	617.1	281.1
Eastern Region	896.8	150.0
Northern Region	610.2	254.5
North-eastern Region	1,286.8	1,001.3

As at 30 June 2020 **Region**	**Total GFA (excluding carpark) (sq.m. '000)**	**Residential total GFA (sq.m. '000)**
Total	**6,139.1**	**3,477.5**
Of which, Core Projects	**5,313.8**	**2,799.9**

The following table sets forth a breakdown of the NWCL Group's land bank by development stage and usage as at 30 June 2020:

	Total GFA	**Residential**	**Commercia l**	**Office**	**Hotel**	**Carpark and Others**
			(sq.m.)			
Properties under development	5,100,933	1,885,302	1,000,875	865,228	119,897	1,229,631
Properties under planning	3,887,214	1,501,555	554,632	421,981	129,823	1,279,223
Total	**8,988,147**	**3,386,857**	**1,555,507**	**1,287,209**	**249,720**	**2,508,854**

The following table sets forth a breakdown of the NWCL Group's land bank by usage and location as at 30 June 2020:

	Total GFA	**Residential**	**Commercial**	**Office**	**Hotel**	**Carpark and Others**
			(sq.m.)			
Region						
Beijing	916,895	236,590	252,172	41,171	—	386,962
Langfang	41,238	17,860	—	—	—	23,378
Jinan	80,837	—	5,697	37,162	19,545	18,433
Shenyang	1,118,416	397,918	388,871	189,231	29,924	112,472
Anshan	367,424	325,618	14,358	—	—	27,448
Wuhan	553,850	—	64,244	301,318	—	188,288
Hangzhou	740,184	149,997	166,100	89,625	44,932	289,530
Yiyang	393,189	281,144	63,475	—	—	48,570
Shenzhen	802,777	54,726	278,987	227,949	—	241,115
Foshan	1,092,707	737,131	1,093	—	84,891	269,592
Guangzhou	1,941,902	985,892	184,048	203,837	29,159	538,966
Ningbo	842,650	137,652	129,022	196,916	41,269	337,791
Huizhou	96,078	62,329	7,440	—	—	26,309
Total	**8,988,147**	**3,386,857**	**1,555,507**	**1,287,209**	**249,720**	**2,508,854**

Hotel operations

NWD is engaged in hotel investment through various subsidiaries and joint ventures. As at 31 December 2020, the Group owned a total of 18 completed and operating hotels with 7,503 guest rooms in Hong Kong, the PRC and Southeast Asia.

Due to COVID-19, demand for hotel, airline and travel agency services experienced an unprecedented contraction. A number of social distancing measures and travel restrictions have been implementing by countries around the world to control the pandemic which multiplied the impacts and brought heavy blow to global economy, tourism, transportation, hospitality and other industries.

In Hong Kong, with the travel bans, border closures and quarantine enforcement, hotel room sales heavily relied on the local staycation packages. The average occupancy and room rates of the Group's hotels in Hong Kong which are oriented towards high-end business travellers, have been affected in varying degrees. For the six months ended 31 December 2020, the average occupancy rate of Hyatt Regency Hong Kong, Tsim Sha Tsui, Grand Hyatt Hong Kong and Renaissance Harbour View Hotel was approximately 27 per cent., 22 per cent. and 16 per cent., respectively. It is expected that the operating performance of hotels in Hong Kong and the PRC will continue to be affected by the virus outbreak in the near term.

In Mainland China, the three hotels of different segments operated by the Group in Beijing have recorded an average occupancy rates ranging from 84 per cent. to 87 per cent. for the six months ended 31 December 2019 and from 44 per cent. to 62 per cent. for the six months ended 31 December 2020. With growing domestic travel demand, most of the Group's hotels in the PRC recorded a positive gross operating profit and the businesses are expected to gradually recover.

The table below sets forth the number of rooms and the Group's effective interest in its hotel properties as at 31 December 2020.

No.	**Name of Hotels**	**Total Number of Rooms as at 31 December 2020**	**The Group's effective interest**
	Hong Kong		
1	Grand Hyatt Hong Kong	542	50%
2	Renaissance Harbour View Hotel	858	50%
3	Hyatt Regency Hong Kong, Tsim Sha Tsui	381	50%
4	pentahotel Hong Kong, Kowloon	695	100%
5	Hyatt Regency Hong Kong, Sha Tin	562	(1)
6	Novotel Citygate Hong Kong	440	20%
	Subtotal	3,478	
	Mainland China		
7	Rosewood Beijing	283	82%
8	New World Beijing Hotel	309	70%
9	pentahotel Beijing	307	55%
10	New World Shunde Hotel	370	37%
11	New World Wuhan Hotel	327	60%
12	KHOS Langfang	294	100%
13	KHOS Qingyuan	217	100%
14	KHOS Shenyang	400	100%
	Subtotal	2,507	
	Southeast Asia		
15	New World Makati Hotel, The Philippines	578	62%
16	New World Saigon Hotel, Vietnam	533	67.5%
17	Renaissance Riverside Hotel Saigon, Vietnam	336	72%

No.	Name of Hotels	Total Number of Rooms as at 31 December 2020	The Group's effective interest
18	Rosewood Phuket, Thailand	71	100%
	Subtotal	1,518	
	Grand Total	7,503	

Notes:

(11) Hotel properties in which the Group has development interests. The Group financed the construction costs (occasionally land costs) whilst the corresponding land are provided by other parties. The Group is entitled to share of operation and development profits in accordance with terms and conditions of the respective joint development agreements.

Services

The Group is engaged in a diversified range of services businesses, including construction, insurance, facilities management, transport and strategic investments covering mainly Hong Kong and primarily through its 60.86 per cent.-owned subsidiary, NWSH, the shares of which are listed on the Hong Kong Stock Exchange with a total market capitalisation of HK$28,316.6 million as at 31 December 2020. The NWSH Group's services businesses generate recurring cash flows and have a strong track record in Hong Kong.

Construction

The NWSH Group's construction business offers professional construction services in Hong Kong and Macau. For the six months ended 31 December 2020, the segment results from the construction business decreased by approximately 29.6 per cent. due to a challenging business environment and rising competition. As at 31 December 2020, the gross value of contracts on hand for the construction business was approximately HK$45.0 billion (from HK$52.6 billion as at 31 December 2019) and the remaining works to be completed amounted to approximately HK$29.6 billion (from HK$38.0 billion as at 31 December 2019), of which approximately 36 per cent. were from government and institutional related projects and 64 per cent. were from private sector which includes both commercial and residential projects.

The NWSH Group undertakes construction services through Hip Hing Construction Company Limited ("**Hip Hing**"). Hip Hing's workload is derived from government and other public sector/institutional development projects; and other private sector property projects from large developers. The NWSH Group also participated in building construction projects including the Tamar Development Project, HKCEC, Times Square, MGM Macau, Elements, the Masterpiece and K11, Wanchai Police Headquarter, Tseung Kwan O Hospital, etc.

Insurance

The completion of the acquisition of FTLife Insurance on 1 November 2019 marked a key milestone of NWSH in expanding into the insurance business. FTLife Insurance, as a premier Hong Kong life insurance company with more than 30 years of history, offers a comprehensive range of life insurance products including whole life, term life, endowment, investment-linked, accident and health products to individual and institutional clients. According to data released by the Insurance Authority, FTLife Insurance was ranked as the 13th largest Hong Kong life insurance company by Annual Premium Equivalent ("**APE**") as at 30 September 2020.

FTLife Insurance has continued to enrich its innovative product portfolio through the launch of new insurance products, such as "Be With You" Personal Accident Plan that provides exclusive protection and automatically converts coverage at various stages of life; “On Your Mind” Insurance Plan which is the first-in-market life insurance plan with built-in policy reverse mortgage function; and “HealthCare 168 Plus” Critical Illness Protector. These initiatives have resulted in a drop in the APE by 13 per cent. year-on-year in 2020. Value of New Business (“**VONB**”) margin, representing VONB as a percentage of APE, was 25 per cent. in the 2020.

Despite industry-wide disruptions and a persistently low interest rate environment, FTLife Insurance’s financial position remains sound. FTLife Insurance’s new products such as the Voluntary Health Insurance Scheme (“**VHIS**”) and Qualifying Deferred Annuity Policy (“**QDAP**”) were well-received in the Hong Kong market and supported its new business growth. In September 2019, FTLife Insurance also launched Regent Prime and Regent Elite insurance products to strengthen its product portfolio. These two new offerings, together with VHIS and QDAP were all ranked among the top in their respective categories.

As at 31 December 2020, FTLife Insurance maintained a very strong balance sheet with a solvency ratio of 553 per cent., far higher than the minimum requirement of 150 per cent., driven by prudent investment management policies and buybacks of certain investments by the vendor of FTLife Insurance as agreed in its acquisition. As at 31 December 2020, the total asset value and net asset value (excluding the goodwill arising from business combination) were HK$75.6 billion and HK$19.7 billion, respectively, while embedded value was HK$20.0 billion, compared to HK$17.3 billion as at 31 December 2019.

On the back of FTLife Insurance’s improving distribution strength, profitability over the past few years, as well as the strong support from NWSH after the completion of the acquisition, Moody’s has maintained the insurance financial strength rating of FTLife Insurance at A3/Stable, while Fitch Rating has also affirmed FTLife Insurance’s A- insurer financial strength rating with stable rating outlook which highlighted FTLife Insurance’s robust capital base and solvency ratio.

Facilities management

The NWSH Group’s facilities management segment provides both Hong Kong and overseas customers with a comprehensive range of facilities management services including the management and operation of venues for exhibitions and conventions. The NWSH Group, through its Free Duty business, also undertakes a duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise retail business at various cross-border terminals in Hong Kong, and Hong Kong-Zhuhai-Macao-Bridge respectively.

The NWSH Group operates and manages the Hong Kong Convention and Exhibition Centre (“**HKCEC**”), Hong Kong’s largest multi-functional facility, which provides venues, food and beverages as well as other related services for exhibitions, conventions, meetings, entertainment, special events, banquets and catering events, with a total rentable space of 91,500 sq.m. and offers uniquely convenient, world-class services to both Hong Kong and overseas customers. HKCEC was named the “Best Convention and Exhibition Centre in Asia-Pacific” in the 2018 CEI Readers’ Choice Award conducted by CEI Asia magazine, one of the most influential trade publications in the region. There have been significant cancellation and postponement of events at the HKCEC due to the COVID-19 epidemic.

Free Duty was established as part of a long term commitment to the duty free business in Hong Kong. It has shops located at Hung Hom, Lo Wu and Lok Ma Chau MTR stations and Hong Kong-Zhuhai-Macao-Bridge selling duty free liquor, tobacco, perfume, cosmetics, package food and general merchandise. Free duty business has been affected by the closure of borders in response to the epidemic. Free Duty’s business remained to be hard-hit under the impact of COVID-19 and border closure and as a result, our three outlets at Lo Wu, Hung Hom and Lok Ma Chau MTR stations remain closed.

Gleneagles Hong Kong Hospital ("**GHK Hospital**"), in which the Group has 40 per cent. interest, was officially opened in late March 2018, around one year after commencing initial services. Since opening for business in early 2017, GHK Hospital enjoyed continuous patient volume growth and has been operating smoothly in delivering innovative, transparent and high-quality healthcare services in Hong Kong. GHK Hospital is a 500-bed private hospital with more than 35 specialties and subspecialties. It offers a comprehensive range of healthcare facilities and services, including 24-hour outpatient and emergency, cardiac catheterisation laboratory, clinical laboratory, critical care unit, radiotherapy and oncology centre, radiology department, endoscopy centre, chemotherapy centre, dialysis centre, health screening clinic, rehabilitation centre, specialist outpatient clinics, dietetic services, etc. Regularly utilised beds have increased to around 204 as at 31 December 2020 with average occupancy rate of 63 per cent.. Despite the outbreak of COVID-19, due to the continuous marketing efforts and opening of a clinic in Central, the number of outpatients increased by 18 per cent., while the number of inpatients increased by 31 per cent. for the six months ended 31 December 2020 when compared to the six months ended 31 December 2019.

Transport

On 15 October 2020, NWSH successfully disposed of its entire interest in New World First Bus Services Limited and Citybus Limited, at the consideration of HK$3.2 billion, as an extension of the Group's strategy to sell non-core assets. On 18 May 2020, NWSH disposed of 60 per cent. of its equity interest in New World First Ferry Services Limited for a total consideration of HK$232.8 million. On 8 December 2020, NWSH disposed of remaining 40 per cent. of its equity interest in New World First Ferry Services Limited for a total consideration of HK$142.8 million. New World First Ferry Services Limited operates five ferry routes in the inner harbours and outlying islands in Hong Kong. New World First Ferry had an average daily patronage of approximately 33,380 for the year ended 30 June 2020.

Strategic investments

The NWSH Group's strategic investments segment includes investments with strategic value to the NWSH Group, growth potential which will enhance and create value for the Shareholders.

Infrastructure

The Group is engaged in the development, investment, operation and/or management of infrastructure projects in Hong Kong, Macau and the PRC primarily through the NWSH Group. The NWSH Group is one of the largest foreign investors in, and operators of, infrastructure projects in the PRC. As a diversified infrastructure investor, the NWSH Group's infrastructure portfolio includes roads, aviation, environment and logistics projects and is engaged in developing, owning, operating and managing a portfolio of toll roads, water and wastewater treatment and waste management plants, power stations, ports and pivotal rail container terminals in the PRC; a logistics centre in Hong Kong and commercial aircraft leasing to worldwide airline operators as at 31 December 2020. The majority of the NWSH Group's assets in this division are located in Hong Kong and the PRC.

The NWSH Group focuses on strategic alliances with major international and PRC infrastructure and infrastructure-related companies. The NWSH Group believes that its network of strategic partners enables it to secure local support, diversify risks and continue to develop new projects in Hong Kong, the PRC and Macau. The NWSH Group believes that these strategic relationships will lead to co-investment opportunities in new projects for the NWSH Group.

The NWSH Group seeks to develop infrastructure projects in areas it expects will experience significant economic growth in the near term, but which may lack the infrastructure necessary to achieve or sustain such growth. In the PRC, rapid economic growth in recent years has provided significant opportunities for the NWSH Group. The Group believes its projects are well-positioned to benefit from the continued economic growth in the PRC.

Roads

The NWSH Group is engaged in the construction, management and operation of its road projects. The operations of the project companies are located in the PRC. In road projects in the PRC, the NWSH Group has a number of local partners supervised by local government authorities.

Roads segment has been adversely affected by the outbreak of COVID-19 and the toll fee exemption policy implemented for all toll roads by the PRC government for a period of 79 days between 17 February 2020 and 5 May 2020. Since then, traffic flow and toll fee income have seen a recovery alongside the normalisation of China's economy, with overall traffic volume of roads portfolio and toll income increasing by nine per cent. and eight per cent. in the six months ended 31 December 2020. For the six months ended 31 December 2020, the segment results from the roads segment amounted to HK$1,427.3 million.

Following the acquisition of a 30 per cent. interest of Hubei Suiyuenan Expressway in January 2018, the acquisition of a 40 per cent. interest of Hunan Sui-Yue Expressway in December 2018, and the NWSH Group acquisition of a 100 per cent. interest of Changliu Expressway, these three expressways in Central China aggregately contributed approximately HK$100 million in the financial year ended 30 June 2020 and continued to remain stable during the six months ended 31 December 2020.

As at 30 June 2020, the NWSH Group had interests in 16 roads and related projects in strategic locations in Mainland China, namely Guangdong, Guangxi, Zhejiang, Shanxi, Tianjin, Hubei and Hunan, covering approximately 742 km in length.

NWSH's four anchor expressways, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section), contributed more than 80 per cent. of the roads segment contributions. Together with the contribution from the newly acquired Changliu Expressway, the overall average daily traffic flow of the roads portfolio during the six months ended 31 December 2020 grew four per cent. year-on-year. As at 31 December 2020, the overall average remaining concession period of NWSH's roads portfolio was around 10 years. The long remaining concession period is expected to provide sustainable income and cash flow to NWSH in the years to come. NWSH Group will also continue its discussion with government authorities for compensation during toll fee exemption period.

Aviation

Following the divestment of the remaining stakes in Beijing Capital International Airport Co., Ltd., the aviation segment principally engages in commercial aircraft leasing business through NWSH's full-service leasing platform Goshawk Aviation Limited ("**Goshawk**"). The NWSH Group invests in commercial aircraft for leasing to worldwide airline operators through Goshawk. As at 30 June 2020, together with the direct orders of 40 narrow-body aircraft from two major aircraft manufacturers with delivery scheduled between 2023 and 2025, the number of aircraft owned, managed and committed totalled 224 as at 31 December 2020, with combined market value amounted to approximately US$10.1 billion, while aircraft on book totalled 162 as at 31 December 2020.

Being a global leading commercial aircraft lessor in terms of fleet value with one of the youngest fleets and one of the longest average remaining lease term in the industry, the 162 aircraft on book's average age is 5.0 years and with an average remaining lease term of 5.9 years. As at 31

December 2020, Goshawk maintained its diversified strategy with customer base encompassing 61 airlines in 34 countries.

For the six months ended 31 December 2020, despite the upheaval in the aviation industry triggered by COVID-19, segment results of the aviation segment remained stable. While the business environment continues to be weighed down by COVID-19 as international travel restrictions remain in place, the gradual resumption of domestic flights and creation of travel bubbles by the PRC Government have provided some supports to the industry. Domestic passenger traffic and demand levels gradually recovered. During the six months ended 31 December 2020, Goshawk continued to grant rental deferrals on a case by case basis to customers but the number of requests for new lease rental deferrals has been decreasing and a number of rental deferrals were fully repaid. The average collection rate from airline customers has sequentially improved from 68 per cent. in the second quarter of 2020 to 82 per cent. in the fourth quarter of 2020, while the average collection rate from airline customers was 76 per cent. during the six months ended 31 December 2020. In the short term, the Group expects a certain impact on the financial performance of the aviation business. As at the date of the Offering Circular, it is difficult to quantify the economic impact arising from the COVID-19 outbreak. The Group will continue to closely monitor the progression of this pandemic, evaluate and proactively assess and respond to its impact on the Group.

Environment

As at 31 December 2020, the NWSH Group engaged in environmental business across the Greater China region through SUEZ NWS Limited ("**SUEZ NWS**") and Chongqing Derun Environment Co., Ltd. ("**Derun**"). These two platforms provide one-stop environmental services, including water and wastewater treatment, sludge treatment, waste collection and treatment, industrial and municipal waste incineration, landfill and landfill restoration and environmental remediation.

On 11 January 2021, NWSH entered into two agreements to dispose of its 42% interests in SUEZ NWS and the entire issued share capital of NWS Hong Kong Investment Limited (which holds 50% of the total equity interests in Chongqing Suyu Business Development Company Limited ("**Suyu**") and Suyu in turn holds 25.1% of the total equity interests in Derun) at a consideration of HK$4,173 million and HK$2,360 million respectively. On 11 May 2021, the disposal of NWS HKI was completed and the NWSH Group ceased to have any shareholding interest in NWS HKI and Suyu. For the disposal of SUEZ NWS ("**the SUEZ NWS Disposal**"), subject to fulfillment of certain conditions precedent (either satisfied or waived as the case may be), the completion of the SUEZ NWS Disposal shall be no later than 30 June 2022.

In addition, the Group operates two power plants in Guangdong and Sichuan with a total installed capacity of approximately 1,820 MW.

The NWSH Group has formed an investment platform named ForVEI II S.r.l. in the financial year ended 30 June 2019 which is dedicated to grasp the opportunities in the solar power segment in Europe, mainly in Italy at present, in a bid to diversify the Group's portfolio in the environment segment and generate long-term growth and value for its shareholders. For the six months ended 31 December 2020, a total of 0.55 MW installed capacity of solar plants were acquired, with total installed capacity reaching 49.67 MW as at 31 December 2020.

Logistics

The NWSH Group invested in a joint venture, China United International Rail Containers Co., Limited, to develop and operate a large-scale pivotal rail container terminal network across the PRC. As at 30 June 2020, the rail container terminals in Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan, Xian, Ningbo, Tianjin, Urumqi and Qinzhou were operational and handled 3,895,000 twenty-foot equivalent units ("**TEUs**"). The development of the remaining terminals is in progress.

As at 30 June 2020, the NWSH Group also invested in one logistics centre in Hong Kong that offer a total leasable area of 5.9 million sq.ft., and one port project in Mainland China with container handling capacity of 9.1 million TEUs per year.

The following table sets forth the NWSH Group's major infrastructure projects as at 30 June 2020:

No.	Name of Projects	Capacity/Installed Capacity	No. of Projects	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
					(%)		
	Environment						
E1	SUEZ NWS Limited.................	Water and wastewater treatment:	37	Equity	42.0	May-1985#	N/A
		8.84 million m^3/day					
		Sludge treatment: 2,140 tonnes/day	4				
		Waste collection and treatment: 11,283 tonnes/day	13				
		Industrial and municipal waste incineration: 848,300 tonnes/year	11				
		Landfill and landfill restoration:96 millio n m^3 (excluding landfill restoration)	9				
		Total	74				
E2	Chongqing Derun Environment Co., Ltd........................	N/A		Equity	12.6	Oct-2014#	N/A
E3	Chongqing Silian Optoelectronics Science & Technology Co., Ltd........................	N/A		EJV	20.0	Jul-2008	N/A
E4	Zhujiang Power Station — Phase II	620 MW		EJV	25.0	Apr-1996	2020
E5	Chengdu Jintang Power Plant..........	1,200 MW		Equity	35.0	Jun-2007	2040
E6	Guangzhou Fuel Company..............	Coal Pier: 7 million tonnes/year		EJV	35.0	Jan-2008	2033
E7	ForVEI II S.r.l.	Installed capacity: 49.12 MW	7	Equity	40.0	Jun-2018#	2050

Notes:

(12) Project or JV expiry date

\# Date of incorporation

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry[1]
				(%)		
	Roads					
R1	Guangzhou City Northern Ring Road	22.0 km	CJV	65.3	Jan-1994	2023
R2	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)...		CJV	25.0		2030
	Section I	8.6 km			Dec-1999	
	Section II	49.6 km			Dec-1999	
R3	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)	27.0 km	CJV	15.0	Dec-2005	2032
R4	Guangzhou-Zhaoqing Expressway		CJV	25.0		2031
	Phase I	48.0 km			Sept-2002	
	Phase II	5.4 km			Sept-2010	
R5	Shenzhen-Huizhou Expressway (Huizhou Section)	34.7 km	CJV	33.3	Jun-1993	2023
R6	Guangzhou Dongxin Expressway................	46.2 km	Equity	45.9	Dec-2010	2035
R7	Guangzhou City Nansha Port Expressway ..	72.4 km	Equity	22.5	Dec-2004	2030
R8	Guangdong E-serve United Co., Ltd...........	N/A	Equity	1.0	Jan-2013	N/A
R9	Hangzhou Ring Road..................................	103.4 km	Equity	100.0	Jan-2005	2029
R10	Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)	36.0 km	CJV	60.0+	Apr-1999	2025
R11	Roadway No. 309 (Changzhi Section).........	22.2 km	CJV	60.0+	Jul-2000	2023
R12	Taiyuan – Changzhi Roadway (Changzhi Section)	18.3 km	CJV	60.0+	Aug-2000	2023
R13	Tangjin Expressway (Tianjin North Section)		CJV	60.0#		2039
	Section I	43.5 km			Dec-1998	
	Section II	17.2 km			Dec-2000	
R14	Hubei Suiyuenan Expressway.....................	98.1 km	EJV	30.0	Mar-2010	2040
R15	Hunan Sui-Yue Expressway........................	24.1 km	EJV	40.0	Dec-2011	2038
R16	Hunan Changliu Expressway	65.0 km	Equity	100.0	Oct-2013	2043
	Total Length	741.7 km				

Notes:

(13) Project or JV expiry date

\+ Cash sharing ratio of 90% for the first 12 years from the operation date and thereafter 60%

\# Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

N/A = Not applicable

No.	Name of Projects	Investment Scope Leasable Area/ Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Operation Date	Year of Expiry[1]
	Logistics					
L1	China United International Rail Containers Co., Limited	Pivotal rail container terminal network	EJV	30.0	Kunming: Jan-2008 Chongqing: Dec-2009 Chengdu: Mar-2010 Zhengzhou: Apr-2010 Dalian: Jul-2010	2057

No.	Name of Projects	Investment Scope Leasable Area/ Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Operation Date	Year of Expiry(1)
					Qingdao: Aug-2010 Wuhan: Aug-2010 Xian: Dec-2010 Ningbo: Jan-2011 Tianjin: Jan-2017 Urumqi: Jun-2017 Qinzhou: Jun-2019	
L2	ATL Logistics Centre Hong Kong Limited	5,900,000 sq.ft. leasable area	Equity	56.0	Phase I: Feb-1987 Phase II: Mar-1988 Phase III: Feb-1992 Phase IV: Jan-1994 Phase V: Nov-1994	2047
L3	Xiamen Container Terminal Group Co., Ltd.	9,100,000 TEUs p.a.	EJV	20.0	Dec-2013	2063

Notes:

(14) Project or JV expiry date

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

p.a. = Per annum

No.	Name of Projects	Facility/ No. of Aircraft	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
				(%)		
	Aviation					
A1	Goshawk Aviation Limited	**No. of Aircraft Owned: 162**	Equity	50.0	Oct-2013#	N/A

Notes:

(15) Project or JV expiry date

\# Date of incorporation

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

N/A = Not applicable

Department Stores

The Group's department store development and management operations are undertaken by NWD's retail arm, NWDS. As at 31 December 2020, NWDS operated and managed a total of 29 department stores and shopping malls in Mainland China with total GFA of about 1,209,350 sq.m.. The department store business operates primarily on a concessionary basis, and commission income from concessionaire sales contribute a substantial amount of NWDS' revenue. The outbreak of COVID-19 has adversely affected the retail business, with prevention and control measures leading to a decline in footfall in shopping malls. Shopping malls saw a gradual uptick in footfall after reopening in several places.

The Group's K11 brand has a digital operational model that engages over 100 tenant brands under K11 nationwide, and has collaborated with the K11 operations team to host a number of live broadcast events to diversify sales channels and maintain customer loyalty. The K11 brand offers customers an unique experience by creating a positive environment, utilising digital technology, and actively maintaining customer loyalty.

Insurance

The Group is covered by insurance policies arranged with reputable insurance agents which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group's insurance coverage, damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons 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 various laws and regulations of Hong Kong, the PRC and the other countries and regions in which it has operations. The Group's activities conducted on its investment and development properties are limited by zoning ordinances and other regulations. Developing properties, refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. From time to time, new regulations may be imposed 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. NWD 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 any regulation with regard to these issues, and is not aware of any pending legislation that might have a material adverse effect on its properties.

Environmental Matters

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

Legal Proceedings

The Group is involved in litigation as part of its day to day business and neither NWD 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.

Employees

As at 31 December 2020, around 38,000 employees were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share options schemes of the Guarantor and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Guarantor and certain employees of the Group to subscribe for shares in the Guarantor and/or the respective subsidiaries.

The Group has not experienced any strikes or disruptions due to labour disputes. NWD considers its relations with its employees to be good.

Principal subsidiaries, joint ventures and associated companies

The principal subsidiaries, principal joint ventures and principal associated companies of NWD as at 30 June 2020 are set out in notes 54, 55 and 56, respectively of the 2020 Audited Financial Statements.

RECENT DEVELOPMENTS

The section headed "Recent Developments" appearing from page 92 to page 94 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

Handover delay at THE PAVILIA FARM III at Tai Wai Station

On 3 July 2021, NWD received a report from the project contractor of THE PAVILIA FARM III (which forms part of the "PAVILIA FARM" joint development between NWD and Mass Transit Railway Corporation ("**MTRC**") at Tai Wai Station in Sha Tin), Hip Seng Group of Companies, who found during an inspection that the concrete strength in sections of the wall base beneath Tower 1 and Tower 8 did not meet the requirements of the approved design. On 6 July 2021, NWD reported the matter to MTRC and the Buildings Department of the Hong Kong Government. NWD also decided to demolish and rebuild the structures concerned and explain the matter to the public. In addition, NWD instructed the contractor to thoroughly investigate the cause of the incident, including if there was any human negligence and supervisory liability, and immediately replaced the relevant project supervision team. NWD has always placed the utmost priority on safety and quality in its property development projects.

Only two buildings under construction in THE PAVILIA FARM III (Towers 1 and 8) were involved in the incident. The construction quality and structural safety of THE PAVILIA FARM I and II meet all relevant legal and statutory requirements. To ensure the building quality of THE PAVILIA FARM III and to provide peace of mind to customers, NWD has decided to demolish and rebuild the floors that have already been built in Towers 1 and 8. This course of remedial action will result in a delay of approximately nine months to the occupancy date. NWD has agreed to make the following four commitments to the 846 affected buyers:

1. Free choice to buyers: A buyer may choose to complete the agreement for sale and purchase or cancel the transaction. Whichever option is chosen, the buyer will receive an extra subsidy and mortgage interest compensation.

2. Interest compensation: Calculated from 30 June 2023 until the date of transaction, at the prime rate plus 2 per cent. The maximum interest compensation will cover the full period of the handover delay.

3. Extra subsidy: Based on a property price of HK$15,000,000, a buyer on a cash payment mortgage plan will receive an extra subsidy (plus interest compensation) totalling HK$1,150,000.

4. Quality assurance: NWD will ensure that the completed buildings in THE PAVILIA FARM III meet all relevant legal and statutory standards for construction quality and safety. NWD will also commission an independent third party to inspect the apartments and certify that they are safe before handing them over to buyers.

** Items #1 to #3 listed above are subject to the approval of the relevant government departments.*

Guaranteed Senior Perpetual Capital Securities Issuance and Concurrent Tender Offer

On 27 May 2021, the Issuer priced U.S.$1,200,000,000 in aggregate principal amount of 4.125 per cent. guaranteed senior perpetual capital securities unconditionally and irrevocably guaranteed by the Guarantor (the "**2021 Securities**") while the Guarantor as offeror commenced a concurrent tender offer (the "**Tender Offer**") to purchase for cash the U.S.$1,200,000,000 5.75 per cent. guaranteed senior perpetual capital securities issued by the Issuer on 5 October 2016 and unconditionally and irrevocably guaranteed by the Guarantor (the "**2016 Securities**"). The Tender Offer commenced on 27 May 2021 and expired at 4:00 p.m. London time on 8 June 2021.

The Tender Offer was made to manage the Guarantor's distribution payments and the Tender Offer will be funded through the proceeds from the issue of the Securities and/or the Guarantor’s operating cash flows. On 10 June 2021, the Issuer completed the issuance of the 2021 Securities and the Guarantor purchased and cancelled U.S.$381,255,000 in principal amount of the 2016 Securities pursuant to the Tender Offer.

On 2 September 2021, the Issuer announced that it would, pursuant to the terms and conditions of the 2016 Securities, redeem the remaining outstanding U.S.$818,745,000 in principal amount of the 2016 Securities on 5 October 2021. Upon completion of the redemption, there will be no further 2016 Securities in issue

NWSH disposal of interests in SUEZ NWS Limited and NWS Hong Kong Investment Limited

On 11 January 2021, NWSH entered into two agreements to dispose of its 42% interests in SUEZ NWS Limited (“**SUEZ NWS**”) and the entire issued share capital of NWS Hong Kong Investment Limited (“**NWS HKI**”) (which holds 50% of the total equity interests in Chongqing Suyu Business Development Company Limited (“**Suyu**”) and Suyu in turn holds 25.1% of the total equity interests in Chongqing Derun Environmental Co., Ltd. (“**Derun**”)) at a consideration of HK$4,173 million and HK$2,360 million respectively. On 11 May 2021, the disposal of NWS HKI was completed and the NWSH Group ceased to have any shareholding interest in NWS HKI and Suyu. For the disposal of SUEZ NWS (“**the SUEZ NWS Disposal**”), subject to fulfillment of certain conditions precedent (either satisfied or waived as the case may be), the completion of the SUEZ NWS Disposal shall be no later than 30 June 2022.

SUEZ NWS and its subsidiaries (“**SNL Group**”) is principally engaged in the provision of water and wastewater treatment, recycling and waste recovery and treatment infrastructure services and smart environmental solutions in the Mainland China, Hong Kong, Macau and Taiwan. SNL Group manages over 70 water and waste contracts in more than 30 cities in the PRC.

Derun is an investment holding company whose main assets include (i) approximately 43.86% equity interest in Sanfeng Environment, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 601827) and is principally engaged in the investment of waste incineration power generation projects and providing related equipment in the PRC; and (ii) approximately 50.04% equity interest in Chongqing Water, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 601158) and is principally engaged in water supply and waste water treatment in Chongqing city and Sichuan province in the PRC. Through Derun, NWS HKI is deemed to own indirect equity interests of approximately 5.5% and 6.3% in Sanfeng Environment and Chongqing Water, respectively.

PRINCIPAL SHAREHOLDER

The section headed "Principal Shareholder" appearing on page 95 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

The major shareholder of NWD is CTFEL which, together with its subsidiaries, held approximately 44.55 per cent. of the issued share capital of NWD as at 31 December 2020. CTFEL is a private company ultimately 81.03 per cent. owned by Chow Tai Fook Capital Limited, which is controlled by the family members of the late Dato' Dr. Cheng Yu-Tung, one of the founders and the previous chairman of NWD. The late Dato' Dr. Cheng's family members continue to exert considerable influence over the management and affairs of the Group.

Certain transactions may occur between NWD and/or its subsidiaries and CTFEL, or entities associated with CTFEL which are connected persons of NWD under the Listing Rules. Under the Listing Rules, certain connected transactions, although entered into on an arm's length basis, will, depending on the nature and the size of each such transaction, be subject to certain disclosure requirements and/or the approval by the shareholders of NWD in a general meeting, in which CTFEL will abstain from voting and other requirements under the Listing Rules. See note 52 to the 2020 Audited Financial Statements.

DIRECTORS

The section headed "Directors" appearing from page 96 to page 102 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

Directors

The following table sets forth the names of the directors of NWD (the "**Directors**") and their position within NWD:

Executive Directors

Dr. Cheng Kar-Shun, Henry GBM GBS (*Chairman*)

Dr. Cheng Chi-Kong, Adrian JP (Executive Vice-chairman and Chief Executive Officer)

Mr. Cheng Chi-Heng (Responsible for finance)

Ms. Cheng Chi-Man, Sonia (Responsible for hotel and project management businesses)

Mr. Sitt Nam-Hoi (Responsible for Hong Kong projects)

Ms. Huang Shaomei, Echo (Responsible for Mainland China projects)

Ms. Chiu Wai-Han, Jenny (Responsible for human resources and talent development)

Non-executive Directors

Mr. Doo Wai-Hoi, William JP (Non-executive Vice-chairman)

Mr. Cheng Kar-Shing, Peter

Independent Non-executive Directors

Mr. Yeung Ping-Leung, Howard

Mr. Ho Hau-Hay, Hamilton

Mr. Lee Luen-Wai, John BBS, JP

Mr. Liang Cheung-Biu, Thomas

Mr. Ip Yuk-Keung, Albert

Certain additional information in relation to the Directors of NWD is set out below:

Dr. Cheng Kar-Shun, Henry GBM GBS, aged 74, was appointed as Director in October 1972, Executive Director in 1973, became Managing Director from 1989 and Chairman from March 2012. Dr. Cheng is the chairman of the Executive Committee and Nomination Committee and a member of the Remuneration Committee of the Board of Directors of NWD. Dr. Cheng is the chairman and executive director of NWS Holdings Limited and Chow Tai Fook Jewellery Group Limited, the chairman and non-executive director of FSE Lifestyle Services Limited (formerly known as FSE Services Group Limited) and the vice-chairman and non-executive director of i-CABLE Communications Limited, all of which are listed public companies in Hong Kong. He was a non-executive director of SJM Holdings Limited and DTXS Silk Road Investment Holdings Company Limited up to his retirement on 11 June 2019 and resignation on 19 March 2021 respectively, the chairman and non-executive director of New World Department Store China Limited up to his resignation on 13 May 2021, all of them are listed pubic companies in Hong

Kong. Dr. Cheng is a director and the honorary chairman of NWCL and a director of certain subsidiaries of the Group. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of NWD. Dr. Cheng is the chairman of the Advisory Council for The Better Hong Kong Foundation. He was a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China. Dr. Cheng was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 2001 and 2017 respectively by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the father of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng.

Dr. Cheng Chi-Kong, Adrian JP, aged 41, was appointed as an Executive Director in March 2007, became Executive Director and Joint General Manager from March 2012, re-designated as Executive Vice-chairman and Joint General Manager from April 2015, and re-designated as Executive Vice-chairman and General Manager from March 2017 and re-designated as Executive Vice-chairman and Chief Executive Officer from May 2020. Dr. Adrian Cheng is a member of the Executive Committee and the chairman of the Sustainability Committee of the Board of Directors of NWD. Dr. Cheng is an executive director of NWS Holdings Limited, the chairman and non-executive director of New World Department Store China Limited, an executive director of Chow Tai Fook Jewellery Group Limited, and a non-executive director of Giordano International Limited and New Century Healthcare Holding Co. Limited, all being listed public companies in Hong Kong. Dr. Cheng is also a director and executive chairman of NWCL, the chairman of New World Group Charity Foundation Limited and a director of certain subsidiaries of the Group. In addition, he is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both of which are substantial shareholders of NWD. He was a non-executive director of i-CABLE Communications Limited, a listed public company in Hong Kong, up to his resignation on 2 July 2019. Dr. Cheng oversees the strategic direction for NWD's property development and investment activities. He has launched New World's The Artisanal Movement since January 2015, and is currently overseeing NWD's large-scale developments including Victoria Dockside and Skycity. In 2008, Dr. Cheng launched the K11 brand, a museum-retail complex that is at the nexus of art and commerce and has since extended K11's reach across retail, hospitality, offices and non-profit art education through K11 Art Foundation and K11 Craft & Guild Foundation. He also directs early-stage funding to start-ups and technology-driven platforms. Dr. Cheng is a member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference of The People's Republic of China, the chairman of China Young Leaders Foundation and the honorary chairman of K11 Art Foundation. He was the vice-chairman of the 11th and 12th committee of the All-China Youth Federation. He was acknowledged by Fortune as one of "40 Under 40" global business stars and a "Young Global Leader" by the World Economic Forum in 2012. Dr. Cheng is a Justice of Peace appointed by the Government of the Hong Kong Special Administrative Region since 2016 and was made an Officier in the Ordre des Arts et des Lettres by the French Government in 2017. Dr. Cheng holds a Bachelor of Arts Degree (cum laude) from Harvard University, and was conferred the Honorary Doctorate of Humanities by the Savannah College of Art and Design in 2014. Dr. Cheng worked in a major international bank prior to joining the Group in September 2006 and has substantial experience in corporate finance. He is the son of Dr. Cheng Kar-Shun, Henry, the brother of Ms. Cheng Chi-Man, Sonia, the nephew of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Cheng Chi-Heng, aged 43, was appointed as an Executive Director in June 2010. Mr. Cheng is a member of the Executive Committee of the Board of Directors of NWD. He also acts as director of certain subsidiaries of the Group. Mr. Cheng is an executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Mr. Cheng is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of NWD. Mr. Cheng worked in Yu Ming Investment Management Limited from 1999 to 2000 as a corporate finance executive. He obtained his Bachelor of Arts Degree majoring in Economics from the University of Western Ontario, Canada in 1999. He is the son of Mr. Cheng Kar-Shing, Peter, the nephew of Dr. Cheng Kar-Shun, Henry and Mr. Doo Wai-Hoi, William, and the cousin of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Ms. Cheng Chi-Man, Sonia, aged 40, was appointed as an Executive Director in March 2012. Ms. Cheng is a member of the Executive Committee of the Board of Directors of NWD. She currently oversees the hotel division and the project management division of the Group. She is a director of NWCL and certain subsidiaries of the Group. Ms. Cheng is an executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong and an independent director of Primavera Capital Acquisition Corporation, a company listed on the New York Stock Exchange. She is also an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited. Before joining the Group in 2008, Ms. Cheng worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Ms. Cheng holds a Bachelor of Arts Degree with a concentration in Applied Mathematics from Harvard University in the U.S.A. Ms. Cheng is the chief executive officer of Rosewood Hotel Group and chairman of the advisory committee of the School of Hotel and Tourism Management at The Chinese University of Hong Kong. She is a member of the Y. Elites Association, the Young Presidents' Organization, the Hong Kong United Youth Association and the Hong Kong Tourism Board. She is also a member of the Thirteenth Guangzhou Municipal Committee of The Chinese People's Political Consultative Conference of The People's Republic of China. Ms. Cheng is the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Dr. Cheng Chi-Kong, Adrian, the niece of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Sitt Nam-Hoi, aged 67, was appointed as an Executive Director in June 2018. Mr. Sitt is a member of the Executive Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Sitt joined the Group and was appointed as Head of Projects (Hong Kong) of NWD in February 2011. He is currently the senior director of the Project Management Department of NWD, design adviser of NWCL and director of certain subsidiaries of the Group. Before joining NWD, he was the project director of a listed public company in Hong Kong which he worked for over 25 years. Before that, Mr. Sitt had been working in Buildings Department of the Government of the Hong Kong Special Administrative Region. Mr. Sitt obtained his Bachelor of Architecture and Bachelor of Arts in Architectural Studies from the University of Hong Kong. He is a Registered Architect, an Authorised Person and is responsible for overseeing all project management matters for all property development projects of the Group in Hong Kong. He has extensive project management experience and participated in various significant projects in Hong Kong and mainland China.

Ms. Huang Shaomei, Echo, aged 52, was appointed as an Executive Director in May 2020. Ms. Huang is a member of the Executive Committee of the Board of Directors of the NWD. She joined the Group as the deputy chief executive officer of NWCL in October 2015 and promoted to Director & Chief Executive Officer of NWCL in February 2020. Ms. Huang is also a director of certain subsidiaries of the Group. She has over 20 years of experience in the real estate sector, having served in a consulting capacity for large-scale urban infrastructures, urban planning and urban renewal in mainland China for extensive periods, providing the Government of the People's Republic of China with professional recommendations on property development and urban planning. Prior to joining the Group, Ms. Huang held senior position with an international consulting firm. She was appointed as managing director (Southern China) of a Hong Kong-listed property developer, overseeing its property development throughout the southern China region. She has proven experience in China's real estate sector. Ms. Huang is a member of Guangdong Province Committee of the Chinese People's Political Consultative Conference of The People's

Republic of China, and a Deputy Secretary-General of Silk Road Chamber of International Commerce.

Ms. Chiu Wai-Han, Jenny, aged 50, was appointed as an Executive Director in May 2020. Ms. Chiu is a member of the Executive Committee of the Board of Directors of the NWD. She is a non-executive director of New World Development Store China Limited, a listed public company in Hong Kong. Ms. Chiu joined the Group in 2004 and is currently the Senior Director – Human Resources of NWD. She is responsible for planning and driving full spectrum of strategic human resources direction, including talent acquisition, talent development and management, reward management and human resources partnering services. Prior to joining the Group, she had taken up managerial role in renowned corporations in information and communications technology services and property development industries. Ms. Chiu was graduated from The Chinese University of Hong Kong. She is an Associate Member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Ms. Chiu possesses over 20 years of experience in human resources and corporate management.

Mr. Doo Wai-Hoi, William JP, aged 76, was appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is a non-executive director of Lifestyle International Holdings Limited and an independent non-executive director of Shanghai Industrial Urban Development Group Limited, both being listed public companies in Hong Kong. Mr. Doo is also a director of certain subsidiaries of the Group. He is the chairman and director of Fungseng Prosperity Holdings Limited. Mr. Doo is a Justice of the Peace appointed by the Government of the Hong Kong Special Administrative Region. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was promoted to the Officier de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Heng.

Mr. Cheng Kar-Shing, Peter, aged 68, was appointed as a Director in October 1994. Mr. Cheng is also an independent non-executive director of King Fook Holdings Limited, a listed public company in Hong Kong. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of NWD. Mr. Cheng is a director of NWCL, New World Hotels (Holdings) Limited and certain subsidiaries of the Group. Mr. Cheng is committed to community services and is serving as the chairman of Chow Tai Fook Charity Foundation, the chairman of Chow Tai Fook Medical Foundation Limited, the chairman of Antonia Welfare Fund Limited, the vice-chairman of Hong Kong Economic Exchange and a director of Green Council. He is the University Assembly member of University of Macau. He is a Fellow of The Hong Kong Institution of Engineers, Hong Kong Institute of Arbitrators, Hong Kong Construction Arbitration Centre and The Chartered Institute of Arbitrators. He is a CEDR Accredited Mediator and on the lists of the Mediators of Hong Kong Mediation Accreditation Association Limited, Hong Kong International Arbitration Centre, Hong Kong Mediation Centre and Financial Dispute Resolution Centre. He is on the Panel of Arbitrators of South China International Economic and Trade Arbitration Commission/Shenzhen Court of International Arbitration, an Arbitrator of Huizhou Arbitration Commission, a member of Society of Construction Law Hong Kong and a member of Hong Kong Institute of Mediation. Mr. Cheng is the brother of Dr. Cheng Kar-Shun, Henry, the brother-in-law of Mr. Doo Wai-Hoi, William, the father of Mr. Cheng Chi-Heng, and the uncle of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Mr. Yeung Ping-Leung, Howard, aged 64, was appointed as a Director in November 1985 and became an Independent non-executive Director in 1999. Mr. Yeung is a member of the Audit Committee and the Remuneration Committee of the Board of Directors of NWD. He is also an independent non-executive director of Miramar Hotel and Investment Company, Limited and SJM Holdings Limited, both being listed public companies in Hong Kong.

Mr. Ho Hau-Hay, Hamilton, aged 70, was appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in November 2007. Mr. Ho was an Alternate Director of NWD from 7 January 2004 to 29 August 2004. Mr. Ho is the chairman of the Remuneration Committee and a member of the Audit Committee of the Board of Directors of NWD. He is also an independent non-executive director of King Fook Holdings Limited (a listed public company in Hong Kong), and an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.

Mr. Lee Luen-Wai, John BBS, JP, aged 72, was appointed as an Independent Non-executive Director in August 2004. Mr. Lee is the chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee of the Board of Directors of NWD. Mr. Lee is the managing director and chief executive officer of Lippo Limited, an executive director and the chief executive officer of Lippo China Resources Limited and Hongkong Chinese Limited, as well as an independent non-executive director of UMP Healthcare Holdings Limited, all being listed public companies in Hong Kong. Mr. Lee was a non-executive non-independent chairman of Healthway Medical Corporation Limited, a company listed on the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited, up until his retirement on 26 April 2019. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Price Waterhouse (now PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of Peace in Hong Kong and was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. He serves as a member on a number of Public Boards and Committees including the Investment Committee of the Hospital Authority Provident Fund Scheme and the Public Service Commission and the Chairman of the Hospital Governing Committee of Hong Kong Children's Hospital.

Mr. Liang Cheung-Biu, Thomas, aged 74, was appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in March 2012. Mr. Liang is a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Liang is an independent non-executive director of Miramar Hotel and Investment Company, Limited (a listed public company in Hong Kong), a director and the group chief executive of Wideland Investors Limited and a member of the Board of Trustees of Wei Lun Foundation Limited. Mr. Liang is a member of the Council of The Chinese University of Hong Kong, a member of the Court of the Hong Kong Baptist University and a member of the Board of Governors, The Hang Seng University of Hong Kong. He has extensive experience in financial management, corporate finance, banking, real estate development and equity investment.

Mr. Ip Yuk-Keung, Albert, aged 69, was appointed as an Independent Non-executive Director in June 2018. Mr. Ip is a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Ip is an independent non-executive director of Power Assets Holdings Limited, Lifestyle International Holdings Limited and Hutchison Telecommunications Hong Kong Holdings Limited, all being listed public companies in Hong Kong. He is also an independent non-executive director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust (a listed real estate investment trust). He was the executive director and chief executive officer of LHIL Manager Limited which is the trustee-manager of Langham Hospitality Investments (a listed fixed single investment trust) and Langham Hospitality Investments Limited until his resignation on 1 April 2019. In addition, he was an independent non-executive director of Hopewell Holdings Limited (a listed public company in Hong Kong until its delisting on 3 May 2019) and TOM Group Limited (a listed public company in Hong Kong) up to his resignation in May 2019 and August 2020 respectively. Mr. Ip is an international banking and real estate executive with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and the United States. His areas of expertise are in real estate, corporate banking, risk management, transaction banking and wealth management. Mr. Ip is an Adjunct Professor of City University of Hong Kong, The Hong Kong University of Science and Technology, The Hang Seng University of Hong Kong, The University of Hong Kong and the School of Hotel and Tourism Management at The Chinese University of Hong Kong, an Adjunct Distinguished Professor in Practice of University of Macau, a Council Member of The Hong Kong University of Science and Technology, Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology, a trustee of the Board of Trustees at Washington University in St. Louis, and Chairman of the Board of Governors of World Green Organisation. Mr. Ip holds a Bachelor of Science degree at Washington University in St. Louis (summa cum laude) and Master of Science degrees at Cornell University and Carnegie-Mellon University. He is an Honorary Fellow of Vocational Training Council.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

The section headed "Substantial Shareholders' and Directors' Interests" appearing from page 103 to page 108 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

Directors' Interests in Securities

As at 31 December 2020, the interests of the Directors and their associates in shares, underlying shares and debentures of NWD or any of its associated corporations which were recorded in the register required to be kept by NWD under Section 352 of the SFO were as follows:

(I) Long positions in shares

	Number of shares				
	Personal interests	Spouse interests	Corporate interests	Total	Approximate % to the total number of issued shares as at 31 December 2020
NWD					
(Ordinary shares)					
Dr. Cheng Kar-Shun, Henry	2,668,909	—	—	2,668,909	0.10
Mr. Doo Wai-Hoi, William	—	—	4,719,271[(1)]	4,719,271	0.19
Dr. Cheng Chi-Kong, Adrian.........................	2,059,118	—	—	2,059,118	0.08
Mr. Yeung Ping-Leung, Howard	133,444	—	—	133,444	0.01
Mr. Cheng Kar-Shing, Peter	133,444	141,641	—	275,085	0.01
Mr. Ho Hau-Hay, Hamilton	—	—	219,588[(2)]	219,588	0.01
Mr. Liang Cheung-Biu, Thomas	2,607	—	—	2,607	0.00
Mr. Cheng Chi-Heng	133,444	—	—	133,444	0.01
Ms. Cheng Chi-Man, Sonia	800,672	—	—	800,672	0.03
Ms. Chiu Wai-Han, Jenny	29,899	—	—	29,899	0.00
New World Department Store China Limited					
(Ordinary shares of HK$0.10 each)					
Ms. Cheng Chi-Man, Sonia	92,000	—	—	92,000	0.01
NWS Holdings Limited					
(Ordinary shares of HK$1.00 each)					
Dr. Cheng Kar-Shun, Henry	18,349,571	—	12,000,000[(3)]	30,349,571	0.78
Mr. Doo Wai-Hoi, William	—	5,800,000	—	5,800,000	0.15
Mr. Cheng Kar-Shing, Peter	656,870	—	6,463,227[(4)]	7,120,097	0.18
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	7,500,500[(5)]	7,500,500	50.00

Notes:

(1) These shares are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(2) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.

(3) These shares are beneficially owned by a company which is wholly-owned by Dr. Cheng Kar-Shun, Henry.

(4) These shares are beneficially owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.

(5) These shares are beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

(II) Long positions in share options

(i) NWD

Name of Director	Date of grant	Exercisable period	Number of share options	Exercisable price per share
		(Notes)		*HK$*
Dr. Cheng Kar-Shun, Henry	3 July 2017	(1)	500,000	40.144
Mr. Doo Wai-Hoi, William	3 July 2017	(1)	25,000	40.144
Dr. Cheng Chi-Kong, Adrian	3 July 2017	(1)	500,000	40.144
Mr. Yeung Ping-Leung, Howard	3 July 2017	(1)	25,000	40.144
Mr. Cheng Kar-Shing, Peter	3 July 2017	(1)	25,000	40.144
Mr. Ho Hau-Hay, Hamilton	3 July 2017	(1)	25,000	40.144
Mr. Lee Luen-Wai, John	3 July 2017	(1)	25,000	40.144
Mr. Liang Cheung-Biu, Thomas	3 July 2017	(1)	25,000	40.144
Mr. Cheng Chi-Heng	3 July 2017	(1)	25,000	40.144
Ms. Cheng Chi-Man, Sonia	3 July 2017	(1)	25,000	40.144
Mr. Sitt Nam-Hoi	3 July 2017	(1)	75,000	40.144
	6 July 2018	(2)	150,000	44.160
Mr. Ip Yuk-Keung, Albert	6 July 2018	(2)	150,000	44.160
Ms. Huang Shaomei, Echo	3 July 2017	(3)	287,500	40.144
	6 July 2018	(4)	37,500	44.160
Ms Chiu Wai-Han, Jenny	6 July 2018	(2)	75,000	44.160
			1,975,000	

Notes:

(1) Divided into 4 tranches, exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(2) Divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

(3) Divided into 2 tranches exercisable from 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(4) Divided into 2 tranches exercisable from 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

(5) The cash consideration paid by each Director for the grant of share options is HK$10.0.

(III) Long positions in debentures

(i) The Issuer

Name of Directors	Amount of debentures issued by the Issuer: Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2020
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William......................	—	3,075,000	56,150,000[1]	59,225,000	1.46
Mr. Ip Yuk-Keung, Albert.......................	—	750,000[2]	—	750,000	0.02
	—	3,825,000	56,150,000	59,975,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(2) These debentures are jointly held by Mr. Ip Yuk-Keung, Albert and his spouse.

(ii) NWD (MTN) Limited ("NWD (MTN)")

Name of Directors	Amount of debentures issued by NWD (MTN): Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2020
	HK$	*HK$*	*HK$*	*HK$*	
Mr. Doo Wai-Hoi, William......................	—	23,400,000[1]	234,000,000[2]	257,400,000	0.69
Mr. Ip Yuk-Keung, Albert.......................	—	3,900,000[3]	—	3,900,000	0.01
	—	27,300,000	234,000,000	261,300,000	

Notes:

(1) These debentures were issued in US$ and had been translated into HK$ using the rate of U.S.$1.0 = HK$7.8.

(2) These debentures are beneficially owned by a company which is wholly-owned by Mr. Doo Wai-Hoi, William and were issued in U.S.$ and had been translated into HK$ using the rate of US$1.0 = HK$7.8.

(3) These debentures are jointly held by Mr. Ip Yuk-Keung, Albert and his spouse, and were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(iii) NWCL

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2020
	Amount of debentures issued by NWCL				
	HK$	*HK$*	*HK$*	*HK$*	
Mr. Doo Wai-Hoi, William	—	—	538,500,000(1)	538,500,000	6.59

Note:

(1) These debentures are held by companies which are wholly-owned by Mr. Doo Wai-Hoi, William, of which HK$390,000,000 debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(iv) Celestial Dynasty Limited ("CDL")

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2020
	Amount of debentures issued by CDL				
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William	—	—	2,800,000(1)	2,800,000	0.43

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(v) Celestial Miles Limited ("CML")

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2020
	Amount of debentures issued by CML				
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William	—	—	34,600,000(1)	34,600,000	2.66
Mr. Cheng Kar-Shing, Peter	2,000,000	—	—	2,000,000	0.15
Mr. Lee Luen-Wai, John	—	610,000	—	610,000	0.05
	2,000,000	610,000	34,600,000	37,210,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

Save as disclosed above, as at 31 December 2020, none of the directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of NWD or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by NWD pursuant to Section 352 of the SFO or were required to be notified to NWD and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders' Interests in Securities

As at 31 December 2020, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of NWD as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares of NWD

	Number of shares of NWD			
Name	**Beneficial interests**	**Corporate interests**	**Total**	**Approximate % of shareholding as at 31 December 2020**
Cheng Yu Tung Family (Holdings) Limited ("**CYTFH**")[(1)]	—	1,133,908,609	1,133,908,609	44.55
Cheng Yu Tung Family (Holdings II) Limited ("**CYTFH-II**")[(2)].	—	1,133,908,609	1,133,908,609	44.55
Chow Tai Fook Capital Limited ("**CTFC**")[(3)]	—	1,133,908,609	1,133,908,609	44.55
Chow Tai Fook (Holding) Limited ("**CTFHL**")[(4)]	—	1,133,908,609	1,133,908,609	44.55
Chow Tai Fook Enterprises Limited ("**CTFE**")[(5)]	1,030,872,823	103,035,786	1,133,908,609	44.55

Notes:

(1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFC.

(2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFC.

(3) CTFC holds 81.03% direct interest in CTFHL and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFHL.

(4) CTFHL holds 100% direct interest in CTFE and is accordingly deemed to have an interest in the shares of NWD interested by or deemed to be interested by CTFE.

(5) CTFE together with its subsidiaries.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2020.

EXCHANGE RATES

The section headed "Exchange Rates" appearing on page 109 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

The HK dollar is freely convertible into the U.S. dollar. Since 1983, the HK dollar has been linked to the U.S. dollar at the rate of HK$7.80 to U.S.$1.00. The Basic Law of Hong Kong (the "**Basic Law**"), which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the HK dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to U.S.$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK$7.80 per U.S. dollar to a rate range of HK$7.75 to HK$7.85 per U.S. dollar. Under the Basic Law, the HK dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the HK dollar will remain freely convertible into other currencies, including the U.S. dollar. However, there is no assurance that the Hong Kong government will maintain the link at HK$7.80 to U.S.$1.00, or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfers in HK dollars for the periods indicated:

	Noon Buying Rate			
Period	**Low**	**Average**	**High**	**Period End**
	(HK$ per U.S.$1.00)			
2010	7.7501	7.7687	7.8040	7.7810
2011	7.7634	7.7841	7.8087	7.7663
2012	7.7493	7.7569	7.7699	7.7507
2013	7.7503	7.7565	7.7654	7.7539
2014	7.7495	7.7545	7.7669	7.7531
2015	7.7495	7.7524	7.7686	7.7507
2016	7.7505	7.7620	7.8270	7.7534
2017	7.7540	7.7926	7.8267	7.8128
2018	7.8043	7.8376	7.8499	7.8305
2019	7.7894	7.8351	7.8499	7.7850
2020	7.7498	7.7559	7.7951	7.7534
2021				
January	7.7517	7.7533	7.7555	7.7531
February	7.7515	7.7529	7.7567	7.7567
March	7.7562	7.7651	7.7746	7.7746
April	7.7596	7.7691	7.7849	7.7664
May	7.7608	7.7654	7.7697	7.7610
June	7.7566	7.7617	7.7666	7.7658
July	7.7651	7.7705	7.7837	7.7723
August (up to 27 August 2021)	7.7735	7.7835	7.7925	7.7875

Source: https://www.federalreserve.gov/releases/h10/hist/dat00_hk.htm

USE OF PROCEEDS

The gross proceeds from the issue of the New Securities will be U.S.$160,774,375 which, following deduction of commission and other transaction expenses, will be used for the Guarantor's general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

The section headed "Capitalisation and Indebtedness" appearing from page 55 to page 56 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

Capitalisation and Indebtedness of the Guarantor

As at 31 December 2020, the issued share capital of the Guarantor was approximately 2,545.3 million ordinary shares.

The following table sets forth the total capitalisation and indebtedness of the Guarantor as at 31 December 2020, which has been extracted from the unaudited condensed consolidated statement of financial position of the Guarantor as at the same date. This table should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2020 and the notes thereto.

	As at 31 December 2020		
	Actual	**As Adjusted**	**As Adjusted**
	HK$ million	*HK$ million*	*US$ million*[(1)]
Current portion of borrowings and other interest-bearing liabilities			
Short-term borrowings and current portion of long-term borrowings and other interest-bearing liabilities	52,696.1	52,696.1	6,755.9
Non-current portion of borrowings and other interest-bearing liabilities			
Long-term borrowings and other interest-bearing liabilities[(2)]	128,716.1	128,716.1	16,502.1
Total borrowings and other interest-bearing liabilities	181,412.2	181,412.2	23,258.0
Shareholders' funds			
Share capital	78,227.0	78,227.0	10,029.1
Reserves	147,292.1	147,292.1	18,883.6
	225,519.1	225,519.1	28,912.7
Perpetual capital securities[(3)]	42,552.0	42,552.0	5,455.4
Perpetual capital securities to be issued[(4)]	-	1,170.0	150.0
Total capitalisation[(5)]	396,787.2	397,957.2	51,020.2
Current portion of total borrowings and total capitalisation	449,483.3	450,653.3	57,776.1

Notes:

(1) A rate of HK$7.80 to US$1.00 was adopted for the conversion of Hong Kong dollars to US dollars.

(2) On 14 January 2021, NWD (MTN) Limited issued US$200 million in aggregate principal amount of 3.75 per cent. guaranteed sustainability-linked notes due 2031 under the US$6 billion guaranteed medium term note programme which are unconditionally and irrevocably guaranteed by the Guarantor, which has not been accounted for in this table.

(3) On 10 June 2021, the Issuer completed the issuance of the 2021 Securities and the Guarantor purchased and cancelled U.S.$381,255,000 of the 2016 Securities pursuant to the Tender Offer, which has not been accounted for in this table.

(4) Perpetual capital securities to be issued represent the aggregate principal amount of the Securities, before deduction of underwriting fees and commissions, and other estimated transaction expenses payable.

(5) Total capitalisation represents non-current portion of borrowings and other interest-bearing liabilities, shareholders' funds, perpetual capital securities issued as at 31 December 2020 and perpetual capital securities to be issued.

Other than as stated herein, there has been no material change in the capitalisation and indebtedness of the Guarantor since 31 December 2020.

Capitalisation and Indebtedness of the Issuer

As at 2 April 1992, the date of its incorporation, NWD Finance (BVI) Limited was authorised to issue a maximum of 50,000 single class shares and series with a par value of US$1.00, of which one share is held by the Guarantor. As at the date of this Supplemental Offering Circular, NWD Finance (BVI) Limited has issued and outstanding securities in an aggregate principal amount of U.S.$4,868,745,000.

SUBSCRIPTION AND SALE

The section headed "Subscription and Sale" appearing from page 112 to page 115 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

The Issuer and the Guarantor have entered into a subscription agreement with the Manager dated 3 September 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to sell to the Manager, and the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the New Securities. Any subsequent offering of Securities to investors may be at a price different from the issue price at which the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the New Securities.

The Subscription Agreement provides that each of the Issuer and the Guarantor will indemnify the Manager against certain liabilities in connection with the offer and sale of the New Securities. The Subscription Agreement provides that the obligations of the Manager are subject to certain conditions precedent, and entitles the Manager to terminate it in certain circumstances prior to payment being made to the Issuer.

The Manager and certain of its affiliates may have performed certain investment banking and advisory services for the Guarantor and/or its affiliates from time to time for which it has received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Guarantor and/or its affiliates in the ordinary course of their business.

The Manager or certain of their respective affiliates may purchase the New Securities for asset management and/or proprietary purposes but not with a view to distribution.

The Manager or its affiliates may purchase the New Securities for its own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the New Securities and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the New Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the New Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the New Securities).

In connection with the issue of the New Securities, the Stabilising Manager may over-allot New Securities or effect transactions with a view to supporting the price of the New Securities at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the New Securities 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 New Securities and 60 days after the date of the allotment of the New Securities. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the New Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Manager that would permit a public offering of the New Securities, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the New Securities, in any country or jurisdiction where action for that purpose is required.

United States

The New Securities and the Guarantee of the Securities have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state law. The Manager has represented that it has not offered or sold, and has agreed that it will not offer or sell, any New Securities and the Guarantee of the Securities constituting part of its allotment within the United States, and any offers and sales will be made in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, none of the Manager, its affiliates or any persons acting on their behalf have engaged in, or will engage in, any directed selling efforts with respect to the New Securities and the Guarantee of the Securities. Terms used in these paragraphs have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the New Securities and the Guarantee of the Securities, an offer or sale of the New Securities or the Guarantee of the Securities within the United States by any "dealer" (as defined in the Securities Act), whether or not participating in the offering, may violate the registration requirements of the Securities Act.

United Kingdom

Prohibition of Sales to UK Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any New Securities to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement 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.

Other regulatory restrictions

The Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any New Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Securities in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any New Securities to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(c) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(d) 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.

Hong Kong

The Manager has represented, warranted and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document or otherwise, any New Securities other than:

  (i) to "**Professional Investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or

  (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong (the "**C(WUMP)O**") and 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, any advertisement, invitation or document relating to the New Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong or otherwise is or contains an invitation to the public (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Securities which are or are intended to be disposed of only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China

The Manager has represented, warranted and undertaken that the New Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

The Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Manager has represented, warranted and agreed that it has not offered or sold any New Securities or caused the New Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any New Securities or cause the New Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Securities 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.

Japan

The New Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**") and, accordingly, the Manager has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any New Securities in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan. For the purposes of this paragraph, "**Japanese Person**" shall mean any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No 228 of 1949, as amended)).

British Virgin Islands

The Manager has represented, warranted and undertaken that the New Securities have not been and will not be offered to members of the public or any other person in the British Virgin Islands.

GENERAL INFORMATION

1. **Clearing Systems:** The New Securities have been accepted for clearance through Euroclear and Clearstream under Common Code number 213298674 and the International Securities Identification Number for the New Securities is XS2132986741.

2. **Listing of Securities:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Securities by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the New Securities on the Hong Kong Stock Exchange will commence on or around 10 September 2021.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the New Securities. The issue of the New Securities was authorised by resolutions of the directors of the Issuer dated as at 4 March 2020. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the provision of and performance of its obligations under the Guarantee of the Securities. The provision of the Guarantee of the Securities was authorised by resolutions of the Board of Directors of the Guarantor dated as at 4 March 2020.

4. **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of the Guarantor and the Group since 31 December 2020.

5. **Litigation:** Neither the Guarantor, the Issuer nor any of the subsidiaries of the Guarantor is involved in any litigation or arbitration proceedings that the Guarantor believes are material in the context of the New Securities or the Guarantee of the Securities nor is the Issuer nor the Guarantor aware that any such proceedings are pending or threatened.

6. **Available Documents:** A copy of the Guarantor's annual report for the year ended 30 June 2020, a copy of the Guarantor's 2020/2021 Interim Report, and copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee will be available for inspection by the Holders from the New Securities Issue Date, at the specified office of the Paying Agent during normal business hours, so long as any of the Securities is outstanding.

7. **Auditor:** The consolidated financial statements of the Guarantor for the year ended 30 June 2020 have been audited by PricewaterhouseCoopers, Certified Public Accountants. The 2020/2021 Interim Financial Statements has not been audited or reviewed by the auditor of the Guarantor.

8. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 25490076V8K09HMNCT88.

ANNEX I

[*Original Offering Circular to be appended*]

IMPORTANT NOTICE

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

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

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 U.S. 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, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. 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. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. The Offering Circular is being sent at your request and by accepting the electronic mail and accessing the Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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

The materials relating to any offering of securities to which the 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 such 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, such 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 the Offering Circular) in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor or the Manager (as defined in the Supplemental Offering Circular (as defined in the Offering Circular)), any person who controls the Manager, any director, officer, employee or agent of the Issuer, the Guarantor, the Manager 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 Manager.

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.

Actions that you may not take: If you receive this document by e-mail, you should not reply by email to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "**Reply**" function on your e-mail software, will be ignored or rejected.

NWD FINANCE (BVI) LIMITED

(*incorporated with limited liability under the laws of the British Virgin Islands*)

U.S.$200,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities Guaranteed by

New World Development Company Limited

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

(to be consolidated and form a single series with the U.S.$650,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities issued on 22 June 2020)

Issue Price: 100.20 per cent. (plus accrued distribution from, and including, 22 June 2020 to, but excluding the New Securities Issue Date)

This supplemental Offering Circular is supplemental to the Offering Circular dated 16 June 2020 (the "**Original Offering Circular**" and together with and as supplemented by this supplemental Offering Circular, the "**Offering Circular**"). The U.S.$200,000,000 in aggregate principal amount of the 5.25 per cent. Guaranteed Senior Perpetual Capital Securities (the " **New Securities**") will be issued by NWD Finance (BVI) Limited (the "**Issuer**") and the due and punctual payment of all sums payable by the Issuer in respect of the New Securities will be unconditionally and irrevocably guaranteed (the "**Guarantee of the Securities**") by New World Development Company Limited (the "**Guarantor**"). Such New Securities will be consolidated and form a single series with the U.S.$650,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities issued on 22 June 2020 (the "**Original Securities**" and together with the New Securities, the "**Securities**"). The terms and conditions for the New Securities are the same as those for the Original Securities in all respects, except for the Issue Price and the New Securities Issue Date, and the New Securities and the Original Securities will vote together as a single series on all matters with respect to the Securities. The New Securities will upon issue constitute a further issue of Securities pursuant to Condition 13 of the Terms and Conditions of the Securities as set out in the Original Offering Circular. Upon the issue of the New Securities, the aggregate principal amount of outstanding Securities will be U.S.$850,000,000.

The Securities confer a right to receive distributions (each a "**Distribution**") at the applicable rate of distribution (the "**Distribution Rate**"). Subject to the Conditions, the Distribution Rate applicable to the Securities shall be: (i) from, and including, 22 June 2020 (the "**Issue Date**") to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and (ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*" in the Original Offering Circular) falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*" in the Original Offering Circular). Subject to the provisions of the Securities relating to deferral of Distribution (see "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*" in the Original Offering Circular), Distribution is payable semi-annually in arrear on 22 June and 22 December of each year (each a "**Distribution Payment Date**") with the first Distribution Payment Date falling in December 2020.

The Issuer may, at its sole discretion, elect to defer a Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by providing holders of the Securities ("**Holders**") with not more than 10 nor less than 5 Business Days' (as defined in "*Terms and Conditions of the Securities"* in the Original Offering Circular) notice prior to the relevant Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date an Optional Deferral Event (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*" in the Original Offering Circular) has occurred. Any Distribution so deferred shall constitute "**Arrears of Distribution**". Each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Securities at the Distribution Rate and the amount of such interest payable thereon shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution as described in "*Terms and Conditions of the Securities — Distribution — Cumulative Deferral*" in the Original Offering Circular. The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement and is not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred. See "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*" in the Original Offering Circular.

The Securities are perpetual securities and have no fixed final redemption date. The Issuer may redeem the Securities in whole, but not in part, on any business day on or after 22 March 2026 at 100 per cent. of their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (as defined in "*Terms and Conditions of the Securities*" in the Original Offering Circular) (if any) and Distribution (if any) accrued to the date fixed for redemption on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant date for redemption). The Securities may also be redeemed in whole, but not in part, at the option of the Issuer, subject to certain provisos, at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption: (i) upon the occurrence of any change or amendment to the Relevant Accounting Standard (as defined in "*Terms and Conditions of the Securities — Redemption and Purchase — Redemption for Accounting Reasons"* in the Original Offering Circular) such that the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard; or (ii) upon the occurrence of a change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 16 June 2020 such that the Issuer or the Guarantor would be required to pay additional amounts in respect of the Securities or the Guarantee of the Securities and such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it or (iii) if at least 75 per cent. in principal amount of the Securities originally issued has been redeemed or purchased and cancelled. Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent (in accordance with the "*Terms and Conditions of the Securities*" in the Original Offering Circular) by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral —Definitions*" in the Original Offering Circular), stipulating that a Change of Control has occurred and whether or not it will redeem the Securities at their principal amount together with Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amounts, if any). See "*Terms and Conditions of the Securities — Redemption and Purchase*" in the Original Offering Circular. If the Issuer does not give such notice, the Distribution Rate shall increase by 3.00 per cent. per annum with effect from the next Distribution Payment Date, as set out in "*Terms and Conditions of the Securities*" in the Original Offering Circular.

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

The 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 Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Securities or the Issuer or 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 document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Investing in the New Securities involves certain risks. See "*Risk Factors*" beginning on page 12 in the Original Offering Circular.

The New Securities and the Guarantee of the Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the New Securities and the distribution of this Offering Circular, see "*Subscription and Sale*" in this Supplemental Offering Circular.

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

Sole Global Coordinator, Bookrunner and Lead Manager

UBS

Supplemental Offering Circular dated 23 June 2020

IMPORTANT NOTICE

This Supplemental Offering Circular incorporates by reference all information contained in the Original Offering Circular as set out in Annex I of this Supplemental Offering Circular and should be read in conjunction with the Original Offering Circular. The information in this Supplemental Offering Circular supersedes the information in the Original Offering Circular to the extent inconsistent with the information in the Original Offering Circular.

Terms used but not defined herein shall have the meanings given to them in the Original Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed placement of the New Securities. The Issuer, the Guarantor, as well as UBS AG Hong Kong Branch as the Sole Global Coordinator, the Bookrunner and the Lead Manager (the "**Manager**"), reserve the right to withdraw the offering of the New Securities at any time or to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the New Securities offered hereby.

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 "**Listing Rules**") for the purpose of giving information with regard to the Issuer, the Guarantor, the New Securities and the Guarantee of the Securities. 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. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (together, the "**Group**"), the New Securities and the Guarantee of the Securities, which is material in the context of the issue and offering of the New Securities; (ii) the statements contained herein relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed 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 New Securities or the Guarantee of the Securities, the omission of which would, in the context of the issue and offering of the New Securities, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

The distribution of this Offering Circular and the offering of the New Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Manager to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the New Securities or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the New Securities, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the New Securities and distribution of this Offering Circular, see "*Subscription and Sale*" in this Supplemental Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor and the Group, the New Securities or the Guarantee of the Securities other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Manager or the Agents (as defined in the Terms and Conditions of the Securities (the "**Conditions**") as set out in the Original Offering Circular). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the New Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Manager or the Agents to subscribe for or purchase any of the New Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Manager or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty, express or implied, by the Manager or the Agents. The Manager has not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Guarantor, any member of the Group, the Manager or the Agents that any recipient of this Offering Circular should purchase the New Securities. Each potential purchaser of the New Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the New Securities should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

To the fullest extent permitted by law, none of the Manager or the Agents or any of their respective affiliates, directors or advisers accepts any responsibility for the contents of this Offering Circular. The Manager and the Agents and their respective affiliates, directors or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Manager or the Agents or any of their respective affiliates, directors or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the New Securities of any information coming to the attention of the Manager or the Agents.

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. Listing of the New Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the New Securities. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the Conditions, including the merits and risks involved. See "*Risk Factors*" in the Original Offering Circular for a discussion of certain factors to be considered in connection with an investment in the New Securities. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Manager or any person affiliated with the Manager in connection with its investigation of the accuracy of such information or its investment decision.

IN CONNECTION WITH THE ISSUE OF THE NEW SECURITIES, THE MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH MANAGER) (THE "STABILISING MANAGER") MAY OVER ALLOT NEW SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NEW SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER STABILISATION MAY NOT OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE NEW SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NEW SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NEW SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

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

SINGAPORE 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 New Securities are 'prescribed capital markets products' (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Issuer*", "*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. The Issuer, the Guarantor and the directors, employees and agents of the Issuer and the Guarantor, respectively do not assume: (i) 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 or the Guarantor's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based or (ii) any liability in the event that any of the forward-looking statements does not materialise or turns out to be incorrect. This Offering Circular discloses, under "*Risk Factors*" in the Original Offering Circular 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.

CERTAIN DEFINED TERMS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained here. Unless indicated otherwise, in this Offering Circular all references to (i) to "**Issuer**" are to NWD Finance (BVI) Limited, (ii) the "**Guarantor**" or "**NWD**" are to New World Development Company Limited, and (iii) the "**Group**" are to New World Development Company Limited and its direct and indirect subsidiaries, taken as a whole unless the context otherwise indicated.

In this Offering Circular, unless otherwise specified or the context requires, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People Republic of China, all references to the "**PRC**" or to "**Mainland China**" are to the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan, all references to "**U.S.**" are to the United States of America, all references to "**Hong Kong dollars**", "**HK dollars**", "**HK$**" or "**cents**" are to the lawful currency of Hong Kong, all references herein to "**U.S. dollars**" or "**U.S.$**" are to the lawful currency of the U.S., all references to "**HKFRS**" are to Hong Kong Financial Reporting Standards, all references to "**MW**" are to megawatts.

This Offering Circular contains translations of certain HK dollar amounts into U.S. dollars, and *vice versa,* at specific rates solely for the convenience of the reader. For convenience only and unless otherwise noted, all translations between HK dollars and U.S. dollars in this Offering Circular were made at the rate of HK$7.80 to U.S.$1.00. Such translations should not be construed as representations that the Hong Kong dollar and U.S. dollar amounts referred to herein could have been, or could be, converted into U.S. dollars or Hong Kong dollars, as the case may be, at that or any other rate or at all.

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. References to information in billions of units are to the equivalent of a thousand million units.

INCORPORATION BY REFERENCE AND PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Guarantor for the year ended 30 June 2019 (the "**2019 Audited Financial Statements**"), which are contained in page 124 to page 239 of the 2019 annual report of the Guarantor and the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2019 (the "**2019/2020 Interim Financial Statements**"), which are contained in page 16 to page 51 of the 2019/2020 Interim Report of the Guarantor, are incorporated by reference in the Original Offering Circular. Copies of the 2019 Audited Financial Statements and 2019/2020 Interim Financial Statements are available and may be downloaded free of charge from the Hong Kong Stock Exchange website on the internet at https://www.hkexnews.hk/.

The Original Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 30 June 2019 and 2018, which has been extracted from the 2019 Audited Financial Statements of the Guarantor. The 2019 Audited 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 ("**HKICPA**").

The Original Offering Circular also contains summary consolidated financial information of the Guarantor as at and for the six months ended 31 December 2019 (the "**2019/2020 Interim Financial Information**"), which has been extracted from the 2019/2020 Interim Financial Statements. The 2019/2020 Interim Financial Information of the Guarantor was prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The 2019/2020 Interim Financial Information of the Guarantor as at and for the six months ended 31 December 2018 and 2019 have not been audited or reviewed by the Guarantor's auditor. Consequently, the 2019/2020 Interim Financial Information should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results. In addition, the 2019/2020 Interim Report should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 30 June 2020. In preparing the 2019/2020 Interim Financial Information, the Guarantor has adopted HKFRS 16 and Amendments to HKAS 28 with effect from 1 July 2019 and has not restated comparatives for the year ended 30 June 2019. The Group has also adopted new accounting policies upon acquisition of insurance business in preparing the 2019/2020 Interim Financial Statements. Therefore, the 2019/2020 Interim Financial Information is not comparable with the consolidated financial statements for the years ended 30 June 2018 and 2019. For more information on the impact on the adoption of HKFRS 16 and Amendments to HKAS 28, please refer to the 2019/2020 Interim Financial Information and the notes therein[(1)].

Note:

(1) Note 2 from the 2019/2020 Interim Financial Information

Changes in /adoption of accounting policies

The Group has adopted HKFRS 16 and Amendments to HKAS 28 from 1 July 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. As allowed in the transitional provision in the standards comparative figures is not restated.

Effects of adoption of HKFRS 16

On adoption of HKFRS 16 using modified retrospective approach on lease-by-lease basis, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases" ("**HKAS 17**"). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

Right-of-use assets at initial recognition is measured at either:

- the carrying amount of leases as if HKFRS 16 had been applied since the lease commencement date, discounted using the lessee's incremental borrowing rate as at 1 July 2019; or
- an amount equal to lease liabilities, adjusted by the prepaid or accrued lease payments relating to the lease immediately before 1 July 2019.

As a result of adoption of HKFRS 16, the obligations under finance leases recognised and the operating lease commitments as disclosed at 30 June 2019, adjusted by the effect of discounting and changes in index or rates affecting variable payments, exclusion of short-term leases and low-value asset leases and assessment of extension and termination options and contracts being reassessed as service agreements are combined as lease liabilities of HK$6,452.6 million and recognised as at 1 July 2019. The amount of lease liabilities was split into current portion and non-current portion of HK$988.5 million and HK$5,464.1 million respectively. The weighted average lessee's incremental borrowing annual rates applied to the lease liabilities on 1 July 2019 were 3.79% for leases in Hong Kong and 5.06% for leases in Mainland China.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to apply HKFRS 16 to contracts that were not identified as containing a lease under HKAS 17 and HK(IFRIC) – Interpretation 4 "Determining whether an Arrangement contains a Lease".

Effects of adoption of Amendments to HKAS 28

The amendments clarify the accounting for long-term interests in an associated company or joint venture, which in substance form part of the net investment in the associated company or joint venture, but to which equity accounting is not applied. The Group is required to account for such interests under Hong Kong Financial Reporting Standard 9 "Financial Instrument" ("**HKFRS 9**") before applying the loss allocation and impairment requirements in HKAS 28.

On the adoption of Amendments to HKAS 28, the Group has recognised a loss allowance of HK$874.8 million as at 1 July 2019 against the non-current receivables from the joint ventures. The loss allowance is measured as either 12-month expected credit loss or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition of the non-current receivables.

The effect of the adoption of HKFRS 16 and Amendments to HKAS 28 on the Group's financial position is as follows:

	As at 30 June 2019 HK$m	Effects of the adoption of HKFRS 16 HK$m	Effects of the adoption of Amendments to HKAS 28 HK$m	As at 1 July 2019 HK$m
Condensed consolidated statement of financial position (extract)				
Non-current assets				
Property, plant and equipment	31,024.1	(1,862.4)	-	29,161.7
Right-of-use assets	-	7,813.1	-	7,813.1
Land use rights	1,213.9	(1,213.9)	-	-
Interests in joint ventures	50,865.5	(10.8)	(874.8)	49,979.9
Interests in associated companies	25,331.9	(0.7)	-	25,331.2
Deferred tax assets	763.5	34.3	-	797.8
Other non-current assets	14,644.3	59.1	-	14,703.4
Current assets				
Debtors, prepayments, premium receivables and contract assets	25,722.0	116.6	-	25,838.6
Equity				
Reserves				
- Retained profits	136,730.0	(756.6)	(874.8)	135,098.6
Non-controlling interests	29,994.5	(278.8)	-	29,715.7
Non-current liabilities				
Lease liabilities	-	5,464.1	-	5,464.1
Deferred tax liabilities	10,371.1	13.9	-	10,385.0
Other non-current liabilities	1,191.7	(439.1)	-	752.6
Current liabilities				
Creditors, accrued charges, payables to policyholders and contract liabilities	48,753.0	(56.7)	-	48,696.3
Lease liabilities	-	988.5	-	988.5

Adoption of accounting policies upon acquisition of insurance business

The Group completed its acquisition of the entire equity interest in FTLife Insurance Company Limited ("**FTLife Insurance**") on 1 November 2019 which resulted in adoption of the following accounting policies used in the preparation of the Interim Financial Statements.

(i) Product classification

The Group's insurance business issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts for which the Group has accepted significant insurance risk from policyholders providing coverage for death, accident and sickness at the inception of the contract. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. The Group also accepts financial risk on insurance contracts. Financial risk is the risk of a possible future change in a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables.

Investment contracts are those contracts on which the Group accepts financial risk but that do not transfer significant insurance risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

(ii) Insurance contract liabilities

Insurance contract liabilities represent net future policy liabilities as determine by the appointed actuary of the Group using a net level premium approach.

The provision for life insurance contracts with fixed level premiums is calculated on the basis of the prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing. The liability is determined as the sum of the expected discounted value of the benefit payments, less the expected discounted value of the theoretical premiums that would be required to meet the benefits, based on the valuation assumptions as to mortality, lapse rate, expense and investment income that are appropriate at the time of valuation. Changes to the liabilities at each reporting date are recorded in the profit or loss for the year as an expense. The liabilities on yearly renewable premium contracts are the liabilities for the unexpired risks carried at the end of the reporting period. The liability is derecognised when the contract expires, is discharged or is cancelled.

(iii) Investment contract liabilities

Liabilities for investment contracts are carried at fair values through accumulated cash flows plus investment income credited to the contracts, either at the discretion of the Group or linked to the changes in unit fund values.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the consolidated statements of financial position.

Fees charged and investment income received are recognised in the profit or loss for the year when earned.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

(iv) Reinsurance

The Group cedes insurance risk in the normal course of business for its insurance contracts. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the insurance contract liabilities and are in accordance with the reinsurance contract and are accounted for in the same period as the underlying claim.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the profit or loss for the year.

Reinsurance arrangements do not relieve the Group from its obligations to policyholders.

(v) Value of business acquired ("**VOBA**")

VOBA, in respect of a portfolio of long-term insurance and investment contracts, is an intangible asset that reflects the estimated fair value of inforce contracts in acquisition of an insurance company and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the business in-force at the acquisition date. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis. The rate of amortisation reflects the profile of the value of in-force business acquired. The carrying value of VOBA is reviewed annually for impairment and any reduction is charged to the consolidated income statement.

(vi) Deferred acquisition costs ("**DAC**")

The direct acquisition costs and a portion of indirect acquisition costs relating to the production of new business are deferred so far as there are sufficient margins in the future profits of the new business to fund the amortisation of DAC. DAC include first year commissions and other costs related to the acquisition of new business. All other acquisition costs and all maintenance costs are expensed as and when incurred. The Group has adopted an approach by which DAC of new business are amortised according to the expected future premiums or charges and actual persistency.

(vii) Liability adequacy test

A liability adequacy test is performed at each reporting date to verify whether the insurance contract liabilities, net of deferred acquisition cost and value of business acquired, are adequate using current estimates of future cash flows under the insurance contracts. The liability value is adjusted if insufficient to meet future obligations, taking into account future premiums, investment income, benefits and expenses and cash flows from embedded options and guarantees. If the test shows that a deficiency exists, the shortfall is immediately recorded in the profit or loss for the year.

(viii) Premiums

Premiums in respect of traditional policies and group policies are recognised as income as and when they fall due, whereas those in respect of universal life and unit-linked contracts are accounted for as they are received.

Premiums on reinsurance contracts that transfer underwriting risk are expensed as incurred. Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

(ix) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services and investment management services. The policy administration fee is recognised as revenue over time when services are rendered. Investment management fees related to asset management services are recognised over time when services are rendered.

(x) Benefits and insurance claims

Death claims and surrenders are recorded when notifications have been received. Maturities and annuity payments are recorded when due. Benefits recorded are then accrued to the liability.

(xi) Commissions

Commissions and bonuses payable to agents for the first policy year are included as a component of deferred acquisition costs.

Commissions received on reinsurance policies that transfer underwriting risk are recognised as income at the same time as the reinsurance premiums are accounted for.

(xii) Premiums receivables

Premiums receivables represent premiums which are due for payment. The Group normally allows policyholders to make payment within a grace period of one month from the due date. The grace period may be extended by one further month by management purely on a discretionary basis. Insurance policies continue in force if default premiums are settled before the expiry of the grace period.

Premiums receivables are stated at amortised cost using the effective interest rate method less provision for impairment.

(xiii) Adoption of overlay approach in accordance with HKFRS 4 (Amendment)

The Group elected to apply an “overlay approach” in accordance with HKFRS 4 (Amendments) “Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts” which allows the Group to reclassify fair value gain or loss from consolidated income statement to other comprehensive income for those eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 but currently classified as financial assets at fair value through profit or loss under HKFRS 9.

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SUMMARY OF THE OFFERING OF THE NEW SECURITIES

The following is a summary of the terms and conditions of the New Securities. For a more complete description of the New Securities, see "*Terms and Conditions of the Securities*" in the Original Offering Circular. Terms used in this summary and not otherwise defined shall have the meanings given to them in "*Terms and Conditions of the Securities*" in the Original Offering Circular.

Issuer..................................	NWD Finance (BVI) Limited
Guarantor	New World Development Company Limited
Issue	U.S.$200,000,000 guaranteed senior perpetual capital securities (the "**New Securities**") to be consolidated and form a single series with the U.S.$650,000,000 guaranteed senior perpetual capital securities issued on 22 June 2020
Guarantee...........................	The Guarantor will, in the Deed of Guarantee, unconditionally and irrevocably guarantee the due and punctual payment of all sums payable by the Issuer in respect of the New Securities.
Status of the New Securities	The New Securities will constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which will rank *pari passu* without any preference 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.
Status of the Guarantee of the Securities	The Guarantee of the Securities will constitute a direct, general, unsecured, unconditional and unsubordinated obligation of the Guarantor which will rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Issue Price	100.20 per cent. plus accrued distribution from and including 22 June 2020 to, but excluding, the New Securities Issue Date.
Form and Denomination.....	See "*Summary of the Offering – Form and Denomination*" in the Original Offering Circular.
Distributions........................	See "*Summary of the Offering – Distributions*" in the Original Offering Circular.
Distribution Rate	See "*Summary of the Offering – Distribution Rate*" in the Original Offering Circular.
Optional Deferral of Distributions	See "*Summary of the Offering – Optional Deferral of Distributions*" in the Original Offering Circular.
Arrears of Distribution.........	See "*Summary of the Offering – Arrears of Distribution*" in the Original Offering Circular.
Restrictions in the case of a Deferral	See "*Summary of the Offering – Restrictions in the case of a Deferral*" in the Original Offering Circular.
New Securities Issue Date .	30 June 2020.
Maturity Date	There is no maturity date.

Redemption at the Option of the Issuer	See "*Summary of the Offering – Redemption at the Option of the Issuer*" in the Original Offering Circular.
Redemption for Change of Control	See "*Summary of the Offering – Redemption for Change of Control*" in the Original Offering Circular.
Tax Redemption	See "*Summary of the Offering – Tax Redemption*" in the Original Offering Circular.
Redemption for accounting reasons	See "*Summary of the Offering – Redemption for accounting reasons*" in the Original Offering Circular.
Redemption for minimum outstanding amount	See "*Summary of the Offering – Redemption for minimum outstanding amount*" in the Original Offering Circular.
Governing Law	The New Securities, the Guarantee of the Securities and any non contractual obligations arising out of or in connection with such will be governed by, and construed in accordance with, English law.
Clearing Systems	The New Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the New Securities Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for New Securities will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement..	The New Securities have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS2132986741 Common Code: 213298674
Legal Entity Identifier (LEI)...	25490076V8K09HMNCT88
Fiscal Agent, Paying Agent and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited
Calculation Agent	The Hongkong and Shanghai Banking Corporation Limited
Registrar	The Hongkong and Shanghai Banking Corporation Limited
Listing	Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Securities by way of debt issues to Professional Investors only.
Use of Proceeds	See "*Use of Proceeds*" in this Offering Circular.

RECENT DEVELOPMENTS

The Recent Developments section appearing from page 92 to page 94 in the Original Offering Circular shall be deleted in its entirety and replaced with the following.

NWD's debt financing

On 18 July 2019, NWD issued U.S.$950 million in aggregate principal amount of 4.125 per cent. guaranteed notes due 2029 under the U.S.$4 billion guaranteed medium term note programme by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Guarantor.

On 24 July 2019, the Issuer issued U.S.$400 million in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

On 1 November 2019, the Issuer issued U.S.$400 million in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

On 19 May 2020, NWD issued U.S.$600 million in aggregate principal amount of 4.50 per cent. guaranteed notes due 2030 under the U.S.$6 billion guaranteed medium term note programme by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Guarantor.

On 22 June 2020, the Issuer issued U.S.$650 million in aggregate principal amount of 5.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

NWSH subsidiary won a bid for acquiring the concession right to operate Changliu Expressway in Hunan Province, the PRC

On 19 July 2019, Guangdong Xin Chuan Co., Ltd. ("**Xin Chuan**", an indirect wholly-owned subsidiary of NWSH) was determined as the winning bidder at an online public auction in its bid for acquiring the concession right (and other related rights and assets) to operate Changliu Expressway in Hunan Province, the PRC at the bid purchase price of RMB4,571.0 million (equivalent to approximately HK$5,194.3 million). As of the date of this Offering Circular, Xin Chuan has fully paid the bid purchase price and signed a concession right agreement with the Department of Transportation of Hunan Province, the PRC.

NWCL acquisition of the remaining 51 per cent. interest in Silvery Yield Development Limited

On 26 July 2019, Esteemed Sino Limited ("**Esteemed Sino**"), an indirect wholly-owned subsidiary of NWCL, entered into a sale and purchase agreement with Praiseworth International Limited ("**Praiseworth**") and Property Giant Investments Limited ("**Property Giant**"), which are wholly-owned by CTFEL, whereby Praiseworth and Property Giant agreed to sell and assign, and Esteemed Sino agreed to acquire 51 per cent. interest of the entire issued share capital of Silvery Yield Development Limited ("**Silvery Yield**") and accept the assignment of shareholders' loans owing from Silvery Yield to Praiseworth and Property Giant, for a consideration of RMB4,010.0 million (equivalent to approximately HK$4,556.8 million) (the "**Acquisition**"). Silvery Yield and its subsidiaries are principally engaged in the business of property development of Ningbo New World Plaza in Ningbo City, Zhejiang Province, the PRC. Completion of the Acquisition took place immediately after the signing of the Agreement and Silvery Yield became an indirect wholly-owned subsidiary of NWCL.

NWCL won the bidding of land use right in Hangzhou

On 30 July 2019, Honour Team International Limited ("**Honour Team**"), an indirect wholly-owned subsidiary of NWCL, won the bidding in respect of the state-owned construction land use right of a parcel of land in Wangjiang New Town, Shangcheng District, Hangzhou, PRC for residential, business commercial and public carparking development through listing-for-sale at a consideration of RMB9,791.9 million (equivalent to approximately HK$11,127.1 million). Upon Honour Team's fulfilment of the requirements and conditions under the listing-for-sale documents and the qualification examination conducted by Hangzhou Public Resource Trading Center (杭州市公共資源交易中心), Honour Team has entered into the grant contract for the state-owned construction land use right in Hangzhou with Hangzhou Bureau of Planning and Natural Resources (杭州市規劃和自然資源局) and Hangzhou Xinyu Industrial Development Co., Ltd. (杭州新蘊實業發展有限公司), a direct wholly-owned subsidiary of Honour Team has entered into the land transfer agreement with Hangzhou Land Reserve Center (杭州市土地儲備中心) on 7 April 2020.

NWCL disposal of interest in Hunan Success New Century Investment Company Limited

In September 2019, NWCL entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset held by Hunan Success New Century Investment Company Limited is Changsha La Ville New World.

Completion of the Acquisition of FTLife Insurance Company Limited

In December 2018, Earning Star Limited ("**Earning Star**"), an indirect wholly-owned subsidiary of NWSH, entered into a share purchase agreement with Bright Victory International Limited ("**Bright Victory**", an indirect wholly-owned subsidiary of Tongchuangjiuding Investment Management Group Co., Ltd. (同創九鼎投資管理集團股份有限公司)) and certain guarantors of Bright Victory in respect of the acquisition of the entire issued share capital of FTLife Insurance by Earning Star from Bright Victory at a total consideration of HK$21.5 billion (subject to adjustments) (the "**FTLife Acquisition**"). The FTLife Acquisition was completed on 1 November 2019, upon which FTLife Insurance became an indirect wholly-owned subsidiary of NWSH and an indirect non-wholly-owned subsidiary of NWD.

NWD disposal of its economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O in Hong Kong

On 25 February 2020, NWD entered into two agreements with MTR Corporation Limited to dispose of its economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O in Hong Kong at a total consideration of HK$3.0 billion.

The Group's 2019/2020 interim financial results

On 20 March 2020, the Group published its 2019/2020 Interim Report for the six months ended 31 December 2019.

For the six months ended 31 December 2019, revenues of the Group amounted to HK$32,464.4 million, reflecting a decrease of 34 per cent. compared to the six months ended 31 December 2018. This was mainly due to the decrease in contribution from property development in Hong Kong with no new project completion and decrease in contribution from strategic businesses such as facilities management and transport affected by social unrest in Hong Kong. For the six months ended 31 December 2019, profit attributable to shareholders of the Company amounted to

HK$1,017.3 million, and underlying profit amounted to HK$3,929.2 million which decreased by 27 per cent. compared to the six months ended 31 December 2018. For the six months ended 31 December 2018, the Group's underlying profit amounted to HK$5,396.1 million.

For the six months ended 31 December 2019, the basic earnings per share from underlying businesses of the Group decreased by 27 per cent. to HK$0.38 compared to the six months ended 31 December 2018. As at 31 December 2019, net gearing amounted to 42.2 per cent., an increase of 10.1 per cent. as compared to 32.1 per cent as at 30 June 2019.

Proposed share consolidation of NWD

On 27 April 2020, the board of directors of NWD announced its proposed implementation of share consolidation (the "**Share Consolidation**") on the basis that every four issued existing shares be consolidated into one consolidated share and to round down the number of consolidated shares in the issued share capital of NWD to the nearest whole number by disregarding each and every fractional consolidated share which would otherwise arise therefrom. Subject to the fulfilment of the relevant conditions, the Share Consolidation has taken effect on 23 June 2020 upon which the number of NWD's shares reduced from 10,196,477,123 as at 22 June 2020 to 2,549,116,921.

NWDS' expected financial results for the year ending 30 June 2020

In view of the COVID-19 outbreak, emergency public health measures such as quarantine orders and restrictions on travel and commercial activities have been implemented in the PRC since January 2020. As department store retail is the core business of NWDS and its consolidated subsidiaries (together, the "**NWDS Group**"), the nationwide lockdown in the PRC has materially affected the business performance of NWDS Group since the beginning of 2020. It is expected that NWDS Group will record a material reduction in profit attributable to shareholders for the financial year ending 30 June 2020 as compared with the same period in 2019. NWDS also expects that it may recognise an impairment loss on non-current assets including goodwill for the financial year ending 30 June 2020.

NWS' expected financial results for the year ending 30 June 2020

In view of the COVID-19 outbreak, there have been significant impacts on the financial results of NWS and its consolidated subsidiaries (together, the "**NWS Group**") since January 2020. From 17 February 2020 to 5 May 2020, no toll fee was collected for toll roads and expressways in the PRC operated by NWS Group due to toll fee exemption implemented by the local government. The number of passengers for local bus services also substantially reduced. Restrictions on travel and gatherings also impacted the business of Hong Kong Convention and Exhibition Centre and NWS Group's duty free shops. As a result, NWS Group expects a significant decrease in its revenue for its roads, transport and facilities management segments. In light of the low interest rate and adverse economic environment, there may be potential declines in valuation of certain investments and financial instruments of NWS Group and provisions or impairments may be required for NWS Group's business segments. Subject to market conditions, it is currently expected that NWS Group will record a significant decrease in its profit attributable to shareholders for the financial year ending 30 June 2020 as compared with the same period in 2019.

USE OF PROCEEDS

The gross proceeds from the issue of the New Securities will be U.S.$200,400,000 which, following deduction of commission and other transaction expenses, will be used for the Guarantor's general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Guarantor

As at 31 December 2019, the issued share capital of the Guarantor was approximately 10,226.4 million ordinary shares[1].

The following table sets forth the total capitalisation and indebtedness of the Guarantor as at 31 December 2019, which has been extracted from the unaudited condensed consolidated statement of financial position of the Guarantor as at the same date. This table should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2019 and the notes thereto.

	As at 31 December 2019		
	Actual	**As Adjusted**	**As Adjusted**
	HK$ million	*HK$ million*	*US$ million*(1)
Current portion of borrowings and other interest-bearing liabilities			
Short-term borrowings and current portion of long-term borrowings and other interest-bearing liabilities	44,931.9	44,931.9	5,760.5
Non-current portion of borrowings and other interest-bearing liabilities			
Long-term borrowings and other interest-bearing liabilities(2)	141,163.7	141,163.7	18,097.9
Total borrowings and other interest-bearing liabilities	186,095.6	186,095.6	23,858.4
Shareholders' funds			
Share capital	77,939.6	77,939.6	9,992.2
Reserves	138,334.3	138,334.3	17,735.2
	216,273.9	216,273.9	27,727.4
Perpetual capital securities	30,447.1	30,447.1	3,903.5
Original Securities(3)	-	5,070.0	650.0
New Securities to be issued(4)	-	1,560.0	200.0
Total capitalisation(5)	387,884.7	394,514.7	50,578.8
Current portion of total borrowings and total capitalisation	432,816.6	439,446.6	56,339.3

Notes:

(1) A rate of HK$7.80 to US$1.00 was adopted for the conversion of Hong Kong dollars to US dollars.

(2) On 19 May 2020, NWD (MTN) Limited issued U.S.$600 million in aggregate principal amount of 4.50 per cent. guaranteed notes due 2030 under the U.S.$6 billion guaranteed medium term note programme

[1] On 27 April 2020, the board of directors of the Guarantor announced its proposed implementation of share consolidation. The share consolidation has taken effect on 23 June 2020. For further details, please see "*Recent Developments - Proposed share consolidation of NWD*".

which are unconditionally and irrevocably guaranteed by the Guarantor, which have not been accounted for in this table.

(3) On 22 June 2020, the Issuer issued U.S.$650 million 5.25 per cent. guaranteed senior perpetual capital securities guaranteed by the Guarantor.

(4) New Securities to be issued represent the aggregate principal amount of the New Securities, without taking into account, and before deduction of underwriting fees and commissions, and other estimated transaction expenses payable.

(5) Total capitalisation represents non-current portion of borrowings and other interest-bearing liabilities, shareholders' funds, perpetual capital securities issued as at 31 December 2019, Original Securities and New Securities to be issued.

Other than as stated herein, there has been no material change in the capitalisation and indebtedness of the Guarantor since 31 December 2019.

Capitalisation and Indebtedness of the Issuer

As at 2 April 1992, the date of its incorporation, NWD Finance (BVI) Limited was authorised to issue a maximum of 50,000 U.S.$1.00 par value shares of a single class and series, of which one share is held by the Guarantor. As at the date of this Offering Circular, NWD Finance (BVI) Limited has issued securities in an aggregate principal amount of U.S.$3,150,000,000.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Manager dated 23 June 2020 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to sell to the Manager, and the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the New Securities at an issue price of 100.20 per cent. of their principal amount (the "**Issue Price**") plus accrued distribution from and including 22 June 2020 to, but excluding, the New Securities Issue Date. Any subsequent offering of Securities to investors may be at a price different from such Issue Price.

The Subscription Agreement provides that each of the Issuer and the Guarantor will indemnify the Manager against certain liabilities in connection with the offer and sale of the New Securities. The Subscription Agreement provides that the obligations of the Manager are subject to certain conditions precedent, and entitles the Manager to terminate it in certain circumstances prior to payment being made to the Issuer.

The Manager and certain of its affiliates may have performed certain investment banking and advisory services for the Guarantor and/or its affiliates from time to time for which it has received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Guarantor and/or its affiliates in the ordinary course of their business.

The Manager or certain of their respective affiliates may purchase the New Securities for asset management and/or proprietary purposes but not with a view to distribution.

The Manager or its affiliates may purchase the New Securities for its own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the New Securities and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the New Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the New Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the New Securities).

In connection with the issue of the New Securities, the Stabilising Manager may over-allot New Securities or effect transactions with a view to supporting the price of the New Securities at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the New Securities 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 New Securities and 60 days after the date of the allotment of the New Securities. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the New Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Manager that would permit a public offering of the New Securities, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the New Securities, in any country or jurisdiction where action for that purpose is required.

United States

The New Securities and the Guarantee of the Securities have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state law. The Manager has represented that it has not offered or sold, and has agreed that it will not offer or sell, any New Securities and the Guarantee of the Securities constituting part of its allotment within the United States, and any offers and sales will be made in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, none of the Manager, its affiliates or any persons acting on their behalf have engaged in, or will engage in, any directed selling efforts with respect to the New Securities and the Guarantee of the Securities. Terms used in these paragraphs have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the New Securities and the Guarantee of the Securities, an offer or sale of the New Securities or the Guarantee of the Securities within the United States by any "dealer" (as defined in the Securities Act), whether or not participating in the offering, may violate the registration requirements of the Securities Act.

United Kingdom

The Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any New Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Securities in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA and UK Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any New Securities to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Hong Kong

The Manager has represented, warranted and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document or otherwise, any New Securities other than:

    (i) to "**Professional Investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or

    (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong (the "**C(WUMP)O**") and 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, any advertisement, invitation or document relating to the New Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong or otherwise is or contains an invitation to the public (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Securities which are or are intended to be disposed of only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China

The Manager has represented, warranted and undertaken that the New Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

The Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Manager has represented, warranted and agreed that it has not offered or sold any New Securities or caused the New Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any New Securities or cause the New Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Securities 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.

Japan

The New Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**") and, accordingly, the Manager has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any New Securities in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan. For the purposes of this paragraph, "**Japanese Person**" shall mean any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No 228 of 1949, as amended)).

British Virgin Islands

The Manager has represented, warranted and undertaken that the New Securities have not been and will not be offered to members of the public or any other person in the British Virgin Islands.

GENERAL INFORMATION

1. **Clearing Systems:** The New Securities have been accepted for clearance through Euroclear and Clearstream under Common Code number 213298674 and the International Securities Identification Number for the New Securities is XS2132986741.

2. **Listing of Securities:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Securities by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the New Securities on the Hong Kong Stock Exchange will commence on or around 2 July 2020.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the New Securities. The issue of the New Securities was authorised by resolutions of the directors of the Issuer dated as at 4 March 2020. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the provision of and performance of its obligations under the Guarantee of the Securities. The provision of the Guarantee of the Securities was authorised by resolutions of the Board of Directors of the Guarantor dated as at 4 March 2020.

4. **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of the Guarantor and the Group since 31 December 2019.

5. **Litigation:** Neither the Guarantor, the Issuer nor any of the subsidiaries of the Guarantor is involved in any litigation or arbitration proceedings that the Guarantor believes are material in the context of the New Securities or the Guarantee of the Securities nor is the Issuer nor the Guarantor aware that any such proceedings are pending or threatened.

6. **Available Documents:** A copy of the Guarantor's annual report for the year ended 30 June 2019, a copy of the Guarantor's 2019/2020 Interim Report, and copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee will be available for inspection by the Holders from the New Securities Issue Date, at the specified office of the Paying Agent during normal business hours, so long as any of the Securities is outstanding.

7. **Auditor:** The consolidated financial statements of the Guarantor for the year ended 30 June 2019 have been audited by PricewaterhouseCoopers, Certified Public Accountants. The 2019/2020 Interim Financial Statements has not been audited or reviewed by the auditor of the Guarantor.

8. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 25490076V8K09HMNCT88.

ANNEX I

[*Original Offering Circular to be appended*]

IMPORTANT NOTICE

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

Important: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of this 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.

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 U.S. 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, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. 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. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of the 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. This Offering Circular is being sent at your request and by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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 jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

The materials relating to any 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 such 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, such 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 the 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 or the Joint Lead Managers (as defined in the Offering Circular), any person who controls a Joint Lead Manager, any director, officer, employee or agent of the Issuer, the Guarantor or a Joint Lead Manager or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Offering Circular distributed to you in electronic format and the hard copy version available to you on request from a Joint Lead Manager.

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.

Actions that you may not take: If you receive this document by e-mail, you should not reply by email to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "**Reply**" function on your e-mail software, will be ignored or rejected.

NWD FINANCE (BVI) LIMITED

(*incorporated with limited liability under the laws of the British Virgin Islands*)

U.S.$650,000,000 5.25 per cent. Guaranteed Senior Perpetual Capital Securities Guaranteed by

New World Development Company Limited

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

Issue Price: 100.00 per cent.

The 5.25 per cent. Guaranteed Senior Perpetual Capital Securities (the "**Securities**") will be issued in an initial aggregate principal amount of U.S.$650,000,000 by NWD Finance (BVI) Limited (the "**Issuer**") and the due and punctual payment of all sums payable by the Issuer in respect of the Securities will be unconditionally and irrevocably guaranteed (the "**Guarantee of the Securities**") by New World Development Company Limited (the "**Guarantor**"). The Securities confer a right to receive distributions (each a "**Distribution**") at the applicable rate of distribution (the "**Distribution Rate**"). Subject to the Conditions, the Distribution Rate applicable to the Securities shall be: (i) from, and including, 22 June 2020 (the "**Issue Date**") to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and (ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*") falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate (as defined in "*Terms and Conditions of the Securities – Distribution – Distribution Deferral – Definitions*"). Subject to the provisions of the Securities relating to deferral of Distribution (see "*Terms and Conditions of the Securities – Distribution – Distribution Deferral*"), Distribution is payable semi-annually in arrear on 22 June and 22 December of each year (each a "**Distribution Payment Date**") with the first Distribution Payment Date falling in December 2020.

The Issuer may, at its sole discretion, elect to defer a Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by providing holders of the Securities ("**Holders**") with not more than 10 nor less than 5 Business Days' (as defined in "*Terms and Conditions of the Securities")* notice prior to the relevant Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date an Optional Deferral Event (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*") has occurred. Any Distribution so deferred shall constitute "**Arrears of Distribution**". Each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Securities at the Distribution Rate and the amount of such interest payable thereon shall be calculated by applying the Distribution Rate to the amount of the Arrears of Distribution as described in "*Terms and Conditions of the Securities — Distribution — Cumulative Deferral*" The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement and is not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred. See "*Terms and Conditions of the Securities — Distribution — Distribution Deferral*".

The Securities are perpetual securities and have no fixed final redemption date. The Issuer may redeem the Securities in whole, but not in part, on any business day on or after 22 March 2026 at 100 per cent. of their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (as defined in "*Terms and Conditions of the Securities*") (if any) and Distribution (if any) accrued to the date fixed for redemption on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant date for redemption). The Securities may also be redeemed in whole, but not in part, at the option of the Issuer, subject to certain provisos, at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption: (i) upon the occurrence of any change or amendment to the Relevant Accounting Standard (as defined in "*Terms and Conditions of the Securities — Redemption and Purchase — Redemption for Accounting Reasons")* such that the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard; or (ii) upon the occurrence of a change in, or amendment to, the laws or regulations of the British Virgin Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 16 June 2020 such that the Issuer or the Guarantor would be required to pay additional amounts in respect of the Securities or the Guarantee of the Securities and such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it or (iii) if at least 75 per cent. in principal amount of the Securities originally issued has been redeemed or purchased and cancelled. Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent (in accordance with the "*Terms and Conditions of the Securities*") by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control (as defined in "*Terms and Conditions of the Securities — Distribution — Distribution Deferral —Definitions*"), stipulating that a Change of Control has occurred and whether or not it will redeem the Securities at their principal amount together with Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amounts, if any). See "*Terms and Conditions of the Securities — Redemption and Purchase*". If the Issuer does not give such notice, the Distribution Rate shall increase by 3.00 per cent. per annum with effect from the next Distribution Payment Date, as set out in "*Terms and Conditions of the Securities*".

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

The 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 Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Securities or the Issuer or 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 document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Investing in the Securities involves certain risks. See "*Risk Factors*" beginning on page 12.

The Securities and the Guarantee of the Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Securities and the distribution of this Offering Circular, see "*Subscription and Sale*".

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

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC **UBS** **Mizuho Securities** **J.P. Morgan**

Joint Lead Manager

HeungKong Financial

Offering Circular dated 16 June 2020

IMPORTANT NOTICE

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 "**Listing Rules**") for the purpose of giving information with regard to the Issuer, the Guarantor, the Securities and the Guarantee of the Securities. 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. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (together, the "Group"), the Securities and the Guarantee of the Securities, which is material in the context of the issue and offering of the Securities; (ii) the statements contained herein relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed 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 Securities or the Guarantee of the Securities, the omission of which would, in the context of the issue and offering of the Securities, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Securities described in this Offering Circular. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers (as defined herein) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Securities or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Securities, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Securities and distribution of this Offering Circular, see "*Subscription and Sale*".

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor and the Group, the Securities or the Guarantee of the Securities other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, Mizuho Securities Asia Limited, J.P. Morgan Securities plc, HeungKong Securities Limited (together, the "**Joint Lead Managers**") or the Agents (as defined in the Terms and Conditions of the Securities (the "**Conditions**")). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Securities shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers or the Agents to subscribe for or purchase any of the Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty, express or implied, by the Joint Lead Managers or the

Agents. The Joint Lead Managers have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Guarantor, any member of the Group, the Joint Lead Managers or the Agents that any recipient of this Offering Circular should purchase the Securities. Each potential purchaser of the Securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Securities should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

To the fullest extent permitted by law, none of the Joint Lead Managers or the Agents or any of their respective affiliates, directors or advisers accepts any responsibility for the contents of this Offering Circular. The Joint Lead Managers and the Agents and their respective affiliates, directors or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers or the Agents or any of their respective affiliates, directors or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Securities of any information coming to the attention of the Joint Lead Managers or the Agents.

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. Listing of the Securities on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Securities. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the Conditions, 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 Securities. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Joint Lead Managers or any person affiliated with a Joint Lead Manager in connection with its investigation of the accuracy of such information or its investment decision.

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, THE JOINT LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF SUCH JOINT LEAD MANAGER) (THE "STABILISING MANAGER") MAY OVER ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER STABILISATION MAY NOT OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

PRIIPs REGULATION/PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS: The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (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. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or

selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

SINGAPORE 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 Securities are 'prescribed capital markets products' (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Issuer*", "*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. The Issuer, the Guarantor and the directors, employees and agents of the Issuer and the Guarantor, respectively do not assume: (i) 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 or the Guarantor's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based or (ii) any liability in the event that any of the forward-looking statements does not materialise or turns out to be incorrect. 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.

CERTAIN DEFINED TERMS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained here. Unless indicated otherwise, in this Offering Circular all references to (i) to "**Issuer**" are to NWD Finance (BVI) Limited, (ii) the "**Guarantor**" or "**NWD**" are to New World Development Company Limited, and (iii) the "**Group**" are to New World Development Company Limited and its direct and indirect subsidiaries, taken as a whole unless the context otherwise indicated.

In this Offering Circular, unless otherwise specified or the context requires, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People Republic of China, all references to the "**PRC**" or to "**Mainland China**" are to the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan, all references to "**U.S.**" are to the United States of America, all references to "**Hong Kong dollars**", "**HK dollars**", "**HK$**" or "**cents**" are to the lawful currency of Hong Kong, all references herein to "**U.S. dollars**" or "**U.S.$**" are to the lawful currency of the U.S., all references to "**HKFRS**" are to Hong Kong Financial Reporting Standards, all references to "**MW**" are to megawatts.

This Offering Circular contains translations of certain HK dollar amounts into U.S. dollars, and *vice versa,* at specific rates solely for the convenience of the reader. For convenience only and unless otherwise noted, all translations between HK dollars and U.S. dollars in this Offering Circular were made at the rate of HK$7.80 to U.S.$1.00. Such translations should not be construed as representations that the Hong Kong dollar and U.S. dollar amounts referred to herein could have been, or could be, converted into U.S. dollars or Hong Kong dollars, as the case may be, at that or any other rate or at all.

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. References to information in billions of units are to the equivalent of a thousand million units.

INCORPORATION BY REFERENCE AND PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Guarantor for the year ended 30 June 2019 (the "**2019 Audited Financial Statements**"), which are contained in page 124 to page 239 of the 2019 annual report of the Guarantor and the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2019 (the "**2019/2020 Interim Financial Statements**"), which are contained in page 16 to page 51 of the 2019/2020 Interim Report of the Guarantor, are incorporated by reference in this Offering Circular. Copies of the 2019 Audited Financial Statements and 2019/2020 Interim Financial Statements are available and may be downloaded free of charge from the Hong Kong Stock Exchange website on the internet at https://www.hkexnews.hk/.

This Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 30 June 2019 and 2018, which has been extracted from the 2019 Audited Financial Statements of the Guarantor. The 2019 Audited 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 ("**HKICPA**").

This Offering Circular also contains summary consolidated financial information of the Guarantor as at and for the six months ended 31 December 2019 (the "**2019/2020 Interim Financial Information**"), which has been extracted from the 2019/2020 Interim Financial Statements. The 2019/2020 Interim Financial Information of the Guarantor was prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The 2019/2020 Interim Financial Information of the Guarantor as at and for the six months ended 31 December 2018 and 2019 have not been audited or reviewed by the Guarantor's auditor. Consequently, the 2019/2020 Interim Financial Information should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results. In addition, the 2019/2020 Interim Report should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 30 June 2020. In preparing the 2019/2020 Interim Financial Information, the Guarantor has adopted HKFRS 16 and Amendments to HKAS 28 with effect from 1 July 2019 and has not restated comparatives for the year ended 30 June 2019. The Group has also adopted new accounting policies upon acquisition of insurance business in preparing the 2019/2020 Interim Financial Statements. Therefore, the 2019/2020 Interim Financial Information is not comparable with the consolidated financial statements for the years ended 30 June 2018 and 2019. For more information on the impact on the adoption of HKFRS 16 and Amendments to HKAS 28, please refer to the 2019/2020 Interim Financial Information and the notes therein[(1)].

Note:

(1) Note 2 from the 2019/2020 Interim Financial Information

Changes in /adoption of accounting policies

The Group has adopted HKFRS 16 and Amendments to HKAS 28 from 1 July 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. As allowed in the transitional provision in the standards comparative figures is not restated.

Effects of adoption of HKFRS 16

On adoption of HKFRS 16 using modified retrospective approach on lease-by-lease basis, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases" ("**HKAS 17**"). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

Right-of-use assets at initial recognition is measured at either:

- the carrying amount of leases as if HKFRS 16 had been applied since the lease commencement date, discounted using the lessee's incremental borrowing rate as at 1 July 2019; or
- an amount equal to lease liabilities, adjusted by the prepaid or accrued lease payments relating to the lease immediately before 1 July 2019.

As a result of adoption of HKFRS 16, the obligations under finance leases recognised and the operating lease commitments as disclosed at 30 June 2019, adjusted by the effect of discounting and changes in index or rates affecting variable payments, exclusion of short-term leases and low-value asset leases and assessment of extension and termination options and contracts being reassessed as service agreements are combined as lease liabilities of HK$6,452.6 million and recognised as at 1 July 2019. The amount of lease liabilities was split into current portion and non-current portion of HK$988.5 million and HK$5,464.1 million respectively. The weighted average lessee's incremental borrowing annual rates applied to the lease liabilities on 1 July 2019 were 3.79% for leases in Hong Kong and 5.06% for leases in Mainland China.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to apply HKFRS 16 to contracts that were not identified as containing a lease under HKAS 17 and HK(IFRIC) – Interpretation 4 "Determining whether an Arrangement contains a Lease".

Effects of adoption of Amendments to HKAS 28

The amendments clarify the accounting for long-term interests in an associated company or joint venture, which in substance form part of the net investment in the associated company or joint venture, but to which equity accounting is not applied. The Group is required to account for such interests under Hong Kong Financial Reporting Standard 9 "Financial Instrument" ("**HKFRS 9**") before applying the loss allocation and impairment requirements in HKAS 28.

On the adoption of Amendments to HKAS 28, the Group has recognised a loss allowance of HK$874.8 million as at 1 July 2019 against the non-current receivables from the joint ventures. The loss allowance is measured as either 12-month expected credit loss or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition of the non-current receivables.

The effect of the adoption of HKFRS 16 and Amendments to HKAS 28 on the Group's financial position is as follows:

	As at 30 June 2019 HK$m	Effects of the adoption of HKFRS 16 HK$m	Effects of the adoption of Amendments to HKAS 28 HK$m	As at 1 July 2019 HK$m
Condensed consolidated statement of financial position (extract)				
Non-current assets				
Property, plant and equipment	31,024.1	(1,862.4)	-	29,161.7
Right-of-use assets	-	7,813.1	-	7,813.1
Land use rights	1,213.9	(1,213.9)	-	-
Interests in joint ventures	50,865.5	(10.8)	(874.8)	49,979.9
Interests in associated companies	25,331.9	(0.7)	-	25,331.2
Deferred tax assets	763.5	34.3	-	797.8
Other non-current assets	14,644.3	59.1	-	14,703.4
Current assets				
Debtors, prepayments, premium receivables and contract assets	25,722.0	116.6	-	25,838.6
Equity				
Reserves				
- Retained profits	136,730.0	(756.6)	(874.8)	135,098.6
Non-controlling interests	29,994.5	(278.8)	-	29,715.7
Non-current liabilities				
Lease liabilities	-	5,464.1	-	5,464.1
Deferred tax liabilities	10,371.1	13.9	-	10,385.0
Other non-current liabilities	1,191.7	(439.1)	-	752.6
Current liabilities				
Creditors, accrued charges, payables to policyholders and contract liabilities	48,753.0	(56.7)	-	48,696.3
Lease liabilities	-	988.5	-	988.5

Adoption of accounting policies upon acquisition of insurance business

The Group completed its acquisition of the entire equity interest in FTLife Insurance Company Limited ("**FTLife Insurance**") on 1 November 2019 which resulted in adoption of the following accounting policies used in the preparation of the Interim Financial Statements.

(i) Product classification

The Group's insurance business issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts for which the Group has accepted significant insurance risk from policyholders providing coverage for death, accident and sickness at the inception of the contract. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. The Group also accepts financial risk on insurance contracts. Financial risk is the risk of a possible future change in a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables.

Investment contracts are those contracts on which the Group accepts financial risk but that do not transfer significant insurance risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

(ii) Insurance contract liabilities

Insurance contract liabilities represent net future policy liabilities as determine by the appointed actuary of the Group using a net level premium approach.

The provision for life insurance contracts with fixed level premiums is calculated on the basis of the prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing. The liability is determined as the sum of the expected discounted value of the benefit payments, less the expected discounted value of the theoretical premiums that would be required to meet the benefits, based on the valuation assumptions as to mortality, lapse rate, expense and investment income that are appropriate at the time of valuation. Changes to the liabilities at each reporting date are recorded in the profit or loss for the year as an expense. The liabilities on yearly renewable premium contracts are the liabilities for the unexpired risks carried at the end of the reporting period. The liability is derecognised when the contract expires, is discharged or is cancelled.

(iii) Investment contract liabilities

Liabilities for investment contracts are carried at fair values through accumulated cash flows plus investment income credited to the contracts, either at the discretion of the Group or linked to the changes in unit fund values.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the consolidated statements of financial position.

Fees charged and investment income received are recognised in the profit or loss for the year when earned.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

(iv) Reinsurance

The Group cedes insurance risk in the normal course of business for its insurance contracts. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the insurance contract liabilities and are in accordance with the reinsurance contract and are accounted for in the same period as the underlying claim.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the profit or loss for the year.

Reinsurance arrangements do not relieve the Group from its obligations to policyholders.

(v) Value of business acquired ("**VOBA**")

VOBA, in respect of a portfolio of long-term insurance and investment contracts, is an intangible asset that reflects the estimated fair value of inforce contracts in acquisition of an insurance company and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the business in-force at the acquisition date. VOBA is based on actuarially determined projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns and other factors. VOBA is amortised over the estimated life of the contracts in the acquired portfolio on a systematic basis. The rate of amortisation reflects the profile of the value of in-force business acquired. The carrying value of VOBA is reviewed annually for impairment and any reduction is charged to the consolidated income statement.

(vi) Deferred acquisition costs ("**DAC**")

The direct acquisition costs and a portion of indirect acquisition costs relating to the production of new business are deferred so far as there are sufficient margins in the future profits of the new business to fund the amortisation of DAC. DAC include first year commissions and other costs related to the acquisition of new business. All other acquisition costs and all maintenance costs are expensed as and when incurred. The Group has adopted an approach by which DAC of new business are amortised according to the expected future premiums or charges and actual persistency.

(vii) Liability adequacy test

A liability adequacy test is performed at each reporting date to verify whether the insurance contract liabilities, net of deferred acquisition cost and value of business acquired, are adequate using current estimates of future cash flows under the insurance contracts. The liability value is adjusted if insufficient to meet future obligations, taking into account future premiums, investment income, benefits and expenses and cash flows from embedded options and guarantees. If the test shows that a deficiency exists, the shortfall is immediately recorded in the profit or loss for the year.

(viii) Premiums

Premiums in respect of traditional policies and group policies are recognised as income as and when they fall due, whereas those in respect of universal life and unit-linked contracts are accounted for as they are received.

Premiums on reinsurance contracts that transfer underwriting risk are expensed as incurred. Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

(ix) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services and investment management services. The policy administration fee is recognised as revenue over time when services are rendered. Investment management fees related to asset management services are recognised over time when services are rendered.

(x) Benefits and insurance claims

Death claims and surrenders are recorded when notifications have been received. Maturities and annuity payments are recorded when due. Benefits recorded are then accrued to the liability.

(xi) Commissions

Commissions and bonuses payable to agents for the first policy year are included as a component of deferred acquisition costs.

Commissions received on reinsurance policies that transfer underwriting risk are recognised as income at the same time as the reinsurance premiums are accounted for.

(xii) Premiums receivables

Premiums receivables represent premiums which are due for payment. The Group normally allows policyholders to make payment within a grace period of one month from the due date. The grace period may be extended by one further month by management purely on a discretionary basis. Insurance policies continue in force if default premiums are settled before the expiry of the grace period.

Premiums receivables are stated at amortised cost using the effective interest rate method less provision for impairment.

(xiii) Adoption of overlay approach in accordance with HKFRS 4 (Amendment)

The Group elected to apply an "overlay approach" in accordance with HKFRS 4 (Amendments) "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts" which allows the Group to reclassify fair value gain or loss from consolidated income statement to other comprehensive income for those eligible financial assets previously classified as available-for-sale financial assets under HKAS 39 but currently classified as financial assets at fair value through profit or loss under HKFRS 9.

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SUMMARY

NWD is the holding company of one of the largest Hong Kong-based property developers listed on the Hong Kong Stock Exchange in terms of market capitalisation. Established in 1970, NWD was listed on the Hong Kong Stock Exchange in 1972 and its shares are currently a constituent stock of the Hang Seng Index. As at 31 December 2019, based on the closing price of its shares on the Hong Kong Stock Exchange, NWD had a market capitalisation of approximately HK$109,218.0 million.

The Group's operations are based primarily in Hong Kong, Macau and the PRC, and include business activities in the following segments:

- *Property:* The Group is one of the major property developers and investors in Hong Kong and the PRC and is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment property portfolio comprising shopping malls, offices, hotels and serviced apartments. The Group undertakes its property development and investment businesses in the PRC primarily through NWCL, its subsidiaries, associated companies and joint ventures (the "**NWCL Group**").

- *Service:* The Group, through NWSH and its subsidiaries, associated companies and joint ventures (the "**NWSH Group**"), is engaged in a diversified range of service businesses including construction, facilities management, transport and strategic investments in Hong Kong, Macau and the PRC.

- *Infrastructure:* The Group is one of the largest foreign investors and operators of infrastructure projects in Hong Kong, Macau and the PRC. Its infrastructure portfolio comprises roads, aviation, environment and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.

- *Hotels:* As at 31 December 2019, the Group owned a total of 17 hotel properties in Hong Kong, Mainland China and Southeast Asia, providing more than 7,400 guest rooms.

- *Department Stores:* As at 31 December 2019, the Group, through NWDS and its subsidiaries, operated and managed 31 department stores and shopping malls in the PRC.

Within the business segments, the Group focuses on its current core businesses, which include property development, property investment, roads, aviation and construction.

The following sets forth an overview of the Group's organisation structure showing its principal functional units and business activities as at 31 December 2019:

新世界發展有限公司
New World Development Company Limited
HK stock code: 17

Hong Kong Property
Development and Investment

NWSH (HK stock code: 659)	NWCL	NWDS (HK stock code: 825)
Infrastructure & Service	Mainland Property	Mainland Department Store
Approximately 61 per cent.	100 per cent.	Approximately 75 per cent.

SUMMARY OF THE OFFERING

The following is a summary of the terms and conditions of the Securities. For a more complete description of the Securities, see "*Terms and Conditions of the Securities*". Terms used in this summary and not otherwise defined shall have the meanings given to them in "*Terms and Conditions of the Securities*".

Issuer..................................	NWD Finance (BVI) Limited
Guarantor	New World Development Company Limited
Issue	U.S.$650,000,000 guaranteed senior perpetual capital securities
Guarantee...........................	The Guarantor will, in the Deed of Guarantee, unconditionally and irrevocably guarantee the due and punctual payment of all sums payable by the Issuer in respect of the Securities.
Status of the Securities	The Securities will constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which will rank *pari passu* without any preference 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.
Status of the Guarantee of the Securities	The Guarantee of the Securities will constitute a direct, general, unsecured, unconditional and unsubordinated obligation of the Guarantor which will rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Issue Price..........................	100.00 per cent.
Form and Denomination.....	The Securities will be issued in registered form in the denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.
Distributions........................	Subject to Condition 4(c), the Securities confer a right to receive distribution (each a "**Distribution**") from 22 June 2020 (the "**Issue Date**") at the applicable Distribution Rate payable semi-annually in arrear on 22 June and 22 December of each year, with the first Distribution Payment Date falling in December 2020.
Distribution Rate	Subject to Condition 4(c) (Increase in Distribution following a Change of Control), the rate of distribution (the "**Distribution Rate**") applicable to the Securities shall be: (i) from, and including, the Issue Date to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and (ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date (as defined in Condition 4(d)(viii) (*Definitions*)) falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate (as defined in Condition 4(d)(viii) (*Definitions*)).

Upon the occurrence of a Change of Control, unless an irrevocable notice to redeem the Securities has been given to Holders by the Issuer pursuant to Condition 5(e) (*Redemption and Purchase — Redemption for Change of Control*) by the 30th day following the occurrence of the Change of Control, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (i) the next Distribution Payment Date; or (ii) if the date on which a Change of Control occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date.

If following an increase in the Distribution Rate upon the occurrence of a Change of Control pursuant to Condition 4(c)(i) (*Increase in Distribution Rate*) such Change of Control is cured, remedied, no longer applicable or no longer continuing, then upon notification to the Holders and the Fiscal Agent accompanied by a certificate, signed by two directors of the Guarantor, stating that the Change of Control has been cured, remedied, is no longer applicable or is no longer continuing (as the case may be) and setting out the details of such circumstances, the Distribution Rate will decrease by 3.00 per cent. per annum with effect from the next Distribution Payment Date immediately following the date of such notification, provided that the maximum aggregate decrease in the Distribution Rate pursuant to Condition 4(c)(ii) shall be 3.00 per cent.

Optional Deferral of Distributions	The Issuer may, at its sole discretion, elect to defer Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice to the Holders not more than ten nor less than five Business Days prior to a scheduled Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date no dividend, distribution or other payment has been paid or declared by the Issuer or the Guarantor on or in respect of its Junior Securities or its Parity Securities (except in connection with any benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants) (an "**Optional Deferral Event**"). Any Distribution so deferred shall bear interest as if it constituted the principal of the Securities at the Distribution Rate. The Issuer may further defer any Arrears of Distribution by complying with the foregoing notice requirement. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution can be deferred.
Arrears of Distribution.........	Any Distribution not paid on a Distribution Payment Date shall constitute an "**Arrears of Distribution**". Arrears of Distribution (a) may be satisfied by the Issuer (in whole or in part) at any time by giving notice of such election to Holders and the Fiscal Agent not more than 20 nor less than 10 Business Days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution on the payment dates specified in such notice) and (b) must be satisfied in certain other circumstances in accordance with Condition 4(vi)(B).

Restrictions in the case of a Deferral	If on any Distribution Payment Date, payment of all Distribution payments scheduled to be made on such date is not made in full by reason of Condition 4(d) (*Distribution – Distribution Deferral*), the Issuer and the Guarantor shall not: (1) declare or pay any discretionary dividends or distributions or make any other discretionary payment on, and will procure that no discretionary dividend, distribution or other discretionary payment is made on any of its Junior Securities or (except on a *pro-rata* basis) its Parity Securities **provided that** such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or (2) at its discretion redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities, **provided that** such restriction shall not apply to an exchange by the Issuer or the Guarantor of any of its Parity Securities for Junior Securities, or in relation to Parity Securities, on a *pro-rata* basis, each case unless and until (i) the Issuer or the Guarantor has satisfied, in full all outstanding Arrears of Distribution; or (ii) is permitted to do so by an Extraordinary Resolution (as defined in the Agency Agreement) of the Holders.
Issue Date	22 June 2020.
Maturity Date	There is no maturity date.
Redemption at the Option of the Issuer	The Securities may be redeemed at the option of the Issuer in whole, but not in part, on any business day on or after 22 March 2026 (each, a "**Call Date**") on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Date at their principal amount plus Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any).
Redemption for Change of Control	Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent (in accordance with the Terms and Conditions of the Securities) by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control, stipulating that a Change of Control has occurred and whether or not it will redeem the Securities pursuant to the Terms and Conditions of the Securities; a notice given by the Issuer stipulating that it will redeem the Securities shall: (A) stipulate the Change of Control Call Date; (B) be irrevocable; and (C) oblige the Issuer to redeem the Securities on the Change of Control Call Date at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any).

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

(i) any Person or Persons acting together acquires 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;

(ii) 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; or

(iii) one or more Persons acquires the beneficial ownership of all or substantially all of the Guarantor's issued share capital;

The "**Change of Control Call Date**" shall be a date not less than 30 nor more than 60 days from the date of the notice referred to in the paragraph above.

"**Control**" means the acquisition or control of more than 50 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.

Tax Redemption .... The Issuer may at its option redeem the Securities in whole but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if:

(1) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in the Terms and Conditions of the Securities as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 June 2020; (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it: or

(2) (A) the Guarantor has or (if a demand was made under the Guarantee of the Securities) would become obliged to pay additional amounts as provided or referred to in the Terms and Conditions of the Securities or the Guarantee of the Securities, or the Guarantor has or will become obliged to make any such withholding or deductions as to referred to in Terms and Conditions of the Securities or the Guarantee of the Securities as the

case may be, from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Securities, in either case 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 16 June 2020 and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it.

Redemption for accounting reasons	The Issuer may redeem the Securities in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount), if, as a result of any changes or amendments to the Relevant Accounting Standard (as defined in Condition 5(c) (*Redemption and Purchase – Redemption for accounting reasons*)), the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "**equity**" of the Guarantor on a consolidated basis pursuant to the Relevant Accounting Standard.
Redemption for minimum outstanding amount	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Holders (which notice will be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any) if prior to the date of such notice at least 75 per cent. in principal amount of the Securities originally issued (including any further Securities issued pursuant to the Terms and Conditions of the Securities and consolidated and forming a single series with the Securities) has already been redeemed or purchased and cancelled.
Governing Law	The Securities, the Guarantee of the Securities and any non-contractual obligations arising out of or in connection with such will be governed by, and construed in accordance with, English law.
Clearing Systems	The Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Securities will not be issued in exchange for beneficial interests in the Global Certificate.

Clearance and Settlement..	The Securities have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS2132986741 Common Code: 213298674
Legal Entity Identifier (LEI)...	25490076V8K09HMNCT88
Fiscal Agent, Paying Agent and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited
Calculation Agent	The Hongkong and Shanghai Banking Corporation Limited
Registrar	The Hongkong and Shanghai Banking Corporation Limited
Listing	Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Securities by way of debt issues to Professional Investors only.
Use of Proceeds	See "*Use of Proceeds*".

SELECTED FINANCIAL INFORMATION OF THE GUARANTOR

The following tables present the summary historical financial data of the Group as of and for each of the years ended 30 June 2018 and 30 June 2019 and as of and for the six months ended 31 December 2019. The summary financial data are derived from and should be read in conjunction with the 2019 Audited Financial Statements and the 2019/2020 Interim Financial Statements.

The 2019 Audited Financial Statements have been prepared and presented in accordance with HKFRS.

The condensed consolidated income statement, condensed consolidated statement of comprehensive income and condensed consolidated statement of financial position and the related notes thereto for the six months ended 31 December 2019 for the Guarantor and its subsidiaries as set out in the 2019/2020 Interim Financial Statements have not been audited or reviewed by the Guarantor's auditor.

The 2019/2020 Interim Financial Information of the Guarantor as at and for the six months ended 31 December 2018 and 2019 have not been audited or reviewed by the Guarantor's auditor. Consequently, the 2019/2020 Interim Financial Information should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results.

Consolidated Income Statement

	For the year ended 30 June		For the six months ended 31 December	
	2019	**2018**	**2019**	**2018**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*	*HK$ million (Unaudited)*
Revenues	76,763.6	60,688.7	32,464.4	49,267.1
Cost of sales	(51,742.1)	(40,125.3)	(20,199.7)	(33,993.4)
Gross profit	25,021.5	20,563.4	12,264.7	15,273.7
Other income	121.4	137.3	95.7	70.1
Other gains/(losses), net	338.8	4,133.4	1,472.6	(115.8)
Selling and marketing expenses	(2,161.0)	(1,083.8)	(1,022.3)	(1,339.9)
Expenses of department store's operation[1]	(2,125.6)	(2,383.1)	(695.3)	(1,028.9)
Administrative and other operating expenses[1]	(6,298.7)	(5,759.0)	(3,309.6)	(2,980.7)
Overlay approach adjustments on financial assets	-	-	(137.8)	-
Changes in fair value of and gain on transfer to investment properties	10,305.7	15,367.1	(2,269.2)	6,341.7
Operating profit	25,202.1	30,975.3	6,398.8	16,220.2
Financing income	1,716.2	1,475.2	1,345.7	854.4
Financing costs	(2,472.5)	(2,179.5)	(2,229.8)	(1,136.6)
	24,445.8	30,271.0	5,514.7	15,938.0
Share of results of joint ventures	3,670.3	1,886.2	910.5	945.8
Share of results of associated companies	1,012.8	1,196.4	333.0	708.4
Profit before taxation	29,128.9	33,353.6	6,758.2	17,592.2
Taxation	(7,489.8)	(6,272.4)	(3,662.8)	(4,084.3)
Profit for the year/period	21,639.1	27,081.2	3,095.4	13,507.9
Attributable to:				
Shareholders of the Company	18,160.1	23,338.1	1,017.3	11,284.4

	For the year ended 30 June		For the six months ended 31 December	
	2019	2018	2019	2018
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*	*HK$ million (Unaudited)*
Holders of perpetual capital securities	803.0	536.6	800.8	271.1
Non-controlling interests	2,676.0	3,206.5	1,277.3	1,952.4
	21,639.1	27,081.2	3,095.4	13,507.9
Earnings per share				
Basic	HK$1.78	HK$2.34	HK$0.10	HK$1.11
Diluted	HK$1.78	HK$2.33	HK$0.10	HK$1.10

Note:

(1) Changes in the presentation of consolidated income statements

The Company presented an expense item in relation to department store's operation in the consolidated income statement for the year ended 30 June 2019, so as to align the management's view that department store operation is a separate function of the Group and to enhance the comparability of the Company's financial statements with other companies. The comparative figures for the year ended 30 June 2018 have been reclassified to conform with this classification and these figures are unaudited.

Consolidated Statement of Financial Position

	As at 30 June		As at 31 December
	2019	2018	2019
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*
Assets			
Non-current assets			
Investment properties	173,326.7	149,727.7	168,104.2
Property, plant and equipment	31,024.1	29,940.2	29,957.2
Right-of-use assets	-	-	8,534.4
Land use rights	1,213.9	1,064.0	-
Intangible concession rights	9,973.0	11,403.5	14,337.9
Intangible assets	3,464.5	3,782.0	9,284.8
Value of business acquired	-	-	5,770.4
Deferred acquisition costs	-	-	260.2
Interests in joint ventures	50,865.5	49,135.8	45,241.7
Interests in associated companies	25,331.9	24,708.2	25,255.0
Available-for-sale financial assets	-	11,778.8	-
Held-to-maturity investments	-	46.0	-
Financial assets at fair value through profit or loss	8,420.9	684.3	11,387.5
Financial assets at fair value through other comprehensive income	5,038.8	-	37,319.7
Derivative financial instruments	130.8	88.6	1,212.2
Properties for development	28,922.3	19,656.2	32,676.2
Deferred tax assets	763.5	749.3	1,509.0
Other non-current assets	14,644.3	6,635.1	19,962.2
	353,120.2	309,399.7	410,812.6
Current assets			
Properties under development	34,145.5	37,171.0	46,035.8
Properties held for sale	23,130.0	42,301.2	19,258.3

	As at 30 June		As at 31 December
	2019	2018	2019
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*
Inventories	805.7	831.5	732.5
Debtors, prepayments, premium receivables and contract assets	25,722.0	25,519.6	31,555.1
Investments related to unit-linked contracts	-	-	9,495.2
Financial assets at fair value through profit or loss	818.5	-	1,794.1
Financial assets at fair value through other comprehensive income	-	-	1,571.0
Derivative financial instruments	6.5	19.5	15.8
Restricted bank balances	2.5	67.7	86.8
Cash and bank balances	63,729.1	63,388.4	63,542.8
	148,359.8	169,298.9	174,087.4
Non-current assets classified as assets held for sale	1,804.9	2,756.2	8,620.8
	150,164.7	172,055.1	182,708.2
Total assets	503,284.9	481,454.8	593,520.8
Equity			
Share capital	77,875.3	77,525.9	77,939.6
Reserves	145,989.2	138,724.0	138,334.3
Shareholders' funds	223,864.5	216,249.9	216,273.9
Perpetual capital securities	21,505.5	9,451.8	30,447.1
Non-controlling interests	29,994.5	29,480.2	30,488.9
Total equity	275,364.5	255,181.9	277,209.9
Liabilities			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities	114,558.6	120,123.6	141,163.7
Lease liabilities	-	-	5,685.4
Insurance and investment contract liabilities	-	-	13,424.7
Liabilities related to unit-linked contracts	-	-	161.6
Deferred tax liabilities	10,371.1	10,287.9	12,779.0
Derivative financial instruments	542.4	365.6	457.0
Other non-current liabilities	1,191.7	806.5	824.0
	126,663.8	131,583.6	174,495.4
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	48,753.0	65,059.0	56,764.4
Current portion of long-term borrowings and other interest-bearing liabilities	25,921.2	11,851.5	26,549.4
Short-term borrowings	15,854.8	8,777.6	18,382.5
Lease liabilities	-	-	1,108.1
Insurance and investment contract liabilities	-	-	19,291.0
Liabilities related to unit-linked contracts	-	-	9,495.2
Derivative financial instruments	78.3	-	38.6
Current tax payable	10,640.9	8,992.4	9,245.6
	101,248.2	94,680.5	140,874.8

	As at 30 June		As at 31 December
	2019	**2018**	**2019**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited)*
Liabilities directly associated with non-current assets classified as assets held for sale	8.4	8.8	940.7
	101,256.6	94,689.3	141,815.5
Total liabilities	227,920.4	226,272.9	316,310.9
Total equity and liabilities	503,284.9	481,454.8	593,520.8

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information 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 Securities and the Guarantee of the Securities. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is 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 market risks associated with the Securities and the Guarantee of the Securities are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer or, as the case may be, the Guarantor to pay principal, distributions or other amounts or fulfil other obligations on or in connection with the Securities or the Guarantee of the Securities may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks in connection with holding the Securities are exhaustive. Terms used in this section and otherwise not defined shall have the meanings given to them in "Terms and Conditions of the Securities".

Risks Relating to the Group and its Businesses

Hong Kong property market risks

The Group derives a substantial portion of its revenue and operating profits from its Hong Kong property development and investment activities and is consequently dependent on the state of the Hong Kong property market. Historically, the Hong Kong property market has been cyclical and Hong Kong property values have been affected by supply and demand of comparable properties, the rate of economic growth in Hong Kong, political and economic developments in the PRC and the condition of the global economy. For instance, for the six months ended 31 December 2019, revenues of the Group amounted to HK$32,464.4 million, reflecting a decrease of 34 per cent. compared to the six months ended 31 December 2018. This was mainly due to the decrease in contribution from property development in Hong Kong with no new project completion and decrease in contribution from strategic businesses such as facilities management and transport affected by social unrest in Hong Kong. For the six months ended 31 December 2019, profit attributable to shareholders of the Company amounted to HK$1,017.3 million, and underlying profit amounted to HK$3,929.2 million which decreased by 27 per cent. compared to the six months ended 31 December 2018. For the six months ended 31 December 2018, the Group's underlying profit amounted to HK$5,396.1 million.

Hong Kong property prices and rents for residential, commercial and industrial properties, after reaching record highs in the mid-1990s, declined significantly in and after the fourth quarter of 1997 as a result of the general economic downturn in Asia and the local economic environment. The property market showed improvement during the period from 2004 to the end of the first half of 2008, while property prices and rents in Hong Kong declined in the second half of 2008. Property prices remained substantially flat during 2009, but have generally increased from 2010 onwards. Factors such as the prospect of economic downturn and the tightening of liquidity can create negative sentiments for the property market, and the demand for, and rental rates of, prime office buildings and residential, commercial and industrial properties can consequently reduce. At the end of 2010, the Hong Kong government and the Hong Kong Monetary Authority ("**HKMA**") introduced residential property cooling measures, such as Special Stamp Duty ("**SSD**") for residential property that is disposed of by the seller within 24 months of the date of acquisition, and reduced loan-to-value borrowings limits. The size of the prospective purchaser base in the

Hong Kong residential property market has shrunk since these measures were introduced in 2010. The PRC government has also taken measures to cool the property market in the PRC.

The Hong Kong government has introduced a number of additional residential property cooling measures. In October 2012, the government introduced Buyer's Stamp Duty ("**BSD**") and extended the SSD regime. BSD applies to all residential properties acquired by any person, other than a Hong Kong Permanent Resident, and is charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty charge. The SSD regime was amended to increase the rate of the SSD and to extend the minimum holding period from 24 months to 36 months.

On 22 February 2013, the financial secretary announced that the Hong Kong government would further amend the Stamp Duty Ordinance to adjust the ad valorem stamp duty ("**AVD**") rates and to advance the charging of AVD on non-residential property transactions from the conveyance on sale to the agreement for sale. Any residential property (except that acquired by a Hong Kong permanent resident who does not own any other residential property in Hong Kong at the time of acquisition) and non-residential property acquired on or after 23 February 2013, either by an individual or a company, will be subject to the new rates of AVD upon the enactment of the relevant legislation. Transactions which took place before 23 February 2013 will be subject to the original stamp duty regime. In addition, the Residential Properties (First-hand Sales) Ordinance came into effect on 29 April 2013. This ordinance sets out detailed requirements in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements and the mandatory provisions of the Preliminary Agreement for Sale and Purchase and Agreement for Sale and Purchase for the sales of first-hand residential properties.

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

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

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

1 of the Scale 1 rates, i.e. a flat rate of 15 per cent of the consideration or value of the residential property, whichever is the higher.

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. If implemented, the Vacancy Tax may present a financial burden to the Group that may have an adverse effect on its business, operating results and financial condition.

On 16 October 2019, the Hong Kong government has expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio has been raised from HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent loan-to-value ratio has also been raised from HK$6 million to HK$10 million.

There can be no assurance that the Hong Kong government will not implement further cooling measures or extend the scope, application and rate level of the existing measures. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business, operating results, financial condition and prospects.

In the event of economic decline, the Group may experience market pressures that affect all Hong Kong property companies, such as pressures from tenants or prospective tenants to provide rent reductions or reduced market prices for sale properties. Rental values and property prices 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.

In addition, from time to time, and especially during economic downturns, the Group has experienced pressure from existing and prospective commercial tenants to provide rent reductions or longer rent free periods than previously given. This has had a negative impact on the Group's rental income from its commercial property investments in the past and the recurrence of such market conditions in the future may have an adverse effect on the Group's business, operating results, financial condition and prospects.

There can be no assurance that rents and property values will not decline, tightening of credit provided by banks will not increase or that interest rates will not rise in the future. This could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Volatility in the Hong Kong property market also impacts the timing for both the acquisition (or modification of land use terms) of sites and the sale of completed development properties. This volatility, combined with the lead time required for completion of projects and the sale of existing properties, means that the Group's results from its property development activities may be susceptible to significant fluctuations from year to year.

PRC property market risks

The Group has substantial property development and investment interests in the PRC through its subsidiary New World China Land Limited ("**NWCL**") and expects to continue to develop and invest in properties in the PRC. The Group is therefore subject to risks usually associated with property development and investment in the PRC.

Private ownership of property in the PRC is still at an early stage of development. The growth of the private property market has been and will continue to be affected by social, political, government policy, economic and legal factors which may inhibit demand for residential properties. For example, the PRC property market has in the past experienced weakness in demand due to the lack of a mature and active secondary market for private properties and the limited availability of mortgage loans to individuals in the PRC as a result of government interventions.

Historically, the PRC property market has been a cyclical market. The rapid expansion of the property markets in certain major cities in the PRC, including Shanghai and Beijing in the early 1990s, culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of that decade. Since the late 1990s, private residential property prices and the number of residential property development projects have increased significantly in major cities as a result of increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Beijing, Shanghai, Guangzhou and Shenzhen have experienced rapid and significant growth. However, residential property prices have experienced some correction since the end of 2007 and in response to the cooling measures taken in 2010. There can be no assurance that the problems of oversupply and falling property prices will not recur in the PRC property market.

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 central government introduced additional measures 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. 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 central 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. See also "— *Risks Relating to the PRC*".

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. In particular, the Group has interests in development projects which require resettlement of the original occupants of the sites of the project. Resettlement is costly and may result in delays in the development schedule. 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.

Global economic factors

Economic developments outside Hong Kong and the PRC could adversely affect the property, transportation, hotel and retail sectors in Hong Kong and the PRC. The global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 have had a negative impact on the global economy. Since 2011, the global economy was overshadowed by the wide-ranging and complex effects arising from the worsening European sovereign debt crisis, the continued slow recovery of the United States economy, and the escalating political instability in the Middle East and North Africa. More recently, the uncertainty arising from the United Kingdom's withdrawal from the European Union on 31 January 2020, political instability in the Korean Peninsula, a slump in commodity prices, particularly the price of oil, fears of a slowdown in the PRC economy and interest rate adjustments in the United States have resulted in instability and volatility in the capital markets. Furthermore, fears over a trade war between the United States and the PRC, with the United States imposing tariffs on PRC products from July 2018 and retaliatory tariffs imposed by the PRC, have caused greater volatility in global markets. These events have had and continue to have a significant adverse impact on the global credit and financial markets as a whole.

Any deterioration in the financial markets may contribute to a slowdown in the global economy, including in the growth forecasts, and may lead to significant declines in employment, household wealth, consumer demand and lending. These events have had, or may have, a significant adverse impact on economic growth in Hong Kong, the PRC and elsewhere. An economic downturn may also have a negative impact on the overall level of business and leisure travel to Hong Kong and the PRC. There can be no assurance that these conditions will not lead to oversupply and reduced properly prices and rentals, reduced hotel occupancy levels and rates and reduced consumer spending in Hong Kong and the PRC. There can be no assurance that the stimulus measures implemented or proposed by a number of governments as at the date of this Offering Circular, including any quantitative easing, will improve economic growth or consumer sentiment in these countries. Hong Kong stock market prices have also experienced significant volatility which may continue to affect the value, and any return from the sale of the Group's investments in companies listed on the Hong Kong Stock Exchange.

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

Lease renewals

The leases that the Group has granted are typically for two to three years for office and retail tenants occupying relatively small commercial floor space and longer lease periods for those tenants occupying relatively large commercial floor space. 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 that 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 and the demand and rental rates of prime office buildings and retail space may greatly reduce. Should the economic environment weaken, a more cautious view may be taken by tenants towards the size of leased space and the rental rates upon

renewal of commercial tenancies, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Property ownership and development considerations

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

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

Availability of mortgages

The terms on which mortgages are available, if at all, to purchasers of the Group properties may affect its sales. An increasing number of purchasers of the Group's residential properties in Hong Kong and in the PRC arrange mortgages to fund their purchases. An increase in interest rates may increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. On 16 October 2019, the Hong Kong government has expanded eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. Such measures allow more potential buyers to fulfil eligibility in relation to property mortgages, thereby expanding residential property options available to potential buyers. However, there can be no assurance that such measures may stimulate the appetite of potential buyers. These and any further measures may adversely impact the Hong Kong property market which may in turn adversely impact the Group's business, operating results, financial condition and prospects.

Specifically, in the PRC, in line with macroeconomic policies and policies intended to regulate and cool down the property market, the PRC government has taken a number of measures to regulate the availability, terms and pricing of mortgage financing for property purchasers. In addition, the PRC government and commercial banks may also increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner which would make mortgage financing unavailable or unattractive to potential property purchasers. Further, any increase in interest rates including the People's Bank of China ("**PBoC**") benchmark rate, will adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of the Group's properties.

If the availability or attractiveness of mortgage financing is reduced or limited, some of the Group's potential purchasers may not be able to purchase its developed properties and, as a result, the Group's business, liquidity and results of operations could be adversely affected.

Competition

Hong Kong properties in the office, retail, residential and carpark sectors are highly competitive. New properties and facilities built in Hong Kong may compete with the Group for tenants and occupants, which may affect the Group's ability to maintain high occupancy and utilisation levels, rental rates and carpark charges in respect of its investment properties, and buyers, which may affect the Group's ability to sell its development properties. For example, since 2018, there is a trend for Grade A office building tenants to relocate to nearby sub-core districts where rents are lower. The Group may be under pressure to lower rental rates, carpark charges and incur additional capital expenditure to effect improvements or offer additional concessions to tenants to avoid falling occupancy or utilisation levels and to reduce sale prices on its development properties, all of which may have a negative impact on the Group's profit. For the retail properties sector, the competitive business environment among retailers in Hong Kong may also have a detrimental effect on tenants' businesses and, consequently, their ability to pay rent. Any of the above could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Effects of property revaluations

In accordance with HKFRS, the Group values its investment properties at every reporting financial statement date at their open market value on the basis of an external professional valuation. Any change in the valuation is charged or credited, as the case may be, to the income statement. 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 profit. There was an uptrend in the fair value of the Group's investment properties since the financial year ended 30 June 2014 up to the financial year ended 30 June 2019, however there was a decrease in the fair value of the Group's investment properties during the six months ended 31 December 2019, and there is no assurance that the fair value will not decrease in the future. Any such decrease in the fair value of the Group's investment properties will reduce its profit and equity for that year and would 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.

Land for Hong Kong 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 or investment and the Group's ability to replenish its land bank at favourable costs. The limited supply of, and competition for, land in Hong Kong has, in the past, made it increasingly difficult to locate suitable property to acquire at economical prices for development. Government policies seeking to increase land supply and increases in borrowing costs could affect the Group's ability to maintain historical operating margin levels, and profits from property development activities could be adversely affected. Although the Group has a significant agricultural land reserve, it is required to obtain government approval for the modification of land usage rights to residential, commercial or other appropriate use before such agricultural land can be used for development purposes. There can be no assurance, however, that such applications will be successful. If the applications are granted, they are likely to be subject to conditions, including the payment of land modification premiums which are typically greater than the cost of acquisition of the land. Approvals of applications may also be subject to restrictions on the area of a piece of land that may be developed for residential or commercial use. This could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Reliance on independent contractors and sub-contractors

The Group engages independent third-party contractors and sub-contractors to provide various services in connection with its property development and its infrastructure business including construction, piling and foundation, 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, in view of the tightening of credit facilities provided by banks, there is a risk that the Group's major contractors and sub-contractors may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. The timely performance by these contractors and sub-contractors may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorisms, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption of delays in transportation, all of which are beyond the control of the Group. Any of these factors may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Cost of construction materials

Construction costs are one of the main 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, foundation and substructure, 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 and its infrastructure business, 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 re-negotiate, 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 all of the increased costs onto its customers.

Construction delays

The Group is exposed to risks associated with project delays and cost overruns. Projects undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before cash proceeds are generated. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of construction materials, equipment or labour, adverse weather conditions, natural disasters, labour disputes, disputes with subcontractors, accidents, difficulties in obtaining necessary governmental approvals, changes in governmental priorities and other unforeseen circumstances. Any of these circumstances could give rise to construction delays and/or cost overruns.

Construction delays may result in the loss of revenues. Since the Group outsources the majority of its construction work to third-party contractors, it relies on its contractors to complete projects according to the agreed completion schedules and does not exercise any direct control over materials sourcing or the construction schedule of such projects. Under the Group's pre-sale contracts, it is liable to the purchasers for default payments if it fails to deliver the completed properties in accordance with the delivery schedule in these contracts, and in the case of a prolonged delay, the purchasers will be entitled to terminate the pre-sale contracts and require a refund of the purchase price in addition to the default payments. In addition, the failure to complete construction according to its specifications may result in liabilities, reduced efficiency and lower financial returns. Although most of the Group's projects have been completed on schedule and the Group has not incurred any material default liabilities due to construction delays, there can be no assurance that this will remain the case or that future projects will be completed on time, or at all, and generate satisfactory returns.

Infrastructure business

The Group, through its subsidiary NWS Holdings Limited ("**NWSH**"), has substantial investments in infrastructure projects in the PRC. In addition to the typical political risks associated with other investments in the PRC, there are a number of construction, financing, operating and other risks associated with infrastructure investments in the PRC. Infrastructure projects of the types undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before they become operational and generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in government priorities and other unforeseen circumstances. Any of these could give rise to delays in the completion of construction and/or to cost overruns. For instance, since the recent coronavirus outbreak in late-2019, toll road operations in the PRC have been affected with toll fees having been suspended since mid-February 2020, which in turn is expected to result in decreased toll fee income. The collection of toll fees for toll roads in the PRC was subsequently resumed on 6 May 2020. In relation to certain of the Group's infrastructure projects in the PRC, certain government approvals, permits, licences or consents may not yet be obtained. Delays in the process of obtaining or failure to obtain the requisite licences, permits or approvals from government agencies or authorities can also increase the cost or delay or prevent the commercial operation of a business, which could adversely affect the financial performance of the Group's PRC infrastructure business. Construction delays may result in the loss of revenues. The failure to complete construction according to its specifications may result in liabilities, reduced efficiency, delay in commencement of operations and thus lower financial returns. There can be no assurance that infrastructure projects undertaken by the Group will be completed on time, or at all, or that they will generate satisfactory returns.

Hotel business

The hotel business is sensitive to changes in global and national economies in general, and to other external factors. The recent economic downturn, coupled with Hong Kong's recent social unrest since June 2019 and in May 2020, and the global coronavirus outbreak since late-2019, have had, and any further economic downturn, social unrest or outbreaks could have, a negative impact on the level of business and leisure travel to Hong Kong, the PRC and elsewhere in South East Asia where the Group operates its hotels, which in turn has had, and may continue to have, a negative impact on the hotel industry in the region. In particular, a decline in business and leisure travel has had a negative impact on occupancy and room rates of the Group's hotels. A prolonged downturn in the hotel industry may have an adverse effect on the Group's business, operating results, financial condition and prospects.

The hotel industry may also be unfavourably affected by other factors such as government regulations, changes in local market conditions, competition in the industry, excess hotel supply or reduced international or local demand for hotel rooms and associated services, foreign exchange fluctuations, interest rate environment, the availability of finance and social factors.

Additionally, the Group's hotel operations may be adversely impacted by the Group's ability to control costs, including increases in wage levels, energy, healthcare, insurance costs and other operating expenses. This may result in lower operating profit margins or even losses and the relative mix of owned, leased and managed properties and the success of its food and beverage operations may be adversely affected.

Department store business

The Group, through its subsidiary New World Department Store China Limited ("**NWDS**"), operates a network of department stores in the PRC. The success of the department store business depends to a significant extent on NWDS' relationships with its concessionaires, which contribute a substantial amount of NWDS' revenue through the payment of commissions. NWDS also relies on its concessionaires to provide a variety of products and brands. In the event that a significant number of major brand concessionaires terminate or fail to renew their contracts with NWDS and NWDS fails to find other suitable brand concessionaires as replacements, or if the commission rate of concessionaire sales decrease, financial results of the department store business could also be adversely affected.

Most of the department stores are subject to lease agreements, and there can be no assurance that the landlord of each department store will renew the respective lease upon its expiry. In the event that NWDS ceases to occupy the leased properties, NWDS will be required to relocate or close down the relevant department store may have an adverse effect on the Group's business, operating results, financial condition and prospects.

NWDS and its concessionaires source merchandise worldwide. The standard agreement with concessionaires requires that neither the names of concessionaire stores nor the merchandise sold by them may infringe intellectual property rights, or in any other way be unlawful. In addition, the concessionaires may neither display nor sell any prohibited or illegal merchandise. The standard supply agreement with direct sales suppliers also provides that the merchandise sold by them do not infringe intellectual property rights. In the event that NWDS directly, or indirectly through its concessionaires, sells infringing goods at the department stores, NWDS may be found liable for infringement of intellectual property rights and be compelled to pay damages or penalties. Although NWDS's concessionaires and direct sales suppliers provide it with written indemnities covering the full extent of any third party liability that NWDS may incur through their operations and sales made in NWDS' department stores, there can be no assurance that NWDS can successfully obtain any such indemnity payment or that the indemnity payment will fully cover all of NWDS's costs associated with the original liability. If any claims alleging infringement of intellectual property rights are brought against NWDS or its concessionaires, the reputation of NWDS and the Group may also be damaged.

There are general risks associated with the retail business, including changing customer preferences, seasonal fluctuations, adverse weather conditions, suitable sites for expansion, sufficient human resources, obtaining and retaining direct sales suppliers, concessionaires and personnel, labour disputes and government approvals, some of which are beyond NWDS' and the Group's control. Failure to manage such risks may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Insurance business

Following the completion of acquisition of FTLife Insurance by NWSH in November 2019, FTLife Insurance became an indirect wholly-owned subsidiary of NWSH and an indirect non-wholly-

owned subsidiary of NWD. Since its completion, FTLife Insurance started its contribution to NWSH. FTLife Insurance's new products were well received in the Hong Kong market and support its business growth. Although FTLife Insurance has shown early signs of fruition in synergies, the insurance market is cyclical and faces high levels of competition. There may also be new entrants to the market or expansion by existing participants, which could then lead to increased competition, a reduction in premium rates, less favourable policy terms and fewer opportunities to underwrite insurance risks. Failure to manage such risks could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Risks relating to accidents or other hazards

The Group maintains insurance coverage in respect of 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 become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of high premium costs 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 may have an adverse effect on its business, operating results, financial condition and prospects. Further, 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 and other natural disasters may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, whilst every care is taken by the Group and its employees 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 its 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 may have an adverse effect on the Group's business, operating results, financial condition and prospects. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

Legal and regulatory considerations

The operations of the Group are subject to various laws and regulations of Hong Kong, 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 re-development 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.

Furthermore, 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 an adverse effect on the Group's business, operating results, financial condition and prospects.

Outbreaks of contagious diseases

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

In 2003, the Severe Acute Respiratory Syndrome ("**SARS**") that began in the PRC and Hong Kong had an adverse effect on all levels of business in Hong Kong and the PRC. The outbreak of SARS led to a significant decline in travel volumes and business activities throughout most of the Asian region.

Since late-2019, the outbreak of the novel coronavirus ("**COVID-19**") has resulted in a widespread and global health crisis, restrictions on travel and public transport and prolonged closures of workplaces. Such outbreak affects investment sentiment and results in sporadic volatility in global capital markets and oil prices. It has caused stock markets worldwide to lose significant value and has impacted economic activity worldwide. A number of governments have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, recession or depression despite monetary and fiscal interventions by governments and central banks globally. Any material change in the financial markets or global economy as a result of these events and development may disrupt the Group's business operations and consequently have an adverse effect on its financial condition and operating results.

Concerns about the outbreak and rapid spread of such contagious diseases, including COVID-19, have caused governments to take measures to prevent the spread of the virus. The outbreak of communicable diseases such as the ones listed above on a global scale has caused significant disruption to economies around the world, in particular the travel, tourism, hotel and retail segments and resulted in sporadic volatility in global capital markets. The outbreak of COVID-19 has resulted in restrictions on travel and transportation and prolonged closures of workplaces, businesses, schools and certain public areas which could have a material adverse effect on our business operations, financial condition and operating results. In response to the closure of certain properties due to COVID-19, rental reductions were provided to selected tenants for a limited period of time. As more travel restrictions are imposed, both locally and in terms of border-crossings, employees being asked to work from home and citizens being advised to stay at home as much as possible, traffic volumes may be adversely affected and result in lower revenues for the Group's various businesses, including hotels, toll roads, aircraft leasing, facilities management, transport, shopping malls and insurance. In particular, the impact on hotel businesses was more apparent, where the occupancy rate in hotels in Hong Kong dropped to lower than 10 per cent.. Demand for food & beverages and catering services also dropped as citizens avoided going to restaurants, hotels and other public places. In addition, toll fee exemption for vehicles travelling on all toll roads in the PRC was implemented from 17 February 2020 to 5 May 2020, which in turn affected the business operations, financial condition and operating results of the Group. There is no assurance how long such travel and transportation restrictions or advisories may be in place or whether traffic volumes will return to pre-epidemic levels even after such restrictions or advisories are lifted. Additionally, governments are taking unprecedented action to prevent the spread of COVID-19 and such current or future government

action could have a material adverse effect on the Group's business operations, financial condition and results of operations. Government measures or actions could also negatively impact the Group's contractors' ability to perform their contracts with the Group, including its construction contractors. As a result, the completion of the Group's projects may be delayed, which might in turn result in an increase in development costs, a decrease in sales and/or otherwise adversely affect the Group's financial condition and operating results. Additionally, if any of the Group's employees or the Group's contractors' employees are identified as a possible source of spreading COVID-19, Swine Flu, Avian Flu or any other similar epidemic, the Group may be required to quarantine employees that are suspected of being infected, or the Group's contractors may be required to quarantine its employees that are suspected of being infected, as well as others that have come into contact with those employees which could have an adverse effect on the Group's business operations, financial condition and operating results.

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

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

Civil unrest has had and may continue to have an adverse impact on the Group's business, financial condition or operating results

Civil unrest occurring in close proximity to the Group's shopping malls and hotels in various districts in Hong Kong, in particular the social unrest in Hong Kong since June 2019 and in May 2020, has disrupted and may further disrupt the Group's business. Protests, demonstrations or rioting have caused mass disruption to businesses and transportation and have resulted in a decrease in consumer foot traffic and 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. As a result, local businesses have been affected. There is no assurance that there will not be any future interruptions to the business and operations of the Group's shopping malls or hotels, or to the potential consumers' access to the activities therein. Civil unrest includes, without limitation, any protests occurring in close proximity to the Group's stores similar to the recent anti-extradition bill protests or the Occupy Central Movement that took place during the latter half of 2014. Moreover, inbound tourism may be affected by civil unrest or protests, with fewer tourists travelling to Hong Kong which in turn may negatively affect the Hong Kong retail market and hospitality industry. Civil unrest is outside the control of the Group and any such demonstrations, protests or riots occurring in close proximity to the Group's stores could adversely impact the Group's business, financial condition and results of operations.

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.

Limited availability of funds

The Group's businesses require substantial capital investment. The Group will require additional financing to fund working capital and capital expenditures, to support the future growth of its business and/ or to refinance existing debt obligations. The Group's core businesses will require substantial capital investment, particularly for its property development and investment, hotel, infrastructure and department store businesses. The Group has historically required and expects to continue to require 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, the 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 Hong Kong and the PRC. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on favourable terms. Any increase in interest rates would increase the cost of borrowing and adversely affect the Group's result of operations.

Joint venture risks

Co-operation and agreement among the Group and its joint venture partners on its existing or any future projects is 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 fulfill their obligations under the relevant joint venture or other agreements 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 does not have majority control of the joint venture. In most cases, the Group does, however, through contractual provisions or representatives appointed by it, have the ability to control or influence most 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.

Major shareholder of NWD

The major shareholder of NWD is Chow Tai Fook Enterprises Limited ("**CTFEL**") which, together with its subsidiaries, held approximately 44.35 per cent. of the issued share capital of NWD as at 31 December 2019. CTFEL is a private company ultimately owned as to approximately 81.03 per cent. by Chow Tai Fook Capital Limited which is controlled by the family members of the late Dato' Dr. Cheng Yu-Tung, one of the founders and the ex-chairman of NWD. CTFEL, the Cheng family members are therefore able to exert considerable influence over the management and affairs of the Group, and are able to influence the Group's corporate policies, appoint directors and officers and vote on corporate actions requiring shareholders' approval. The strategic goals and interests of CTFEL, the Cheng family members may not always be aligned with the Group's strategy and interests and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. The interests of the Group's major shareholder may also differ

from those of the Holders. Transactions between NWD and other companies in which the family has an interest, including Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, are also subject to the rules of the Hong Kong Stock Exchange which, in certain circumstances may require disclosure to, and approval from, the shareholders, excluding CTFEL, of NWD. NWD believes that all transactions between the Group and CTFEL are carried out on an arm's length basis. As a result of the above, the Group may lose some of its competitive advantage, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

Franchise and licence risks

The Group and its associated companies and joint ventures operate and manage certain franchise businesses such as providing facilities services in respect of the Hong Kong Convention and Exhibition Centre (the "**HKCEC**"), operating public bus transportation services in Hong Kong, operating ferry transportation services in Hong Kong and operating duty free tobacco and alcohol sales under franchise and licence agreements. There can be no assurance that renewals of franchise and licence periods can be obtained or that if renewed, that the terms of such franchise and licence will not be on terms less favourable than currently obtained by the Group.

Intellectual property considerations

The Group has registered, or applied for registration of, various classes of the "New World" trademark for use in Hong Kong, the PRC, several other Asian countries, the USA and Canada and the "New World" trademark in Chinese (新世界) in some of these jurisdictions. Although the Group has not been subject to any intellectual property dispute in respect of the use of the "New World" trademark (both in English and Chinese), there can be no assurance that third parties will not assert trademark or other intellectual property infringement claims against the Group. Any such claims against the Group, with or without merit, as well as claims initiated by the Group against third parties, could be time consuming and expensive to defend or prosecute and resolve. If third party claims are successful, the Group may have to pay damages and legal costs, and may be restricted from using the "New World" trademark (both in English and Chinese), which may have a negative impact on the Group's reputation. The related costs or potential disruption to the Group's operations could have an adverse effect on the Group.

NWDS does not own the "新世界" (New World) trade name in Shanghai. The "新世界" (New World) trade name has been registered by an independent third party in Shanghai which operates a department store in Shanghai under such trade name. Although NWDS is neither related to nor associated with the owner of the "新世界" (New World) trade name in Shanghai or the store which it operates, negative publicity concerning such store may have an adverse impact on the image and brand recognition of NWDS, NWD or the Group. In order to avoid confusion with the department store operated in Shanghai by the independent third party, NWDS has relied on the "巴黎春天" (Ba Li Chun Tian) trade name for its Shanghai operations since 2001 pursuant to an exclusive and non-transferable licence granted by Shanghai Yimin Department Stores Joint Stock Company Limited. If the licence for the "巴黎春天" (Ba Li Chun Tian) trade name is terminated and NWDS is required to cease using the "巴黎春天" (Ba Li Chun Tian) trade name, NWDS will have to undertake measures, including the use of other trade marks or names for its stores in Shanghai. This may lead to additional marketing and advertising expenses for the purpose of promotion of a new trade mark or brand for stores in Shanghai and there can be no assurance that the use of other trade names or marks will be able to generate a level of reputation similar to that of the "巴黎春天" (Ba Li Chun Tian) trade name.

Generally, a deterioration in the Group's brand image, or any failure to protect the Group's brand and intellectual property rights, could have a negative impact on the Group's business. The

Group's images play an integral role in all of the business operations. Any negative incident or negative publicity concerning the Group could adversely affect the Group's reputation and business. Brand value is based largely on subjective consumer perceptions and can be damaged even by isolated incidents that degrade consumer trust. Consumer demand for the Group's products and the Group's brand value could diminish significantly if the Group fails to preserve the quality of the products, or fail to deliver a consistently positive consumer experience, or if the Group is perceived to act in an unethical or socially irresponsible manner. In addition, any unauthorised use of the Group's brands, trademarks and other intellectual property rights could harm the Group's competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorised use is difficult. The measures the Group take to protect the Group's intellectual property rights may not be adequate. If the Group is unable to adequately protect the brand, trademarks and other intellectual property rights, the Group may lose these rights and the Group's business may suffer materially.

Risks Relating to the PRC

The Group is subject to the political and economic risks of doing business in the PRC

A significant portion of the Group's operations are located in the PRC. NWD expects that the Group will make further investments in the PRC, and that the Group's assets in the PRC will continue to account for a sizeable share of its overall income base. NWD's trading and financial condition, results of operations and future prospects depend to a large extent on the success of the Group's operations in the PRC and are subject, to a significant degree, to the political and economic situation and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including, but not limited to:

- extent of government involvement;
- level of development;
- growth rate;
- economic and political structure;
- control of foreign exchange;
- allocation of resources; and
- regulation of capital reinvestment.

While the PRC economy has experienced significant growth in the past 25 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy but may also have a negative effect on the Group's operations. For example, the Group's business and financial condition may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC

government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There is no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business and financial condition.

The legal system in the PRC is less developed than in certain other countries and laws in the PRC may not be interpreted and enforced in a consistent manner

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

Real estate is a highly regulated sector in Mainland China

The supply of land in Mainland China is controlled and regulated by the PRC government. The land supply policies adopted by the PRC government directly impact the Group's ability to acquire land use rights for development and the costs of such acquisitions. For example, in recent years, the PRC government has introduced a series of measures (and may implement further measures) to curb its overheating economy, including policies to prevent excessive rises in property prices in certain cities and sectors such as taxing capital gains to discourage speculation, restricting purchases of real estate by foreigners, limiting the amount of luxury villa developments and tightening of credit available to real estate developers and individual purchasers. Property developers must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC government adjusts its macroeconomic policies to encourage or restrict property development which may have a direct impact on the Group's business.

The PRC government's restrictive measures to control the property development industry's rate of growth could limit the Group's access to capital resources, reduce market demand and increase the Group's operating costs. The PRC government may adopt additional and more stringent measures in the future, which may further slow the development of the industry and materially and adversely affect the Group's business and result of operations. In particular, any additional or more stringent measures imposed by the PRC government in the future to curb high-end residential/mixed use real estate projects may materially and adversely affect the Group's business and results of operations.

The Group may, under certain land clearance agreements with relevant land authorities, be required to assist local governments with clearing land and relocating original residents with respect to some of its development property projects in accordance with the relevant PRC laws and regulations.

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

Although the Group has never been subject to any such penalties or required to pay idle fees or forfeit any of its land in the PRC, there can be no assurance that circumstances leading to possible forfeiture of land or delays in the completion of a project may not arise in the future.

Further, the Group must obtain various permits, certificates, relevant approvals from the relevant administrative authorities at various stages of development, including land use rights document, planning permits, construction permits and confirmation of completion and acceptance. Each approval is dependent on the satisfactory compliance with certain requirements or conditions. The Group can give no assurance that it will not encounter material delays or other impediments in fulfilling the conditions precedent to obtain these approvals.

These measures have to date focused on tier-one and tier-two cities, there is a risk that similar measures will be introduced in tier-three and tier-four cities which would have an adverse impact on the Group's developments in such cities.

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

The Group's ability to arrange adequate financing for land acquisitions or development properties on terms that will allow it to earn reasonable returns depends on a number of factors, many of which are beyond the Group's control. The PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten lending requirements for property developers, which, among other things:

- forbid PRC commercial banks from extending loans to property developers to finance land premiums;
- restrict PRC commercial banks from extending loans for the development of luxury residential properties;

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

The PBoC adjusts the reserve requirement ratio for commercial banks to curtail overheating of the property sector, or, as the case may be, in order to stimulate the PRC economy. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBoC against deposits (including margin deposits such as acceptances, letters of credit and letters of guarantee) made by their customers. Further increases in the bank reserve requirement ratio may negatively impact the amount of funds available to lend to businesses, including to the Group, by commercial banks in Mainland China. The China Banking and Insurance Regulatory Commission (the "**CBIRC**") also regulates the provision of 'shadow finance' in the form of wealth management products by banks and trust companies to curtail overheating of the property sector and to protect investors. The regulations include limitations on the pooling of assets, on the proportion of wealth management products relative to other assets, on proprietary trading and on the disclosure associated with the marketing of wealth management products.

The Group cannot assure investors that the PRC government will not introduce other initiatives which may limit the Group's access to capital resources. The foregoing and other initiatives introduced by the PRC government may limit the Group's flexibility and ability to use bank loans or other forms of financing to finance the Group's development properties and therefore may require the Group to maintain a relatively high level of internally sourced cash. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

Currency risks

A significant portion of the Group's revenue is denominated in Renminbi and must be converted to pay dividends or make other payments in freely convertible currencies. Under the PRC's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, strict foreign exchange controls continue to be implemented in respect of capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities.

Inflation risks

In recent years, the PRC economy has experienced periods of rapid expansion and highly fluctuating rates of inflation. During the past ten years, the rate of inflation in China has been as high as 5.9 per cent. and as low as -0.7 per cent., and as at June 2019, the consumer price index in China increased by 2.7 per cent. year over year, according to the National Bureau of Statistics of China. That has led to the adoption by the PRC government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the PRC government to impose controls on credit or prices, or to take other action, which could inhibit economic activity in China, which could materially and adversely affect our business, financial condition and results of operations.

In particular, such inflation in the PRC may result in increased construction and funding costs for the Group. The PRC government uses various measures to control inflation, including increasing

benchmark lending rates and reserve ratios on several occasions. As commercial banks in Mainland China link the interest rates on their loans to benchmark lending rates published by the PBoC, any increase in such benchmark lending rates will increase the funding costs for the Group. The PRC government is expected to continue to manage liquidity, cool down the real estate market and use price controls when needed. The Group's business, financial condition and results of operations in Mainland China may be adversely affected by increased construction and funding costs.

Pre-sale

Changes in laws and regulations with respect to pre-sale may also adversely affect the Group's cash flow position and performance. The Group uses proceeds from the pre-sale of its properties as a source of financing for its construction costs. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence the pre-sale of their property development projects and may use pre-sale proceeds to finance their developments. There can be no assurance that the PRC governmental authority will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group's properties are an important source of financing for its property developments. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditure the Group must incur prior to obtaining the pre-sale permit or any restriction on the use of pre-sale proceeds, would extend the time period required for recovery of the Group's capital outlays and would result in its needing to seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cash flow results of operations and financial condition.

The PRC tax authorities may challenge the basis on which the Group calculates its land appreciation tax ("LAT") obligations

Under PRC tax laws and regulations, the Group's properties developed for sale or transfer are subject to LAT, which is collected by local tax authorities. All income from the sale or transfer of land use rights relating to state-owned land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30 per cent. to 60 per cent. of the appreciation value as defined by the relevant tax laws, with certain exceptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20 per cent. of the total deductible items as defined in the relevant tax laws. In May 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection of Land Appreciation Tax that requires that the minimum LAT prepayment rate must be no less than 2 per cent. for provinces in eastern China, 1.5 per cent. for provinces in central and northeastern China and 1 per cent. for provinces in western China. If the LAT is calculated based on the authorized taxation method (核定徵收), the minimum taxation rate shall be 5 per cent. in principle. On 28 December 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises which came into effect on 1 February 2007 (the "**LAT Notice**"). Under the LAT Notice, local tax authorities can formulate their own implementation rules according to the notice and local situations and there are uncertainties as to how they will enforce this notice. In the event that relevant tax authorities change their requirements as to the amount or timing of payment of provisional LAT, the Group's cash flow may be materially and adversely affected.

The Group's management believes that it estimates and makes provision for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations, but only pays a portion of such provision each year as required by the local tax authorities. Although the Group's management believes that such provisions are sufficient, there can be no assurance that the tax authorities will agree with the basis on which the Group calculates its LAT obligations. In the event

that the local tax authorities believe a higher rate of LAT should be paid, the financial position of the Group may be adversely affected.

Specifically, in respect of development projects which have been completed and are eligible for tax audit, the NWCL Group has estimated and made provisions for the full amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations. In the event that the tax authorities collect the LAT that the NWCL Group has provided for in its accounts, the NWCL Group's will incur a cash outlay. Furthermore, in the event that LAT eventually collected by the tax authorities upon completion of the tax audit exceeds the amount that the NWCL Group has provided for, its net profits after tax may also be adversely affected. In respect of property developments that have not met the tax audit eligibility criteria, the NWCL Group has paid and will continue to pay provisional LAT as required by the tax authorities. The LAT that is ultimately payable upon completion of the tax audit of such projects in the future may be greater than the provisional LAT incurred by the NWCL Group which may adversely affect the business and financial condition of the NWCL Group.

Risks Relating to the Securities

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

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

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

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

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

The Issuer may, at its sole discretion, elect to defer any scheduled Distribution on the Securities for any period of time if, during the three months ending on the day before that scheduled Distribution Payment Date an Optional Deferral Event (as defined in "*Terms and Conditions of the Securities*") has occurred. Each of the Issuer and the Guarantor is subject to certain restrictions in relation to the payment of dividends and/or other distributions or payments on its Junior Securities or Parity Securities (as described in the Conditions) and the redemption and repurchase of its Junior Securities or Parity Securities until all outstanding Arrears of Distribution are satisfied. The Issuer is not subject to any limits as to the number of times Distributions can be deferred pursuant to the Conditions subject to compliance with the foregoing restrictions. Although Distributions are cumulative, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the Holders, and Holders have no rights to claim any Distribution, Arrears of Distribution or Additional Distribution Amount if there is such a deferral.

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

The Securities may be redeemed at the Issuer's option at any time on or after six years and three months after the Issue Date or the occurrence of certain other events

The Conditions provide that the Securities are redeemable at the option of the Issuer in whole, but not in part, at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption.

The Issuer also has the right to redeem the Securities at their principal amount together with all outstanding Arrears of Distribution (if any), Additional Distribution Amounts (if any) and Distribution (if any) accrued to the date fixed for redemption if (a) there are any amendments or changes to the Relevant Accounting Standard such that the Securities and/or the Guarantee of the Securities must not or must no longer be recorded as "equity" of the Guarantor pursuant to the Relevant Accounting Standard, or (b) there are any changes to the laws or regulations of Hong Kong (in the case of the Guarantor) or the British Virgin Islands (in the case of the Issuer) or any political subdivision or any authority thereof or therein having power to tax such that the Issuer or the Guarantor has or will become obliged to pay additional amounts in respect of tax on the Securities or the Guarantee of the Securities as referred to in the Conditions. In addition, upon the occurrence of a Change of Control, the Issuer will give notice to Holders and the Fiscal Agent (in accordance with the "Terms and Conditions of the Securities") stipulating that a Change of Control has occurred and whether or not it will redeem the Securities at their principal amount plus Distribution accrued to such date (including any Arrears of Distribution and any Additional Distribution Amounts). The Securities may also be redeemed in the event that at least 75 per cent. in principal amount of the Securities originally issued has already been redeemed or purchased and cancelled.

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

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

Any scheduled Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings is limited to circumstances where payment has become due and the Issuer (failing which, the Guarantor) fails to make the payment when due and such failure continues for a period of ten days or more. The only remedy against the Issuer and the Guarantor available to any Holder of Securities, for recovery of amounts in respect of the Securities and/or the Guarantee of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities and/or the Guarantee of the Securities will be proving in such Winding-Up and/or claiming in the liquidation of the Issuer and/ or the Guarantor in respect of any payment obligations of the Issuer and/or the Guarantor arising from the Securities and/or the Guarantee of the Securities. In order to exercise such a remedy, Holders of not less than 5 per cent. in aggregate principal amount of the Securities will be required to take action collectively, and individual Holders holding less than such amount will not be able to proceed without the support of other Holders.

The Securities contain provisions regarding modification and waivers which may affect the rights of Holders

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

contrary to the majority. In addition, an Extraordinary Resolution in writing signed by or on behalf of the Holders of not less than 90 per cent. of the aggregate principal amount of Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held.

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

Majority interests in meetings of holders of the Securities

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

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

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

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

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the Securities. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

The Securities may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular and any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, 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;

- understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- 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.

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

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

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

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

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

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

Investors in the Securities may be subject to foreign exchange risk

The Securities are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars will be subject to foreign exchange risks by virtue of an investment in the Securities, due to, among other things, economic, political and other factors over which neither the Issuer nor the Guarantor has any control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Securities for an investor and could result in a loss when the return on the Securities is translated into such currency. Conversely, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Securities in the event of an appreciation.

The Securities are issued by a special purpose vehicle

The Issuer was established specifically for the issuance of debt securities (including, but not limited to, issuing the Securities) and on-lending the net proceeds from such issuances (including, but not limited to, the issue of the Securities) to the Guarantor. The Issuer does not have any

business activities other than the issue of debt securities, and its ability to make payments under the Securities will depend on their receipt of timely remittance of funds from the Guarantor and/or its subsidiaries. There is no assurance that the Issuer will be able to receive sufficient funds from the Guarantor and/or its subsidiaries to make payments under the Securities or any other securities issued by the Issuer.

TERMS AND CONDITIONS OF THE SECURITIES

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Securities, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Securities.

The U.S.$650,000,000 5.25 per cent. guaranteed senior perpetual capital securities (the "**Securities**", which expression includes any further securities issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of NWD Finance (BVI) Limited (the "**Issuer**") are constituted by a deed of covenant dated 22 June 2020 (as amended and/or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are the subject of (a) a deed of guarantee dated 22 June 2020 (as amended and/or supplemented from time to time, the "**Deed of Guarantee**") entered into by New World Development Company Limited (the "**Guarantor**") and (b) a fiscal agency agreement dated 22 June 2020 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Securities), The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Securities), the transfer agent named therein (the "**Transfer Agent**", which expression includes any successor or additional transfer agent appointed from time to time in connection with the Securities), the calculation agent named therein (the "**Calculation Agent**", which expression includes any successor or additional calculation agent appointed from time to time in connection with the Securities) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Securities). References herein to the "**Agents**' 'are to the Registrar, the Fiscal Agent, the Transfer Agent, the Calculation Agent and the Paying Agent(s) and any reference to an "**Agent**" is to any one of them. Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant and subject to their detailed provisions. The Holders (as defined in Condition 3(a) (*Register, Title and Transfers —Register*)) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deed of Guarantee and the Deed of Covenant are available for inspection by Holders with prior written notice during normal business hours at the principal office for the time being of the Fiscal Agent, being at the date hereof Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form and Denomination

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

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

(a) *Status of the Securities*: The Securities constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Guarantee of the Securities; Status of the Guarantee of the Securities*: The Guarantor has, in the Deed of Guarantee, unconditionally and irrevocably guaranteed the due and punctual payment of all sums payable by the Issuer in respect of the Securities. This guarantee (the "**Guarantee of the Securities**") constitutes a direct, general, unsecured, unconditional and unsubordinated obligations of the Guarantor which ranks at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the

Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Securities outside the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (each, a "**Certificate**") will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Upon issue, the Securities will be represented by a Global Certificate deposited with and registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). The Conditions are modified by certain provisions contained in the Global Certificate. See "The Global Certificate".*

(b) *Title*: The Holder of each Security shall (except as otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are Authorised Denominations. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor. No transfer of title to a Security will be valid unless and until entered on the Register.

Transfers of interests in the Securities evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(d) *Registration and delivery of Certificates*: Within five business days of the surrender of a Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day, excluding a Saturday and a Sunday, on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

Except in the limited circumstances described herein (see "The Global Certificate"), owners of interests in the Securities will not be entitled to receive physical delivery of Certificates.

(e) *No charge*: The transfer of a Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Holders may not require transfers to be registered during (i) the period of 15 days ending on the due date for any payment of principal or Distribution (as defined in Condition 4(a) (*Distribution — Accrual of Distribution*)) in respect of the Securities or (ii) during the period of 15 days ending on (and including) any date on which the Securities may be called for redemption by the Issuer at its option pursuant to Condition 5 (*Redemption and Purchase*).

(g) *Regulations concerning transfers and registration*: All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The parties to the Agency Agreement may agree, without the consent of the Holders, to any modifications to any provisions thereof (including the regulations concerning the transfer of Securities). A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

4. Distribution

(a) *Accrual of Distribution*: Subject to Condition 4(d) (*Distribution — Distribution Deferral*), the Securities confer a right to receive distribution (each a "**Distribution**") from 22 June 2020 (the "**Issue Date**") at the applicable Distribution Rate in accordance with this Condition 4. Subject to Condition 4(d) (*Distribution — Deferral of Distribution*), Distribution shall be payable on the Securities semi-annually in equal instalments in arrear on 22 June and 22 December of each year (each, a "**Distribution Payment Date**"), with the first Distribution Payment Date falling in December 2020.

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

Subject to Condition 4(c) (*Increase in Distribution following a Change of Control*), the amount of Distribution payable on each Distribution Payment Date shall be calculated by applying the applicable Distribution Rate to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Security divided by the Calculation Amount, where "**Calculation Amount**" means U.S.$1,000 and "**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

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

(b) *Rate of Distribution*: Subject to Condition 4(c) (*Increase in Distribution following a Change of Control*), the rate of distribution (the "**Distribution Rate**") applicable to the Securities shall be:

(i) from, and including, the Issue Date to, but excluding, 22 June 2026 (the "**First Reset Date**"), 5.25 per cent. per annum; and

(ii) thereafter, in respect of the period from, and including, the First Reset Date and each Reset Date falling thereafter to, but excluding, the immediately following Reset Date (each a "**Reset Period**"), at the relevant Reset Distribution Rate.

(c) *Increase in Distribution following a Change of Control*:

(i) *Increase in Distribution Rate:* Upon the occurrence of a Change of Control, unless an irrevocable notice to redeem the Securities has been given to Holders by the Issuer pursuant to Condition 5(e) (*Redemption and Purchase — Redemption for Change of Control*) by the 30th day following the occurrence of the Change of Control, the Distribution Rate will increase by 3.00 per cent. per annum with effect from (i) the next Distribution Payment Date; or (ii) if the date on which a Change of Control occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date.

(ii) *Decrease in Distribution Rate*: If following an increase in the Distribution Rate upon the occurrence of a Change of Control pursuant to Condition 4(c)(i) (*Increase in Distribution Rate*) such Change of Control is cured, remedied, no longer applicable or no longer continuing, then upon notification to the Holders and the Fiscal Agent accompanied by a certificate, signed by two directors of the Guarantor, stating that the Change of Control has been cured, remedied, is no longer applicable or is no longer continuing (as the case may be) and setting out the details of such circumstances, the Distribution Rate will decrease by 3.00 per cent. per annum with effect from the next Distribution Payment Date immediately following the date of the notification referred to in this Condition 4(c)(ii), provided that the maximum aggregate decrease in the Distribution Rate pursuant to this Condition 4(c)(ii) shall be 3.00 per cent.

(d) *Distribution Deferral*:

(i) *Optional Deferral*: The Issuer may, at its sole discretion, elect to defer Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date by giving notice (an "**Optional Deferral Notice**") to the Holders (in accordance with Condition 14 (*Notices*)) not more than 10 nor less than 5 Business Days prior to a scheduled Distribution Payment Date if, during the three months ending on the day before that scheduled Distribution Payment Date no dividend, distribution or other payment has been paid or declared by the Issuer or the Guarantor on or in respect of its Junior Securities or its Parity Securities (except in connection with any benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants) (an "**Optional Deferral Event**").

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

(iii) *Requirements as to Notice*: Each Optional Deferral Notice shall be accompanied by a certificate in the form scheduled to the Agency Agreement signed by an authorised signatory of the Guarantor confirming that an Optional Deferral Event has occurred and is continuing.

(iv) *Cumulative Deferral*: Any Distribution deferred pursuant to this Condition 4(d) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the foregoing

notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distribution may be deferred pursuant to this Condition 4(d) except that Condition 4(d)(v) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

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

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

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

(B) at its discretion redeem, reduce, cancel, buy-back or acquire for any consideration any of its Junior Securities or its Parity Securities, provided that such restriction shall not apply to an exchange by the Issuer or the Guarantor of any of its Parity Securities for Junior Securities or in relation to Parity Securities, on a *pro-rata basis*,

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

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

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

(B) in any event must satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earlier of (1) the date of redemption of the Securities in accordance with Condition 5(b) (*Redemption and Purchase — Redemption for tax reasons*), 5(c) (*Redemption and Purchase — Redemption for accounting reasons*), 5(d) *(Redemption and Purchase — Redemption at the option of the Issuer*), 5(e) (*Redemption and Purchase — Redemption for Change of Control*) or 5(f) (*Redemption and Purchase – Redemption for minimum outstanding amount*); (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(d)(v)

(*Distribution — Restrictions in the case of Deferral*) and (3) the date such amount becomes due under Condition 8 (*Non-payment*).

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

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

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

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

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

(i) any Person or Persons acting together acquires 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;

(ii) 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; or

(iii) one or more Persons acquires the beneficial ownership of all or substantially all of the Guarantor's issued share capital;

"**Comparable Treasury Issue**" means the U.S. Treasury security selected by the Issuer as having a maturity of 5 years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of 5 years;

"**Comparable Treasury Price**" means:

(i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third New York Business Day preceding the relevant Reset Date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities"; or

(ii) if such release (or any successor release) is not published or does not contain such prices on such New York Business Day:

(A) the average of the Reference Treasury Dealer Quotations for the relevant Reset Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations; or

(B) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations, if the Comparable Treasury Price cannot be determined in accordance with the above provisions, as determined by the Independent Investment Bank;

"**Control**" means the acquisition or control of more than 50 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;

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

"**Independent Investment Bank**" means an independent investment bank of international repute (acting as an expert) selected by the Issuer (at the expense of the Issuer) and notified to the Fiscal Agent and Calculation Agent in writing;

"**Initial Spread**" means 4.889 per cent.;

"**Junior Securities**" means:

(i) in respect of the Issuer, (a) any class of the Issuer's share capital (including preference shares) qualifying as equity under HKFRS, (b) any instrument or security issued or entered into by or other obligation of the Issuer which ranks, or is expressed to rank, junior to the Issuer's obligations under the Securities, and (c) any security or other obligation guaranteed by the Issuer where the Issuer's obligations under the relevant guarantee rank or are expressed to rank junior to the Issuer's obligations under the Securities, in each case where the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer, and

(ii) in respect of the Guarantor, (a) any class of the Guarantor's share capital (including preference shares) qualifying as equity under HKFRS, (b) any instrument or security issued or entered into by or other obligation of the Guarantor which ranks or is expressed to rank junior to the Guarantor's obligations under the Guarantee of the Securities, and (c) any security or other obligation guaranteed by the Guarantor where the Guarantor's obligations under the relevant guarantee rank or are expressed to rank junior to the Guarantor's obligations under the Guarantee of the Securities, in each case where the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Guarantor;

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

"**Parity Securities**" means, in relation to the Issuer or the Guarantor, as the case may be, any instrument or security issued, entered into or guaranteed by the Issuer or the Guarantor (i) which ranks or is expressed to rank, by its terms or by operation of law, pari passu with the Securities and (ii) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer or, as the case may be, the Guarantor;

a "**Person**", as used in this Condition 4 and in Condition 5(e) (*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) but does not include (i) the Guarantor's board of directors or any other governing board; (ii) the Guarantor's wholly-owned direct or indirect subsidiaries; (iii) late Dato' Dr. Cheng Yu-Tung, his relatives and/or extended family and/or companies

which are controlled by any of them and/or trusts in which late Dato' Dr. Cheng Yu-Tung, his relatives and/or extended family and/or companies which are controlled by any of them are beneficiaries and/or interests associated with any or some of them; and (iv) Chow Tai Fook Enterprises Limited ("**CTFEL**") and its Affiliates. For this purpose, "**Affiliates**" of CTFEL means any Person directly or indirectly Controlling, Controlled by or under common control with CTFEL;

"**Reference Treasury Dealer**" means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer in New York, selected by the Issuer (at the expense of the Issuer);

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any Reset Date, the average as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 5:00 p.m. on the third business day pursuant to Condition 4 (*Distribution*)) preceding such Reset Date;

"**Reset Date**" means the First Reset Date and each date that falls 5, or a multiple of 5, years following the First Reset Date;

"**Reset Distribution Rate**" means, in respect of any respective Reset Period, the applicable Distribution Rate per annum as calculated by the sum of (x) the U.S. Treasury Benchmark Rate in relation to that Reset Period, (y) the Initial Spread and (z) the Step-up Margin;

"**U.S. Treasury Benchmark Rate**" means the rate notified by the Calculation Agent to the Issuer and the Holders (in accordance with Condition 14 (*Notices*)) in per cent. per annum equal to the yield, under the heading that represents the average for the week ending two New York Business Days prior to each Reset Date for calculating the Distribution Rate under sub-paragraph (b)(ii) (*Rate of Distribution*) of Condition 4 (*Distribution*), appearing in the most recently published statistical release designated "H.15(519)" (weblink: http://www.federalreserve.gov/releases/h15/current/default.htm) or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded US Treasury securities adjusted to constant maturity under the caption "Treasury constant maturities" for the maturity corresponding to the Comparable Treasury Issue. If such release (or any successor release) is not published during the week preceding the relevant date for calculation or does not contain such yields, "**U.S. Treasury Benchmark Rate**" means the rate in per cent. per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the applicable Reset Date under paragraph Condition 4(b) (*Distribution - Rate of Distribution*); and

"**Step-up Margin**" means 3.00 per cent.

5. Redemption and Purchase

(a) *No fixed redemption date*: The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 2 (*Status of the Securities and the Guarantee of the Securities*) and without prejudice to Condition 8 (*Non-payment*)), only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) *Redemption for tax reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days'

notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any), if:

(i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 June 2020; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Securities) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Securities, or the Guarantor has or will become obliged to make any such withholding or deductions as to referred to in Condition 7 (*Taxation*) or the Guarantee of the Securities as the case may be, from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Securities, in either case 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 16 June 2020 and (B) 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 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Securities were then due or (as the case may be) a demand under the Guarantee of the Securities were then made.

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

(A) a certificate, signed by two directors of the Issuer, stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate, signed by two directors of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and

(B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment, provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

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

(c) *Redemption for accounting reasons*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any), if, as a result of any changes or amendments to HKFRS or any other accounting standards that may replace HKFRS for the purposes of the consolidated financial statements of the Guarantor (the "**Relevant Accounting Standard**"), the Securities and/or the Guarantee of the Securities must not or must no

longer be recorded as "**equity**" of the Guarantor on a consolidated basis pursuant to the Relevant Accounting Standard.

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

(A) a certificate, signed by two directors of the Guarantor, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) an opinion of the Guarantor's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect, provided that the Fiscal Agent may accept such certificate or opinion without further investigation or enquiry.

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

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

(d) *Redemption at the option of the Issuer*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, on any business day on or after 22 March 2026 (each, a "**Call Date**") on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Securities on the relevant Call Date at their principal amount plus Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any)).

(e) *Redemption for Change of Control*: Upon the occurrence of a Change of Control, the Issuer shall give notice to Holders and the Fiscal Agent in accordance with Condition 14 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of such Change of Control, stipulating that a Change of Control has occurred and whether or not it will redeem the Securities pursuant to this Condition 5(e). A notice given by the Issuer stipulating that it will redeem the Securities pursuant to this Condition 5(e) shall: (A) stipulate the Change of Control Call Date; (B) be irrevocable; and (C) oblige the Issuer to redeem the Securities on the Change of Control Call Date at their principal amount together with Distribution accrued and unpaid to such date (including any Arrears of Distribution and any Additional Distribution Amount, if any).

The "**Change of Control Call Date**" shall be a date not less than 30 nor more than 60 days from the date of the notice referred to in the paragraph above.

(f) *Redemption for minimum outstanding amount*: The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Holders (which notice will be irrevocable), the Registrar and the Fiscal Agent at their principal amount, together with Distribution accrued and unpaid to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if any) if prior to the date of such notice at least 75 per cent. in principal amount of the Securities originally issued (including any further Securities issued pursuant to Condition 13 (*Further Issues*) and consolidated and forming a single series with the Securities) has already been redeemed or purchased and cancelled.

(g) *No other redemption*: The Issuer shall not be entitled to redeem the Securities and shall have no obligation to make any payment of principal in respect of the Securities otherwise than as provided in Conditions 5(b) (*Redemption for tax reasons*) to 5(f) (*Redemption for minimum outstanding amount*) above.

(h) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Securities in the open market or otherwise and at any price.

(i) *Cancellation*: All Securities so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.

The Agent shall not be required to take any steps to ascertain whether any event as provided in Conditions 5(b) (*Redemption for tax reasons*) to 5(f) (*Redemption for minimum outstanding amount*) above has occurred.

6. Payments

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

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

(c) *Payments subject to fiscal laws*: All payments in respect of the Securities are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and Distribution payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of Distribution payable other than on redemption) on the due date for payment. A Holder of a Security shall not be entitled to any Distribution or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day, other than a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in New York City, Hong Kong and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

So long as the Securities are represented by the Global Certificate, each payment 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 of payment, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Security, the Issuer shall procure that the amount and date of such payment are noted on the

Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) *Record date*: Each payment in respect of a Security will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

7. Taxation

All payments of principal and Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands or Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is as required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Security:

(a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Security; or

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

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders.

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

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands or Hong Kong, respectively, references in these Conditions to the British Virgin Islands or Hong Kong shall be construed as references to the British Virgin Islands or (as the case may be) Hong Kong and/or such other jurisdiction.

The Agent shall not be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Holder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), Distribution or other amount under or in respect of the Securities without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8. Non-payment

(a) *Non-payment when due*: Notwithstanding any of the provisions below in this Condition 8, the right to institute Winding-Up (as defined in Condition 8(e) (N*on-payment — Definitions*)) proceedings is limited to circumstances where payment has become due. In the case of any Distribution, such Distribution will not be due if the Issuer has elected to defer that Distribution in accordance with Condition 4(d) (*Distribution — Distribution Deferral*).

(b) *Proceedings for Winding-Up*: If (i) an order is made or an effective resolution is passed for the Winding-Up of the Issuer or the Guarantor or (ii) the Issuer or the Guarantor shall not make payment in respect of the Securities or the Guarantee of the Securities, as the case may be, for a period of ten days or more after the date on which such payment is due, the Issuer and the Guarantor shall be deemed to be in default under the Securities (in the case of the Issuer) and the Guarantee of the Securities (in the case of the Guarantor) and Holders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Securities may institute proceedings for the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or prove in the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or claim in the liquidation of the Issuer, the Guarantor or both of them (as applicable) for such payment.

(c) *Enforcement*: Without prejudice to Condition 8(b) (*Non-payment — Proceedings for Winding-Up*), Holders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Securities may without further notice to the Issuer and/or the Guarantor institute such proceedings against the Issuer, the Guarantor or both of them (as applicable) as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor under the Securities or the Guarantee of the Securities (other than any payment obligation of the Issuer or the Guarantor under or arising from the Securities or the Guarantee of the Securities, including, without limitation, payment of any principal or premium or satisfaction of any Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities or the Guarantee of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) *Extent of Holders' remedy*: No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 8, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Securities or the Guarantee of the Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities or the Guarantee of the Securities.

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

9. Prescription

Claims for principal and Distribution on redemption shall become void unless the relevant Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Agents

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

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, fiscal agent, agent bank and additional or successor paying agent and transfer agent; **provided, however, that** the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar.

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

12. Meetings of Holders; Modification

(a) *Meetings of Holders*: The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Securities, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Holders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, two or more persons being or representing Holders whatever the principal amount of the Securities held or represented; **provided, however, that** certain proposals (including any proposal to change any date fixed for payment of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, to reduce the amount of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) payable on any date in respect of the Securities, to alter the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, to change the currency of payments under the Securities, to amend the terms of the Guarantee of the Securities or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which two or more persons holding or representing not less than 66 per cent. or, at any adjourned meeting, 33 per cent. of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

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

So long as the Securities are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Holders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

(b) *Modification*: The Securities, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Holders to modify any provision of a formal, minor or technical nature or to correct a manifest error. 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 Holders, 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 such parties, not materially prejudicial to the interests of the Holders.

13. Further Issues

The Issuer may (with the prior written consent of the Guarantor) from time to time, without the consent of the Holders, create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of Distribution) so as to form a single series with the Securities.

14. Notices

Notices to the Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Holders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

15. Governing Law and Jurisdiction

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

(b) *Jurisdiction*: The Issuer (i) agrees for the benefit of the Holders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Securities (including any non-contractual obligation arising out of or in connection with the Securities); (ii) agrees that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; and (iii) has designated a company in England to accept service of any process on its behalf.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Securities in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

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

Under the Global Certificate, the Issuer, for value received, promises to pay distributions on such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

The Global Certificate will become exchangeable in whole, but not in part, for individual certificates ("**Individual Certificates**") if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) upon a Winding-Up (as defined in the Conditions) of the Issuer or the Guarantor.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Securities scheduled thereto and, in particular, shall be effected without charge to any Holder or the Agents, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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

Record date: Notwithstanding Condition 6(f) (*Record date*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**"), each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Notices: Notwithstanding Condition 14 (*Notices*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or an Alternative Clearing System, notices to Holders of Securities represented by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

Determination of entitlement: The Global Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined in accordance with the Register and only the Holder is entitled to payment in respect of the Global Certificate.

Electronic Consent: While the Securities evidenced by the Global Certificate are registered in the name of any nominee for, or a nominee for any common depositary for, Euroclear, Clearstream or any Alternative Clearing System (as the case may be), then (a) approval of a resolution proposed by the Issuer or the Guarantor (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Securities then outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including in relation to Reserved Matters (as defined in the Agency Agreement)), take effect as an Extraordinary Resolution passed at a meeting of Holders duly convened and held, and shall be binding on all Holders whether or not they participated in such Electronic Consent; and (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, subject to certain requirements set out in the Agency Agreement, the Issuer, the Guarantor and the Fiscal Agent shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the Guarantor or the Fiscal Agent, as the case may be, by accountholders in the relevant clearing system with entitlements to Securities evidenced by the Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds such entitlement directly with the accountholder or via one or more intermediaries.

USE OF PROCEEDS

The net proceeds from the issue of the Securities will be approximately U.S.$645,000,000 which will be used for the Guarantor's general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Guarantor

As at 31 December 2019, the issued share capital of the Guarantor was approximately 10,226.4 million ordinary shares.

The following table sets forth the total capitalisation and indebtedness of the Guarantor as at 31 December 2019, which has been extracted from the unaudited condensed consolidated statement of financial position of the Guarantor as at the same date. This table should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Guarantor for the six months ended 31 December 2019 and the notes thereto.

	As at 31 December 2019		
	Actual	**As Adjusted**	**As Adjusted**
	HK$ million	*HK$ million*	*US$ million*(1)
Current portion of borrowings and other interest-bearing liabilities			
Short-term borrowings and current portion of long-term borrowings and other interest-bearing liabilities	44,931.9	44,931.9	5,760.5
Non-current portion of borrowings and other interest-bearing liabilities			
Long-term borrowings and other interest-bearing liabilities(2)	141,163.7	141,163.7	18,097.9
Total borrowings and other interest-bearing liabilities	186,095.6	186,095.6	23,858.4
Shareholders' funds			
Share capital	77,939.6	77,939.6	9,992.2
Reserves	138,334.3	138,334.3	17,735.2
	216,273.9	216,273.9	27,727.4
Perpetual capital securities	30,447.1	30,447.1	3,903.5
Perpetual capital securities to be issued(3)	-	5,070.0	650.0
Total capitalisation(4)	387,884.7	392,954.7	50,378.8
Current portion of total borrowings and total capitalisation	432,816.6	437,886.6	56,139.3

Notes:

(1) A rate of HK$7.80 to US$1.00 was adopted for the conversion of Hong Kong dollars to US dollars.

(2) On 19 May 2020, NWD (MTN) Limited issued U.S.$600 million in aggregate principal amount of 4.50 per cent. guaranteed notes due 2030 under the U.S.$6 billion guaranteed medium term note programme which are unconditionally and irrevocably guaranteed by the Guarantor, which have not been accounted for in this table.

(3) Perpetual capital securities to be issued represent the aggregate principal amount of the Securities, before deduction of underwriting fees and commissions, and other estimated transaction expenses payable.

(4) Total capitalisation represents non-current portion of borrowings and other interest-bearing liabilities, shareholders' funds, perpetual capital securities issued as at 31 December 2019 and perpetual capital securities to be issued.

Other than as stated herein, there has been no material change in the capitalisation and indebtedness of the Guarantor since 31 December 2019.

Capitalisation and Indebtedness of the Issuer

As at 2 April 1992, the date of its incorporation, NWD Finance (BVI) Limited was authorised to issue a maximum of 50,000 U.S.$1.00 par value shares of a single class and series, of which one share is held by the Guarantor. As at the date of this Offering Circular, NWD Finance (BVI) Limited has issued securities in an aggregate principal amount of U.S.$2,500,000,000.

DESCRIPTION OF THE ISSUER

Formation

NWD Finance (BVI) Limited was incorporated as an international business company on 2 April 1992 under the International Business Companies Act (Cap 291) of the British Virgin Islands (Company Number: 60211) and was automatically re-registered as a business company on 1 January 2007 under the BVI Business Company Act 2004 of the British Virgin Islands. Its registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Issuer is a wholly-owned subsidiary of NWD.

Business Activity

The Issuer was established pursuant to the unrestricted objects and powers set out in its memorandum of association. 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 wholly-owned subsidiary of NWD and those incidental to the issuance of securities from time to time.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

Directors and Officers

The directors of the Issuer are Messrs. Sitt Nam-Hoi, Lam Jim and Yam Yuen-Tung, each of their business addresses is c/o NWD at 30/F., New World Tower, 18 Queen's Road Central, Hong Kong. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer.

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

DESCRIPTION OF THE GUARANTOR

Introduction

NWD is the holding company of one of the largest Hong Kong-based property developers listed on the Hong Kong Stock Exchange in terms of market capitalisation. Established in 1970, NWD was listed on the Hong Kong Stock Exchange in 1972 and its shares are currently a constituent stock of the Hang Seng Index. As at 31 December 2019, based on the closing price of its shares on the Hong Kong Stock Exchange, NWD had a market capitalisation of approximately HK$109,218.0 million.

The Group's operations are based primarily in Hong Kong, Macau and the PRC, and include business activities in the following segments:

- *Property:* The Group is one of the major property developers and investors in Hong Kong and the PRC and is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment property portfolio comprising shopping malls, offices, hotels and serviced apartments. The Group undertakes its property development and investment businesses in the PRC primarily through NWCL, its subsidiaries, associated companies and joint ventures (the "**NWCL Group**").

- *Service:* The Group, through NWSH and its subsidiaries, associated companies and joint ventures (the "**NWSH Group**"), is engaged in a diversified range of service businesses including construction, facilities management, transport and strategic investments in Hong Kong, Macau and the PRC.

- *Infrastructure:* The Group is one of the largest foreign investors and operators of infrastructure projects in Hong Kong, Macau and the PRC. Its infrastructure portfolio comprises roads, aviation, environment and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.

- *Hotels:* As at 31 December 2019, the Group operated 17 hotel properties in Hong Kong, Mainland China and Southeast Asia with 7,400 guest rooms.

- *Department Stores:* As at 31 December 2019, the Group, through NWDS and its subsidiaries, operated and managed 31 department stores and shopping malls in the PRC.

Within the business segments, the Group focuses on its current core businesses, which include property development, property investment, roads, aviation and construction.

The following sets forth an overview of the Group's organisation structure showing its principal functional units and business activities as at 31 December 2019:

新世界發展有限公司
New World Development Company Limited
HK stock code: 17

Hong Kong Property
Development and Investment

NWSH (HK stock code: 659) Infrastructure & Service Approximately 61 per cent.	NWCL Mainland Property 100 per cent.	NWDS (HK stock code: 825) Mainland Department Store Approximately 75 per cent.

For the year ended 30 June 2019

For the year ended 30 June 2019, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK$76,763.6 million. Profit attributable to shareholders of the Guarantor amounted to HK$18,160.1 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK$8,814.1 million, up 10 per cent. year-on-year.

For the six months ended 31 December 2019

For the six months ended 31 December 2019, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK$32,464.4 million. Profit attributable to shareholders of the Guarantor amounted to HK$1,017.3 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK$3,929.2 million.

Strategy

- NWD's overall strategic objective is to enhance shareholders' value by focusing on developing, expanding and synergising its core businesses of property development, property investment, roads, aviation and construction operations in Hong Kong, Macau and the PRC. In particular, in Hong Kong, the Group's strategy is to maintain its core position as a comprehensive property developer. The Group has continued to replenish its land bank through various means, including public auction and tender, old building redevelopment as well as agricultural land conversion. Resources consumed in its current development were replenished to provide the Group with a steady pipeline of land supply in the coming years and to plan for property development and strategies in the long term. Through these means, the Group will be able to maintain a stable level of quality land bank and thus establish a solid foundation for the Group's property development business in Hong Kong that continues to contribute to the Group's sales revenue. The launch of new residential projects including ARTISAN GARDEN, TIMBER HOUSE and ATRIUM HOUSE offer abundant saleable resources in Hong Kong.

- With a proven underlying profit track record, the Group adopts a prudent and proactive approach in financial management and execution. To strengthen the profit contributions from the Group's investment property portfolio in Hong Kong, the Group proactively reviews its assets and investments with a view to achieving substantial growth through enhancing product quality and service delivery. In the past, the Group has regularly made dividend payments.

- In the PRC, the Group's strategy is to maintain a reasonable development pace to realise the capital value of its substantial land bank in the PRC with particular focus on the development of mid-scale and large-scale mixed-use projects with varying combinations of residential, office and retail spaces. As one of the largest and earliest foreign investors in the PRC with over 30 years of experience, NWD believes it has developed strong relationships and operating experience in the PRC that give it a competitive advantage, particularly in the Greater Bay Area. NWD believes that an increasing proportion of the Group's revenues and profits will, over the next few years, be generated from the PRC activities as the Group's PRC projects continue to mature and will seek to maintain a balance between revenues from property development and property investment. The Group will continue to develop properties in top-tier cities whilst focusing on geographical diversification into emerging second-tier cities. NWD believes that the Group's geographical diversification will enable it to benefit from the stable economic growth of top-tier cities as well as the emerging infrastructure development in high growth second-tier cities, alleviate the risks associated with having too much of its operation concentrated in one particular city or region in the PRC, strengthen its regional property portfolios and

position the Group as one of the leading national property developers and investors in the PRC.

- The Group's strategy in relation to its service businesses is to focus further on the construction business. For the remaining facilities management, transport and strategic investment aspects of the business, they are grouped under the strategic portfolio and the Group is looking to continue to benefit from stable income generated by its service operations.

- The Group's strategy in relation to its infrastructure businesses is to streamline the business portfolio and to focus further on the core businesses of roads and aviation. The Group continues to acquire quality road assets including a 40 per cent. interest of Hunan Sui-Yue Expressway. The Group also invests in commercial aircraft leasing investments given their strong earnings and growth potential. This stable and recurrent income stream is expected to help fund the Group's organic growth. Environment and logistics businesses are grouped under the Group's strategic portfolio and the focus is to maintain operations within its current range, which provide steady and diversified sources of income to the Group.

- In relation to hotel operations, the Group aims to continue to achieve better returns from the hotels in terms of both occupancy and average room rate.

- In relation to department store operations, the Group will delve deep into its core business of offline department store retail, empower it with new technologies and continue to seek innovations and breakthroughs along the path of product differentiation and towards stereoscopic experiences. Leveraging relevant work on business reshaping and store network adjustment, the Group will adhere to its proven and effective capitalised store management principles and establish benchmark stores in its three operating regions, so as to drive resource integration in the regions and to form a strategic setup with synergised development across multiple stores. In the long run, the Group will focus on fortifying its presence, while consistently implementing the strategies of "multiple presences within a single city" and "radiation city" to reinforce the Greater Beijing, the Greater Shanghai, the Greater South Western markets.

- As part of the Group's established strategies, the Group strives to focus on developing its current core businesses to optimise its assets and business portfolio while disposing of non-core assets. Under its dual growth engine strategy, the Group complements development properties sales with recurring investment property rentals. The Group also strives to develop strategic businesses such as HUMANSA.

Business

The following tables set forth the revenues and results for the business segments of the Guarantor and its subsidiaries for the fiscal years indicated:

	For the year ended 30 June			
	2019		**2018**	
	HK$ million	*%*	*HK$ million*	*%*
Revenue				
Property sales.......................................	38,511.5	50.2	23,380.8	38.5
Rental	3,669.4	4.8	3,109.9	5.1
Contracting	17,359.6	22.6	15,488.2	25.5

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Provision of services	9,238.8	12.0	10,423.5	17.2
Infrastructure operations	2,698.5	3.5	2,814.6	4.7
Hotel operations	1,490.9	1.9	1,479.0	2.5
Department store operations	3,357.8	4.4	3,670.9	6.0
Others	437.1	0.6	321.8	0.5
Total	76,763.6	100.0	60,688.7	100.0

Note:

(1) Revenue breakdown shown above reflects the Group's Executive Committee Categorisation, and differs slightly from the announced segmental results.

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Segment results (including share of results of joint ventures and associated companies)				
Property development	15,037.1	73.5	9,475.5	60.1
Property investment	2,142.9	10.5	2,452.2	15.5
Service	111.6	0.5	858.4	5.4
Infrastructure	3,689.8	18.0	3,201.4	20.3
Hotel operations	(249.5)	(1.2)	(76.5)	(0.5)
Department stores	202.2	1.0	232.4	1.5
Others	(468.9)	(2.3)	(369.9)	(2.3)
Total	20,465.2	100.0	15,773.5	100.0

The following tables set forth the Guarantor and its subsidiaries' share of results of joint ventures (those over which the Guarantor and its subsidiaries exercise joint control along with their partners pursuant to contractual arrangements) and their associated companies (those over which the Guarantor and its subsidiaries may exert influence through representations on the board of directors of such companies), by business segments for the fiscal years indicated:

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of joint ventures				
Property development	1,603.0	43.7	264.7	14.0
Property investment	326.2	8.9	451.0	23.9
Service	194.0	5.3	152.8	8.1

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Infrastructure..................................	1,752.8	47.7	1,183.4	62.8
Hotel operations.............................	11.8	0.3	32.8	1.7
Department stores	—	—	—	—
Others..	(217.5)	(5.9)	(198.5)	(10.5)
Total	3,670.3	100.0	1,886.2	100.0

	For the year ended 30 June			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of associated companies				
Property development.....................	(4.1)	(0.4)	46.8	3.9
Property investment........................	199.1	19.7	373.2	31.2
Service...	10.8	1.1	60.1	5.0
Infrastructure..................................	802.5	79.2	708.9	59.3
Hotel operations.............................	—	—	—	—
Department stores	—	—	(0.6)	(0.1)
Others..	4.5	0.4	8.0	0.7
Total	1,012.8	100.0	1,196.4	100.0

During the six months ended 31 December 2019, following the completion of FTLife Insurance's acquisition and to better reflect the nature of the Group's income streams and group strategies, the Group reclassified its reporting business segments. The Executive Committee of the Guarantor considers its business from products and services perspectives, which comprise property development, property investment, roads, aviation, construction, insurance, hotel operations and others (including facilities management, transport, environment, logistic, department store, media and technology and other strategic businesses) segments. The comparative figures for the six months ended 31 December 2018 have been aligned to conform with the presentation below accordingly.

The following tables set forth the revenues and results for the business segments of the Guarantor and its subsidiaries for the periods indicated:

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Revenue				
Property development..........................	11,986.6	36.9	29,905.3	60.7
Property Investment.............................	2,188.5	6.7	1,786.1	3.6
Roads	1,430.8	4.4	1,292.2	2.6

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Aviation	—	—	161.6	0.3
Construction	8,186.4	25.2	8,950.9	18.2
Insurance	1,998.6	6.2	—	—
Hotel operations	838.7	2.6	684.3	1.4
Others	5,834.8	18.0	6,486.7	13.2
Total	32,464.4	100.0	49,267.1	100.0

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Segment results (including share of results of joint ventures and associated companies)				
Property development	6,800.9	72.7	8,885.1	71.6
Property investment	1,178.4	12.6	1,220.2	9.9
Roads	1,122.3	12.0	1,097.1	8.8
Aviation	266.8	2.8	218.6	1.8
Construction	662.2	7.1	602.4	4.9
Insurance	112.0	1.2	—	—
Hotels operations	(425.2)	(4.6)	(60.5)	(0.5)
Others	(359.8)	(3.8)	438.6	3.5
Total	9,357.6	100.0	12,401.5	100.0

The following tables set forth the Guarantor and its subsidiaries' share of results of joint ventures (those over which the Guarantor and its subsidiaries exercise joint control along with their partners pursuant to contractual arrangements) and their associated companies (those over which the Guarantor and its subsidiaries may exert influence through representations on the board of directors of such companies), by business segments for the periods indicated:

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of joint ventures				
Property development	224.7	24.7	42.3	4.5
Property investment	(49.1)	(5.4)	112.2	11.9
Roads	321.8	35.3	348.5	36.8
Aviation	269.1	29.6	188.3	19.9

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Construction	—	—	1.7	0.2
Insurance	—	—	—	—
Hotel operations	(79.1)	(8.7)	(1.1)	(0.1)
Others	223.1	24.5	253.9	26.8
Total	910.5	100.0	945.8	100.0

	For the six months ended 31 December			
	2019		2018	
	HK$ million	*%*	*HK$ million*	*%*
Share of results of associated companies				
Property development	6.3	1.9	0.5	0.1
Property investment	51.4	15.4	101.8	14.3
Roads	89.8	27.0	91.9	13.0
Aviation	—	—	—	—
Construction	164.7	49.5	238.2	33.6
Insurance	—	—	—	—
Hotel operations	—	—	—	—
Others	20.8	6.2	276.0	39.0
Total	333.0	100.0	708.4	100.0

Recent Developments

Property

Hong Kong – Property overview

The Group is one of the major property developers in Hong Kong and is engaged in the development of residential, retail, office and hotel properties. As at 31 December 2019, the Group possessed a land bank with attributable gross floor area (“**GFA**”) of approximately 9.0 million sq.ft. in Hong Kong available for immediate development. Of which, attributable residential GFA amounted to approximately 4.2 million sq.ft. Meanwhile, the Group had a total of approximately 16.6 million sq.ft. of attributable agricultural land area in the New Territories pending for usage conversion, which are mainly located in Yuen Long. Sales of property in Hong Kong historically have been a significant source of the Group’s operating profits.

Despite the downward pressure on the economy, more than 20,000 primary residential transactions were recorded in 2019, in the context of strong pent-up housing demand and raise of mortgage cap under the new mortgage insurance by the Hong Kong government. Robust sales performance was recorded from those new projects that were priced below the new mortgage ceiling, and the secondary market is regaining momentum. Hong Kong banks followed the U.S. Federal Reserve in lowering interest rate which also eased the pressure on buyers and demand has been further unleashed.

Through its subsidiaries, NWD oversees and largely performs all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for zoning and modifications, the design and construction of development projects, and the marketing, leasing and management of completed projects. The typical development cycle for vacant land in Hong Kong from acquisition of the site and preparation of architectural plans until expected completion date is approximately three to five years. However, if there is a variance of land usage required, the process may take longer and may involve the payment to the government of substantial land premiums in connection with the modification of the land use restrictions. The development cycle for urban property may also be longer, since such sites generally are not vacant and frequently contiguous multiple sites or separate units within a site must be assembled before development can begin.

In general, the Group's practice is to pre-sell its developments before completion and the granting of occupation permits by government authorities in order to improve its financial liquidity and reduce market risk. Revenues and profits from such sales are only recognised when or as the control is transferred to the customer. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

Hong Kong – Property investment

The completed investment property portfolio of the Group in Hong Kong amounted to approximately 19.3 million sq.ft. of total GFA (approximately 11.2 million sq.ft. of total attributable GFA) as at 31 December 2019. The business segment continues to be a key source of income for the Group in the medium to long term.

The portfolio consists of retail shopping centres and office buildings which collectively accounted for approximately 43.3 per cent. of the Group's completed investment properties in attributable GFA terms, with the balance being luxury serviced apartments and hotels (which together accounted for approximately 27.9 per cent. of the Group's completed investment properties), logistic centres and carparks.

The rentals of Super Grade A office buildings in Central continued to stay high during the six months ended 31 December 2019. Corporates accelerated adjustments in their development plans and strengthened cost management, the ongoing decentralisation trend further stimulated office leasing demand in sub-prime sectors such as Island East and Kowloon. However, the China-U.S. trade dispute has brought pressure on the local economy, coupled with social events in Hong Kong, the number of tourist arrivals in Hong Kong has dropped, and local consumer sentiment has become more cautious, which has put tremendous pressure on the overall retail sales and related property rental performance in the short term. However, from 2019, due to the US-China trade tension, the depreciation of RMB and recent social events, consumer sentiment became more cautious.

The Group performs the rental management and marketing of most of its investment properties through a division of NWD and a subsidiary, K11 Concepts Limited. The Group proactively reviews its investment assets with a view to enhancing its product quality and service delivery including performing periodic property renovations.

The leases the Group has granted are typically for two or three years for office and retail tenants occupying relatively small commercial floor space and longer lease periods can be granted for those tenants occupying relatively large commercial floor space. Notwithstanding that such properties are classified as investment properties, the Group will evaluate offers from potential purchasers and may dispose of certain of its investment properties if the price offered is competitive.

In accordance with HKFRS, the Group values its investment properties at every reporting balance sheet date at their fair market value determined by professional valuation. Any change in the valuation is charged or credited, as the case may be, to the consolidated income statement. The Group's financial performance is therefore subject to fluctuation from period to period in light of the movements in property value in Hong Kong, which has been cyclical in the past and could result in a significant accounting profit or loss for the Group.

The Group's rents in Hong Kong are generally quoted in sq.ft. per lettable area. In most cases, the rents quoted by the Group do not include property management charges or government rates payable by its tenants.

The table below sets out the Group's major property investment and other projects in Hong Kong as at 30 June 2019.

No.	Name of project	Total GFA (sq.ft.)	Total attributable GFA (sq.ft.)	Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Serviced apartment (sq.ft.)	Others (sq.ft.)	Total number of carpark	Land lease expiry
	COMPLETED									
	Hong Kong Island									
1	Manning House, Central	110,040	110,040	63,383	46,657					2843
2	New World Tower, Central...	640,135	640,135	77,948	562,187				385	2863
3	K11 ATELIER KING'S ROAD, North Point..............	487,504	487,504	7,160	480,344				165	2083
										2088
										2090
4	Shun Tak Centre, Shopping Arcade, Sheung Wan..........	214,336	96,451	96,451					85	2055
5	Hong Kong Convention and Exhibition Centre, Shopping Arcade, Wan Chai...............	87,999	87,999	69,173				18,826(2)	1,070	2060
6	Grand Hyatt Hong Kong.......	524,928	262,464			262,464				2060
7	Renaissance Harbour View Hotel Hong Kong.................	544,518	272,259			272,259				2060
8	Pearl City, Causeway Bay — Ground Floor to 4th Floor.....	53,691	21,476	21,476						2868
	Pearl City, Causeway Bay — Ground Floor to Basement...	24,682	24,682	24,682						2868
9	EIGHT KWAI FONG, Happy Valley..................................	65,150	57,965				57,965			2079
10	Methodist House, Wan Chai(1)..................................	40,813	40,405		40,405					2084
	Subtotal...............................	2,793,796	2,101,380	360,273	1,129,593	534,723	57,965	18,826	1,705	
	Kowloon									
11	K11 ATELIER of Victoria Dockside, Tsim Sha Tsui	435,145	435,145		435,145					2052
	Rosewood Hong Kong & Rosewood Residences of Victoria Dockside, Tsim Sha Tsui	1,105,644	1,105,644			1,105,644				2052
	K11 MUSEA of Victoria Dockside, Tsim Sha Tsui	1,156,356	1,156,356	1,156,356						2052
	K11 ARTUS of Victoria Dockside, Tsim Sha Tsui	379,720	379,720				379,720		1,116(7)	2052
12	Telford Plaza, Kowloon Bay(1)	335,960	335,960	335,960					136	2047
13	K11, Tsim Sha Tsui.............	335,939	335,939	335,939					240	2057
	Hyatt Regency Hong Kong, Tsim Sha Tsui	277,877	138,939			138,939				2057
14	pentahotel Hong Kong, Kowloon	285,601	285,601			285,601				2057
15	KOHO, Kwun Tong	204,514	204,514	1,567	202,947				28	2047
16	THE FOREST, Mong Kok(1) .	53,337	26,669	26,669					7	2062
17	ARTISAN HUB, San Po Kong	64,519	64,519	31,087	33,432					2047

No.	Name of project	Total GFA (sq.ft.)	Total attributable GFA (sq.ft.)	Retail (sq.ft.)	Office (sq.ft.)	Hotel (sq.ft.)	Serviced apartment (sq.ft.)	Others (sq.ft.)	Total number of carpark	Land lease expiry
	Subtotal................................	4,634,612	4,469,006	1,887,578	671,524	1,530,184	379,720		1,527	
	New Territories									
18	ATL Logistic Centre, Kwai Chung	9,329,000	3,190,518					3,190,518[3]		2047
19	D • PARK, Tsuen Wan	466,400	466,400	466,400					1,000	2047
20	PopCorn II, Tseung Kwan O[1]	125,730	88,011	88,011					50	2047
21	Hyatt Regency Hong Kong, Sha Tin[1].............................	538,000	538,000			538,000			100	2047
22	Citygate, Tung Chung[4]	659,003	131,801	99,697	32,104				1,231	2047
	Novotel Citygate Hong Kong	236,758	47,352			47,352			7	2047
23	Tung Chung Town Lot No. 11, Tung Chung	473,655	94,731	68,231		26,393		107	127	2063
24	PARK SIGNATURE, Yuen Long.....................................	24,155	24,155	24,155						2058
	Subtotal................................	11,852,701	4,580,968	746,494	32,104	611,745		3,190,625	2,515	
	Grand Total	19,281,109	11,151,354	2,994,345	1,833,221	2,676,652	437,685	3,209,451	5,747	
	TO BE COMPLETED/UNDER CONSTRUCTION									
25	21 Luk Hop Street, San Po Kong.....................................	100,798	100,798					100,798[5]		2047
26	New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan.................	998,210	998,210	38,062	960,148					2067
27	SKYCITY Project[1]..............	3,767,389	3,767,389	2,707,491	562,311			497,587[6]		2066

Notes:

(1) Properties in which the Group has a development interests: other parties provide the land whilst the Group finances the construction costs and occasionally land costs, and is entitled to a share of the rental income or a share of the development profits in accordance with the terms and conditions of the respective joint development agreements after completion

(2) Meeting rooms

(3) Logistics centre

(4) Includes Tung Chung Crescent

(5) Industrial

(6) Includes carparking and transport terminal

(7) Total number of carpark of Victoria Dockside

Set forth below is a brief description of selected rental property:

Victoria Dockside, a new global landmark located at the core area of Tsim Sha Tsui waterfront in Kowloon with a total GFA of approximately 3 million sq.ft., accommodates K11 ATELIER, K11 ARTUS, K11 MUSEA, Rosewood Hong Kong and Rosewood Residences.

The Grade A office building K11 ATELIER commenced operation in the second half of 2017. As at 31 December 2019, around 80 per cent. were leased, with several large multinational corporations engaged. K11 ARTUS is the first luxury hospitality and serviced apartment extension of K11 which shapes up a unique hospitality culture. The project comprises 287 suites and has begun operation in stages since July 2019, with leading monthly rent for serviced apartments in Kowloon.

K11 MUSEA, a cultural landmark situated in the heart of Victoria Dockside, commenced operation in late August 2019 to create a new museum-retail experience for consumers. Created by 100 local and international designers, K11 MUSEA houses more than 250 international brands and flagship stores. As at 31 December 2019, over 90 per cent. were leased and the average monthly footfall reached 1.6 million.

K11 ATELIER KING'S ROAD, a Grade A office building on Island East and the first in the world to achieve three green building certifications - the WELL Building Standard™ platinum pre-certification, the U.S. LEED platinum pre-certification and the HK Green BEAM Plus provisional platinum certification, occupies a total GFA of approximately 488,000 sq.ft. and is located next to the Quarry Bay MTR station. This Grade A office building commenced operation in late 2019. As at 31 December 2019, around 50 per cent. was leased.

During the financial year ended 30 June 2020 (the "**FY2020**"), a total area of more than 1.5 million sq ft (K11 MUSEA and K11 ATELIER King's Road) was added to the Hong Kong property investment flagships which will begin to provide full-year contributions in the financial year ended 30 June 2021 (the "**FY2021**"). The recurring income growth of property investment is entering an acceleration stage. Citygate extension in Tung Chung, in which the Group has a 20 per cent. interest, opened in August 2019. With a total GFA of approximately 470,000 sq.ft., 98 per cent. was leased. In addition, the development of Grade A office building project in King Lam Street, West Kowloon is on schedule. With a total GFA of approximately 1 million sq.ft., the project will contribute to the development of the emerging business district.

For office buildings, New World Tower and Manning House located in Central recorded a solid and stable performance with occupancy rates of 95 per cent. and 100 per cent. achieved respectively as at 31 December 2019, whereas the malls including Hong Kong K11, D•PARK and THE FOREST have an occupancy ranging from 94 per cent. to 99 per cent. as at 31 December 2019.

For the six months ended 31 December 2019, the Group's revenues and segment results of property investment in Hong Kong was HK$1,344.4 million and HK$848.0 million, respectively, representing an increase of 36 per cent and 20 per cent., respectively, as compared to the same period in 2018. The new global landmark Victoria Dockside, located in the core area of Tsim Sha Tsui Waterfront, Kowloon, with a total GFA of approximately 2 million sq ft excluding hotel, was fully opened during the six months ended 31 December 2019 and the Group's rental income base was significantly enhanced. The overall occupancy rate of other major projects recorded solid performance.

For the six months ended 31 December 2018, the Group's revenues and segment results of property investment in Hong Kong was HK$992.1 million and HK$705.4 million, respectively.

Hong Kong – Property development

Despite the downward pressure on the economy, more than 20,000 primary residential transactions were recorded in 2019, in the context of strong pent-up housing demand and raise of mortgage cap under the new mortgage insurance by the Hong Kong government. Robust sales performance was recorded from those new projects that were priced below the new mortgage ceiling, and the secondary market is regaining momentum. Hong Kong banks followed the U.S. Federal Reserve in lowering interest rates which also eased the pressure on buyers and demand has been further unleashed.

On 16 October 2019, the Hong Kong government announced plans to expand eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio will be raised from HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent loan-to-value ratio will also be raised from HK$6 million to HK$10 million.

For the six months ended 31 December 2019, the Group's revenues and segment results of property development in Hong Kong and Singapore, including joint development projects,

amounted to HK$3,666.9 million and HK$1,777.0 million, respectively. The contributions were mainly attributable to residential projects including MOUNT PAVILIA, The Masterpiece, FLEUR PAVILIA in Hong Kong and ARTRA in Singapore, together with the disposal of the carparks in Riveria Gardens, Tsuen Wan.

For the six months ended 31 December 2018, the Group's revenues and segment results of property development in Hong Kong and Singapore, including joint development projects, amounted to HK$21,007.3 million and HK$5,734.6 million, respectively. The contributions were mainly attributable to residential projects including THE PAVILIA BAY, MOUNT PAVILIA, ARTISAN HOUSE, FLEUR PAVILIA, THE PAVILIA HILL, PARK VILLA and THE PARKVILLE.

For the six months ended 31 December 2019, the Group's attributable contracted sales in Hong Kong amounted to HK$3 billion, which were mainly contributed by residential projects including MOUNT PAVILIA, FLEUR PAVILIA and ATRIUM HOUSE. For the six months ended 31 December 2018, the Group's attributable contracted sales in Hong Kong amounted to HK$3.4 billion. The attributable contracted sales were mainly contributed by residential projects including FLEUR PAVILIA, MOUNT PAVILIA, The Masterpiece and the Double Cove series, together with the disposal of two non-residential projects.

As at 31 December 2019, the Group had a total of 287 residential units in Hong Kong available for sale, of which, 153 residential units were under the lead of the sales management of the Group.

In the first half of 2019, the Group launched three new residential projects, namely ARTISAN GARDEN, TIMBER HOUSE and ATRIUM HOUSE, offering 847 units in total. Among them, as at the date of this Offering Circular, ARTISAN GARDEN and TIMBER HOUSE are sold out and nearly 94 per cent. of the units of ATRIUM HOUSE have been sold.

The Group's key residential project at Tai Wai Station in Sha Tin, involving more than 3,000 residential units, will be launched in phases in 2020 and 2021. A total of approximately 2,200 units in the first and second phases will be gradually launched this year. Of which, the pre-sale consent application for Phase 1 was submitted in February 2020. The project is the only large-scale new project in the district in recent years, taking fully the market potentials of the comprehensive railway network. An office project located on Cheung Shun Street in West Kowloon which has a total GFA of approximately 520,000 sq ft, is also planned to be launched in the second half of 2020.

The table below sets out the Group's major property development projects in Hong Kong as at 30 June 2019:

					Attributable GFA					
No.	**Name of Property Development Projects**	**Site Area**	**Total GFA**	**The Group's Interest**	**Residential**	**Retail**	**Office**	**Others**	**Total Attributable GFA**	**Stage of Completion[1]**
		(sq.ft.)	*(sq.ft.)*	*(%)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	
	Hong Kong Island									
1	4A-4P Seymour Road, Mid-levels.	52,466	472,186	35.00	165,265				165,265	F
	Subtotal.....................................		**472,186**		**165,265**				**165,265**	
	Kowloon									
2	TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin.......................	11,256	94,974	51.00	43,055	5,382			48,437	S
3	ARTISAN GARDEN, 68 Kowloon City Road, Ma Tau Kok[2].............	14,897	111,730	100.00	111,730				111,730	S
4	Yau Tong Redevelopment Project, Kowloon East..............................	810,454	3,992,604	10.88	423,683	10,793			434,476	LE
5	New Kowloon Inland Lot No. 6574, 4B3, Kai Tak...............................	104,475	574,615	29.30	168,362				168,362	P
6	New Kowloon Inland Lot No. 6552, 4C2, Kai Tak...............................	105,110	641,168	18.00	111,624	3,786			115,410	P

No.	Name of Property Development Projects	Site Area	Total GFA	The Group's Interest	Attributable GFA Residential	Retail	Office	Others	Total Attributable GFA	Stage of Completion(1)
		(sq.ft.)	*(sq.ft.)*	*(%)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	*(sq.ft.)*	
7	New Kowloon Inland Lot No. 6576, 4B1, Kai Tak	103,151	722,060	10.00	72,206				72,206	P
8	New Kowloon Inland Lot No. 6582, Cheung Shun Street, Cheung Sha Wan..	44,897	524,766	100.00		152	488,256	36,358(3)	524,766	F
9	New Kowloon Inland Lot No. 6572, Wing Hong Street, Cheung Sha Wan..	30,925	363,094	100.00		5,234	357,860		363,094	F
	Subtotal		**7,025,011**		**930,660**	**25,347**	**846,116**	**36,358**	**1,838,481**	
	New Territories									
10	STTL No. 520, Tai Wai Station Property Development, Sha Tin(2) .	521,107	2,050,327	100.00						
	Phase 1				495,323				495,323	S
	Phase 2				871,965				871,965	S
	Phase 3				683,039				683,039	F
11	Reach Summit, Sereno Verde Phase 5, 99A Tai Tong Road, Yuen Long	48,933	171,265	20.97	35,914				35,914	S
12	ATRIUM HOUSE, 99 Shap Pat Heung Road, Yuen Long.............	24,230	121,148	100.00	121,148				121,148	S
13	Lung Tin Tsuen (Phase 2), Yuen Long	88,157	440,785	100.00	440,785				440,785	LE
14	Tong Yan San Tsuen (Phase 3), Yuen Long	88,658	88,658	100.00	88,658				88,658	LE
15	Tong Yan San Tsuen (Phase 4), Yuen Long	193,591	193,591	100.00	193,591				193,591	
16	Sha Po North (Phase 2), Yuen Long	TBC	373,240	34.81	129,925				129,925	
17	DD110, Kam Tin, Yuen Long........	169,855	67,942	100.00	67,942				67,942	LE
18	DD221, Sha Ha, Sai Kung...........	593,635	890,452	76.00	676,744				676,744	P
	Subtotal		**4,397,408**		**3,805,034**				**3,805,034**	
	Grand Total		**11,894,605**		**4,900,959**	**25,347**	**846,116**	**36,358**	**5,808,780**	

Remarks:

(1) P=Planning; D=Demolition; SP=Site Preparation; F=Site Formation / Foundation; S=Superstructure; C=Completed (OP Issued); LE=Land Exchange; TBC=To be confirmed

(2) Property in which the Group is entitled to a share of development profits in accordance with the terms and conditions of the respective development agreements

(3) Include public carpark, but exclude government accommodations (i.e., children care centre and elderly care centre)

Furthermore, the Group reviews its business portfolio from time to time and seeks opportunities in non-core assets disposal to unlock values and optimise its asset portfolio, which provides extra resources for core businesses.

As at 31 December 2019, unrecognised attributable income from sales of properties in Hong Kong and Singapore amounted to HK$7,944 million. Of which, HK$391 million is to be booked in the second half of FY2020, HK$6,380 million to be booked in FY2021 and HK$1,173 million to be booked in FY2022.

Estimated completion schedule of property development in Hong Kong

Fiscal year	Project
FY2020	Nil
FY2021	ATRIUM HOUSE, ARTISAN GARDEN, TIMBER HOUSE and Reach Summit

Sales of property development in Hong Kong to be recognised in FY2020 (as at 31 August 2019)	Total no. of units	Attributable income
		HK$ million
MOUNT PAVILIA	86	2,770
The Masterpiece	3	339
FLEUR PAVILIA	32	276
THE PAVILIA HILL	1	127
Others and carparks	—	528
Total		4,040

Sales of property development in Hong Kong to be recognised in FY2021 (as at 31 August 2019)	Total no. of units	Attributable income
		HK$ million
ARTISAN GARDEN	294	1,772
PARK VILLA	38	1,583
ATRIUM HOUSE	213	1,108
Reach Summit	481	478
The Masterpiece	3	395
MOUNT PAVILIA	8	358
FLEUR PAVILIA	32	322
Others and carparks	—	30
Total		6,046

Hong Kong – Land bank

It is the Group's policy to use various channels to replenish its Hong Kong land bank. Apart from public auction and tender, the Group has also pursued diversified means, including old building acquisitions and agricultural land usage conversion, to replenish its landbank in Hong Kong and actively undertook old building acquisitions and farmland conversions in order to secure a stable supply of land resources for development. The private housing supply in 2019–2020 by the government fell behind the target. In addition, the split between public and private housing supply has been adjusted from 60:40 to 70:30. The government has stated their intention to launch the "Land Sharing Pilot Scheme" this year. The Group will continue to actively study the changes and the content in land policies and properly plan its development in order to achieve a win-win situation for the Group and the society.

As at 31 December 2019, the Group possessed a land bank with attributable GFA of approximately 9.0 million sq.ft. for immediate development. Of which, attributable residential GFA amounted to approximately 4.2 million sq.ft. Meanwhile, the Group had a total of approximately 16.6 million sq.ft. of attributable agricultural land area reserve in the New Territories pending for usage conversion, which are mainly located in Yuen Long.

Eight projects with a total GFA of approximately 1.8 million sq ft located in Yuen Long and Fanling are under active negotiation with relevant authority of the government on usage conversion, of which a total GFA of approximately 0.5 million sq ft has entered the final stages.

Land bank by district	Property development total attributable GFA	Property investment and others total attributable GFA	Total attributable GFA
	(sq.ft. '000)	*(sq.ft. '000)*	*(sq.ft. '000)*
Hong Kong Island	165.3	-	165.3
Kowloon	1,842.5	1,099.0	2,941.5
New Territories	2,207.4	3,767.4	5,974.8
Total	**4,215.2**	**4,866.4**	**9,081.6**

Agricultural land bank by district	Total land area	Total attributable land area
	(sq.ft.'000)	*(sq.ft.'000)*
Yuen Long District	12,410.4	11,411.6
North District	2,500.1	2,195.4
Sha Tin District and Tai Po District	1,944.3	1,890.4
Sai Kung District	1,307.2	1,116.5
Tuen Mun District	19.2	19.2
Total	**18,181.2**	**16,633.1**

The Group through a consortium was awarded the bids for three residential sites on the Kai Tak runway. The three projects have a total GFA of 1.9 million sq.ft. in aggregate, of which approximately 360,000 sq.ft. is attributable to the Group. In furtherance of the Group's strategy of development in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**"), on 2 May 2018, the Group won a successful bid for an iconic world-class commercial development in SKYCITY at Hong Kong International Airport ("**HKIA**"). Situated next to HKIA, the development will involve total investment of HK$20 billion and take up a GFA of approximately 3.77 million sq.ft., comprising 2.1 million sq.ft. for dining and retail outlets and 570,000 sq.ft. each for experience-based entertainment facilities and office space. The remaining floor area will be used for public facilities and carparks. The project is scheduled to be completed in phases from 2023 to 2027.

The Group will be responsible for the design, development and management of the entire project, aiming to build this strategically located project into a commercial and entertainment hub in Hong Kong and the Greater Bay Area at large, offering high-tech experiential entertainment, making it a new landmark in Hong Kong for locals and visitors from overseas and a population of more than 60 million people of the Greater Bay Area.

The acquisition of over 90 per cent. of ownership of State Theatre Building, a residential and commercial property located at 277-291 King's Road, North Point was completed. The site area of this old building redevelopment project is approximately 36,200 sq.ft. and the court application for compulsory sale has been made.

The Group attaches great importance to creating shared value. During the six months ended 31 December 2019, the Group took the lead in responding to the Hong Kong government's advocacy for the development of transitional housing. The Group and the Hong Kong government are working hand in hand with social enterprises to provide short-term residence for families in need, by using part of its medium- and long-term agricultural land reserve that is not available for development in short to medium term at a nominal rent.

The PRC – Property overview

The Group entered the PRC property market in the early nineties and has since then expanded its business operations to the southern, central, eastern, northern and north-eastern regions of the PRC. The Group is now one of the largest foreign property developers and investors in the PRC. The Group is engaged in property development and investment in the PRC principally through its solely-owned subsidiary, the NWCL.

The NWCL Group's core business is the development and sale of mid-sized to large-scale residential projects. The NWCL Group is also engaged in other complementary property-related businesses such as land preparatory work, property investment, hotel operations and property management services.

As at 31 December 2019, the NWCL Group had a total land bank (excluding carpark) held for property development of approximately 6.7 million square metres ("**sq.m.**") available for immediate development in the PRC, of which, residential GFA amounted to approximately 2.8 million sq.m. As at 31 December 2019, the NWCL Group's core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Hangzhou, Ningbo, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.9 million sq.m., of which 50 per cent. was located in the Greater Bay Area and 1.9 million sq.m. was for residential use.

The PRC – Property Investment

The NWCL Group's investment property portfolio comprises completed residential, commercial and office properties and car park spaces held for long-term investment, and as at 31 December 2019, amounted to 3.0 million sq.m. in total GFA.

Affected by the trade dispute between China and the U.S. as well as the fluctuations in the RMB exchange rate, the growth of China's total retail sales of consumer goods in 2019 had slowed down compared to last year. However, it rebounded to 8 per cent. at the end of 2019, with a nominal annual growth rate of 8 per cent. as policies such as tax and fee cuts, adjustments on import tariffs and consumption environment optimisation were being implemented. Trend of consumption upgrade together with cultural and entertainment experiences dominates the retail market.

For the year ended 30 June 2019, the Group recorded a gross rental income of HK$1,727.1 million in Mainland China, representing an increase of 26 per cent. from the year ended 30 June 2018.

For the six months ended 31 December 2019, the Group's revenues and segment results of property investment in Mainland China was HK$844.1 million and HK$462.3 million, respectively, representing an increase of 6 per cent. and 2 per cent. , respectively, as compared to the same period in 2018.

For the six months ended 31 December 2018, the Group's revenues and segment results of property investment in Mainland China was HK$794.0 million and HK$451.9 million, respectively.

The NWCL Group's investment property portfolio (including those held by joint ventures and associated companies) as of 31 December 2019 comprise property projects in the Pearl River Delta region and top-tier and second-tier cities in the PRC, including Beijing, Guangzhou, Shenyang, Wuhan, Tianjin, Dalian, Anshan, Tangshan, Foshan, Nanjing, Jinan, Zhaoqing, Langfang and Changsha. New World • NEW PARK in Guangzhou commenced operation in December 2018. Shanghai Hong Kong New World Tower which houses Shanghai K11, the first art mall in Mainland China, recorded satisfactory occupancy rate. Such investment properties are typically developed by the NWCL Group and are located within its property developments. Developments of investment properties are conducted in accordance with the specific requirements of the approved master design plans. It is the NWCL Group's policy to commence the development of the commercial properties at the early stage of the property development. Since a well-equipped living environment is of utmost importance in formulating the NWCL Group's marketing strategy and promoting the overall image of its quality property projects, the NWCL Group believes that the provision of commercial facilities for residents at an early stage of its residential community project could enhance the value of the project. The Group is actively upgrading its investment property portfolio in the PRC, several core projects such as Shanghai K11 Art Mall will play a modeling role. Meanwhile, a series of high-quality composite projects in prime cities will gradually be delivered and will be operated through the Group's unique brands K11 and D • PARK, which will further stimulate the rental contribution in The PRC.

The NWCL Group's rents are generally quoted per sq.m. of lettable area. In most cases, the rents that it quotes do not include property management charges and rates payable by its tenants. Commercial and office leases are typically entered into for two to three year terms, some of which have the option to renew. In connection with longer term leases, the tenancy agreements usually contain rent review clauses or rent adjustment provisions. The majority of the completed investment properties of the NWCL Group are being managed by the NWCL Group's own property management companies for the purposes of providing premier estate management services and maintaining high quality and conditions of the premises. Only some of the investment properties of the NWCL Group are managed by outsourced management companies. Notwithstanding that such commercial facilities are classified as investment properties, the NWCL Group will evaluate offers from potential purchasers and may dispose of certain of its investment properties if the price offered is competitive. Set forth below is a brief description of some of the NWCL Group's and NWD Group's major investment property projects in the PRC:

Beijing New World Centre, Phases I and II

Beijing New World Centre comprises joint ventures between the NWCL Group and local partners, providing NWCL with a 70 per cent. and 100 per cent. attributable interest for the development of Phases I and II respectively. Phase I, which has approximately 94,188 sq.m. of total GFA, comprises a large retail shopping arcade and two levels of basement parking. Phase II, which has approximately 74,359 sq.m. of total GFA, mainly comprises a large retail shopping arcade and basement parking facilities.

Tianjin Xin An New World Plaza

Tianjin Xin An New World Plaza is owned by a wholly-owned subsidiary of the NWCL Group. The project, which was completed in June 1997, is among the PRC's largest shopping arcades, comprising retail and commercial space of approximately 98,338 sq.m. of total GFA.

Tangshan New World Centre

Tangshan New World Centre is fully owned by the NWCL Group. The project, which is adjacent to 150,000 sq.m. Dazhao Park, comprises offices, retail shops and service apartments.

Wuhan New World International Trade Towers, Towers I and II

The NWCL Group holds a 100 per cent. attributable interest in Wuhan New World International Trade Tower for the development of Towers I and II. Towers I and II have in aggregate approximately 131,833 sq.m. of total GFA and primarily comprises office space.

Wuhan New World Centre

Wuhan New World Centre is a mixed development complex which comprises retail, office and car park spaces of approximately 76,164 sq.m. of total GFA.

Wuhan Guanggu New World

The NWD Group holds a 100 per cent. attributable interest in Wuhan Guanggu New World. The project is divided into commercial and residential sections, including hotel, shops and grade A office and space for innovative enterprises which offer attractive rental rates.

Langfang New World Centre

The NWCL Group holds a 100 per cent. attributable interest in Langfang New World Centre. The project is located in the commercial district of Zhougezhuang. This project comprises high-end offices, hotel and retail shops.

Guangzhou Park Paradise

The NWCL Group holds a 100 per cent. attributable interest in Guangzhou Park Paradise. The project comprises seven high-rise buildings complemented by a 500,000 sq.m mixed-use complex that includes service apartments, retail shops and recreational facilities.

The table below sets out the NWCL Group's major property investment projects in the PRC as at 30 June 2019.

No	Name of completed project	Accounting classification	Attributable interest	Total GFA	Serviced apartment	Commercial	Office	Carpark and others
				(sq m)	*(sq m)*	*(sq m)*	*(sq m)*	*(sq m)*
1	Guangzhou Covent Garden	Subsidiary	100%	48,212		23,752		24,460
2	Guangzhou Park Paradise	Subsidiary	100%	181,712	22,112	58,872		100,728
3	Guangzhou Xintang New World Garden.....................................	Joint venture	63%	37,892		27,299		10,593
4	Guangzhou Central Park-view Area L8....................................	Subsidiary	91%	52,434	29,869	17,408		5,157
5	Guangzhou New World Oriental Garden Phase 1	Subsidiary	100%	22,483		21,654		829
6	Guangzhou Dong Yi Garden Phase 2	Subsidiary	100%	7,937		7,443		494
7	Canton First Estate CF19A (T5, T6)....................................	Subsidiary	85%	11,043	11,043			
	Canton First Estate CF21.........	Subsidiary	85%	3,375		3,375		
8	Zhaoqing New World Garden...	Subsidiary	100%	15,062		15,062		
9	Shunde New World Centre.......	Joint venture	42%	48,517		33,577		14,940
10	Wuhan Guanggu New World A	Subsidiary	100%	103,742			81,771	21,971
	Wuhan Guanggu New World B	Subsidiary	100%	2,521		2,521		
	Wuhan K11 Select....................	Subsidiary	100%	112,592		56,354	801	55,437
11	Wuhan New World International Trade Tower 1	Subsidiary	100%	121,828			104,556	17,272
	Wuhan New World International Trade Tower 2	Subsidiary	100%	10,005			10,005	
12	Wuhan New World Centre........	Subsidiary	100%	76,164		45,766	2,504	27,894
13	Wuhan K11 Gourmet Tower.....	Subsidiary	100%	20,947		10,367		10,580
14	New World Wuhan Hotel	Joint venture	60%	6,202			563	5,639
15	Nanjing New World Centre.......	Subsidiary	100%	52,794		41,712		11,082

No	Name of completed project	Accounting classification	Attributable interest	Total GFA	Serviced apartment	Commercial	Office	Carpark and others
				(sq m)	*(sq m)*	*(sq m)*	*(sq m)*	*(sq m)*
16	Shanghai Hong Kong New World Tower..	Subsidiary	50%	130,385		35,474	80,549	14,362
17	Beijing New World Centre Phase 1	Joint venture	70%	94,188		74,232		19,956
	Beijing New World Centre Phase 2	Subsidiary	100%	74,359		47,345		27,014
18	Beijing New View Garden.........	Joint venture	70%	20,018		4,030		15,988
19	Beijing Xin Yu Garden	Joint venture	70%	24,800		3,603		21,197
20	Beijing Xin Kang Garden	Joint venture	70%	40,196		12,011		28,185
21	Beijing Baoding Building Shopping Arcade	Subsidiary	100%	62,286		40,286		22,000
22	Tianjin Xin An New World Plaza	Subsidiary	100%	98,338		80,440	6,614	11,284
23	Tianjin Xin Hui Hua Ting...........	Subsidiary	100%	25,876		25,876		
24	Langfang New World Centre B.	Subsidiary	100%	7,016		7,016		
25	Tangshan New World Centre Phase 2	Subsidiary	100%	86,061		37,776	48,285	
26	Jinan New World Sunshine Garden West	Subsidiary	100%	4,498		4,498		
27	Shenyang New World Garden Phase 1E..................................	Subsidiary	100%	27,543		5,026		22,517
	Shenyang New World Garden Phase 2A..................................	Subsidiary	100%	159,624		4,601		155,023
	Shenyang New World Garden Phase 1XA................................	Subsidiary	100%	5,862		3,859	2,003	
	Shenyang New World Garden Phase 2D1................................	Subsidiary	100%	62,182		7,911		54,271
	Shenyang New World Garden Phase 2D2................................	Subsidiary	100%	76,636		11,314		65,322
28	Shenyang New World Centre...	Subsidiary	100%	501,972		264,038		237,934
29	Anshan New World Garden......	Subsidiary	100%	153,256		5,083		148,173
30	Dalian New World Plaza...........	Subsidiary	88%	69,196		49,413		19,783
31	Dalian New World Tower..........	Subsidiary	100%	51,146		29,231		21,915
	Total..			2,710,900	63,024	1,118,225	337,651	1,192,000

The PRC – Property Development

Overview: The NWCL Group has extensive experience in property development in Beijing, Wuhan, Shenyang, Tianjin, Guangzhou, Shenzhen and the Pearl River Delta region and has expanded into other major cities in the PRC including Changsha, Foshan, Anshan, Langfang, Yiyang, Ningbo, Jinan and Huizhou. Development of the NWCL Group's properties usually entails seven phases: land acquisition, project planning, financing, design, project construction, pre-sales and sales, and after-sales services. The Group's property business in the PRC is mainly concentrated in core cities like Shenzhen and Guangzhou in the Greater Bay Area and cities located in certain important economic clusters. In particular, around 50 per cent. of the Group's core landbank in the PRC is located in the Greater Bay Area.

For the years ended 30 June 2019 and 30 June 2018, the NWCL Group's consolidated revenue derived from property development amounted to approximately HK$20,914.1 million and HK$16,213.7 million, respectively. For the six months ended 31 December 2019, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$8,319.7 million and HK$5,023.9 million, respectively. For the six months ended 31 December 2018, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$8,898.0 million and HK$3,150.5 million,

respectively. The contribution was mainly attributable to the sales of residential projects in Guangzhou, Shenzhen, Foshan, Shenyang and Beijing. For the six months ended 31 December 2019, the total contracted sales area of properties in the PRC was approximately 309,000 sq m, with total sales proceeds amounted to RMB11.6 billion. For the six months ended 31 December 2018, the total contracted sales area of properties in the PRC was approximately 313,000 sq m, with total sales proceeds amounted to RMB9.3 billion. The average selling price of overall residential contracted sales was over RMB33,000 per sq m. Nearly half of the contribution was delivered by sales of residential projects in the Greater Bay Area including Guangzhou Park Paradise, Guangzhou Covent Garden, Guangzhou Foshan Canton First Estate and Shenzhen Prince Bay BAYHOUSE.

At the Central Economic Work Conference held in December 2019, the PRC government demanded full implementation of a long-standing management and control mechanism that stabilises land prices, housing prices, and expectations in accordance with city-specific policies and category-based guidance. Local governments have the flexibilities to fine-tune the policies in line with the actual supply and demand in the local market. For example, Shenzhen has relaxed the standard for ordinary commodity housing which was originally subject to value-added tax and lifted the sales restrictions on business apartments. At the same time, large cities with a permanent resident population of 3 to 5 million have relaxed their requirements for permanent household registration. Guangdong Province announced in January 2020 that it would relax restrictions on the permanent household registration in cities other than Guangzhou and Shenzhen, accelerating the population flow and urbanisation in the region.

In September 2019, the Group entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset of this company is Changsha La Ville New World. The disposal enables the Group to realise cash resources and unlock asset value at fair market value and further validated the Group’s strategy of disposing of non-core assets.

As at 31 December 2019, unrecognised attributable income from sales of properties in the PRC amounted to HK$5,211 million. of which HK$307 million is to be booked in the second half of FY2020, HK$4,397 million to be booked in FY2021 and HK$507 million to be booked in FY2022.

Properties under development: As at 31 December 2019, the NWCL Group has a total GFA of 8.89 million sq.m. of properties under development, which comprise residential, commercial, office, hotel properties and car park spaces in the Pearl River Delta region and top-tier and second-tier cities in the PRC, including Guangzhou, Shenzhen, Foshan, Shenyang, Wuhan, Beijing, Changsha, Anshan, Ningbo, Yiyang, Langfang, Jinan and Huizhou.

Land acquisition strategy: The NWCL Group has an established land acquisition strategy which takes into account its short-, medium- to long-term development requirements. The NWCL Group focuses on acquiring land in prime urban locations of key top-tier cities with a sizable population of middle to high income households.

The NWCL Group places a strong emphasis on its land acquisition strategy and considers it fundamental to the success of a property development project. The NWCL Group typically prefers to acquire interests in land through cooperative investment or acquisition of existing interests as opposed to acquisition through public tenders. The major considerations the NWCL Group applies are:

- location and population demographics: focus on acquiring land in prime urban locations with a sizable population of middle to high income households;
- cost, investment and financial returns;

- site area: focus on sites with a GFA of less than 500,000 sq.m.;
- accessibility of the site and availability of infrastructure support; and
- synergies with other existing projects located within the same region.

The NWCL Group designs and develops the land granted to it according to its overall master development plan. The NWCL Group is actively involved in all of the different stages of the development process in order to control the costs, schedule and quality of its projects including the selection and acquisition of land, the resettlement process, the preparation of feasibility studies and market surveys, the obtaining of government approvals for development, the design of development projects, the supervision of construction and the sales and marketing and management of completed projects.

	Residential contracted sales		**Non-residential contracted sales**	
Region	**Area (sq m '000)**	**Proceeds (RMB million)**	**Area (sq m '000)**	**Proceeds (RMB million)**
Southern region (i.e. the Greater Bay Area)	131.1	5,990	5.8	170
Central region	16.6	240	4.8	2,200(1)
Eastern region	9.2	440	—	—
Northern region	16.4	340	2.0	30
North-eastern region	84.1	1,660	39.6	520
Total	**257.4**	**8,670**	**52.2**	**2,920**
(1) Includes the disposal of entire interest in Hunan Success New Century Investment Company Limited.				

For the six months ended 31 December 2019, the total area of development property completed (excluding carpark) amounted to 92,580 sq m, which was located in Wuhan and Shenyang. The area of completion is expected to reach 524,327 sq m in the second half of FY2020.

1HFY2020 project completion in the PRC — property development (Total area/sq m)

Project	**Residential**	**Total (excluding carpark)**	**Total (including carpark)**
Wuhan New World•Times site B	37,345	37,345	96,501
Shenyang New World Garden 2E	55,235	55,235	55,235
Total	**92,580**	**92,580**	**151,736**

1HFY2020 project completion in the PRC — property investment, hotel and others (Total area/sq m)

Project	Total (excluding carpark)	Total (including carpark)
Shenyang New World Garden 2E	—	40,878
Total	**—**	**40,878**

2HFY2020 estimated project completion in the PRC — property development (Total area/sq m)

Project	Residential	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou Foshan Canton First Estate CF-30, 27B, 31, 35	99,288	—	—	99,288	100,002
Ningbo New World Plaza Land No. 7–10, 11, 12	137,652	43,760	69,386	250,798	412,700
Beijing New View Commercial Centre	—	9,063	12,231	21,294	25,367
Shenyang New World Centre SA3	75,354	—	—	75,354	75,354
Anshan New World Garden Phase 1B2, Phase 2B1	68,982	8,611	—	77,593	94,920
Total	**381,276**	**61,434**	**81,617**	**524,327**	**708,343**

2HFY2020 estimated project completion in the PRC — property investment, hotel and others (Total area/sq m)

Project	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou Park Paradise District 5 Land No. 2	2,596	—	2,596	4,974
Wuhan New World Centre Phase 3 — Wuhan K11	32,294	56,320	88,614	145,333
Total	**34,890**	**56,320**	**91,210**	**150,307**

The PRC – Land Bank

Positioning in the Greater Bay Area and selected key cities and diversified channels in landbank management are the keys of the Group's ability to successfully stand out and differentiate among many large mainland developers. Over the past three years, the Group has successfully won the

rights to develop multiple projects in the Greater Bay Area through different means, reflecting the unique strengths and robust execution of its professional teams.

In September 2019, the Group obtained the Tagang Village project on Yongning Street in the Zengcheng District of Guangzhou with the reserve price of RMB3.4 billion. The Tagang Village project is a Class 2 residential land with a total GFA of over 320,000 sq m.

To optimise project coverage in key cities other than the Greater Bay Area, the Group acquired the remaining 51 per cent. interest in the commercial and residential complex project Ningbo New World, for RMB4.01 billion in July 2019. During the same period, the Group also successfully acquired a land parcel for commercial and residential purposes in Wangjiang New Town, Shangcheng District, Hangzhou through a public tender at a price of approximately RMB9.79 billion, with a total GFA of approximately 454,000 sq m. The project will strengthen the strategic layout of the Group in key cities in the Yangtze River Delta.

With the competitive advantages of brands and excellent project operational management in its unique ecosystem, the Group has become the only Hong Kong developer that actively participates in the arena of old city redevelopment in the PRC.

As at 31 December 2019, the Group has successfully become the only intended cooperative enterprise for several old village redevelopment projects including the Xili Project in Nanshan District of Shenzhen, the Shancun Project in Liwan District of Guangzhou, the Nanji Village Project in Haizhu District of Guangzhou, and the Tagang Village Project in Zengcheng District of Guangzhou. The above projects are expected to be included in the Group’s landbank gradually starting in 2022 and with their prime locations and more reasonable acquisition costs compared to public tender, it will significantly boost the resources for the Group’s long-term development. In addition, the remodeling cooperation project of Economic Belt at Man Kam To Crossing in Lo Wu district, Shenzhen, is also actively underway.

As at 31 December 2019, the total GFA of the NWCL Group’s land bank (excluding carpark) held for property development amounted to 6.7 million sq.m.. Out of the total GFA of approximately 6.7 million sq.m available for immediate development in the PRC, 2.8 million sq. m of which was for residential use. Core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Hangzhou, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.9 million sq m, of which 50 per cent. was located in the Greater Bay Area and approximately 1.9 million sq m was for residential use.

Region	**Total GFA (excluding carpark) (sq m ’000)**	**Residential total GFA (sq m ’000)**
Southern region (i.e. the Greater Bay Area)	2,916.4	1,907.6
Central region	736.6	288.3
Eastern region	941.3	288.3
Northern region	610.2	254.5
North-eastern region	1,468.4	772.2
Total	**6,672.9**	**3,510.9**
Of which, core projects	**5,850.5**	**2,837.2**

The following table sets forth a breakdown of the NWCL Group's land bank by development stage and usage as at 30 June 2019:

	Total GFA	Residential	Commercial	Office	Hotel	Carpark and others
			(sq.m.)			
Properties under development	4,107,475	1,479,246	433,803	851,837	254,891	1,087,698
Properties under planning	4,787,404	2,429,788	594,295	354,709	84,891	1,323,721
Total	8,894,879	3,909,034	1,028,098	1,206,546	339,782	2,411,419

The following table sets forth a breakdown of the NWCL Group's land bank by usage and location as at 30 June 2019:

	Total GFA	Residential	Commercial	Office	Hotel	Carpark and others
			(sq.m.)			
Region						
Beijing	916,895	236,590	252,172	41,171	—	386,962
Langfang	41,238	17,860	—	—	—	23,378
Jinan	80,837	—	5,697	37,162	19,545	18,433
Shenyang	1,331,356	828,288	50,286	189,231	99,675	163,876
Anshan	455,103	385,303	22,969	—	—	46,831
Wuhan	663,941	37,522	64,244	320,557	—	241,618
Changsha	517,378	348,851	17,631	—	—	150,896
Yiyang	433,669	287,920	63,475	—	—	82,274
Shenzhen	822,102	54,726	272,087	227,949	—	267,340
Foshan	1,158,613	802,512	1,092	—	84,891	270,118
Guangzhou	1,560,971	709,481	149,307	202,000	94,402	405,781
Ningbo	816,698	137,652	121,698	188,476	41,269	327,603
Huizhou	96,078	62,329	7,440	—	—	26,309
Total	8,894,879	3,909,034	1,028,098	1,206,546	339,782	2,411,419

Hotel operations

NWD is engaged in hotel investment through various subsidiaries and joint ventures. As at 31 December 2019, the Group owned a total of 17 completed and operating hotels over 7,400 guest rooms in Hong Kong, the PRC and Southeast Asia.

For the six months ended 31 December 2019, hotel operations recorded a loss mainly due to the impact of Hong Kong's social events, the drop in tourist arrivals and the pre-operational expenses of new hotel projects in the PRC.

The average occupancy and room rates of the Group's hotels in Hong Kong which are oriented towards high-end business travellers, have been affected in varying degrees. For the six months ended 31 December 2019, the average occupancy rate of Hyatt Regency Hong Kong, Tsim Sha Tsui, Grand Hyatt Hong Kong and Renaissance Harbour View Hotel was 65 per cent., 53 per cent. and 58 per cent., respectively. It is expected that the operating performance of hotels in Hong Kong and the PRC will continue to be affected by the virus outbreak in the near term and will further weaken in 2020.

In Mainland China, the three hotels of different segments operated by the Group in Beijing have recorded an average occupancy rates ranging from 84 per cent. to 87 per cent. for the six months

ended 31 December 2019 and from 79 per cent. to 87 per cent. for the six months ended 31 December 2018.

Rosewood Hong Kong, situated in Victoria Dockside at the core location of Tsim Sha Tsui in Kowloon, opened in March 2019 and offers 413 guest rooms and 186 luxury Rosewood Residences. The hotel has a 34,450 sq.ft. meeting and event space. In addition, the pillarless Grand Ballroom with an area of 10,700 sq.ft., the Pavilion with an area of 10,700 sq.ft., and Pavillion Hall with an area of 3,122 sq.ft. are being offered.

The table below sets forth the number of rooms and the Group's effective interest in its hotel properties as at 31 December 2019.

No.	Name of Hotels	Total Number of Rooms as at 31 December 2019	The Group's effective interest
	Hong Kong		
1	Grand Hyatt Hong Kong	542	50%
2	Renaissance Harbour View Hotel	861	50%
3	Rosewood Hong Kong[2]	599	100%
4	Hyatt Regency Hong Kong, Tsim Sha Tsui	381	50%
5	pentahotel Hong Kong, Kowloon	695	100%
6	Hyatt Regency Hong Kong, Sha Tin	562	(1)
7	Novotel Citygate Hong Kong	440	20%
	Subtotal	4,080	
	Mainland China		
8	Rosewood Beijing	283	82%
9	New World Beijing Hotel	309	70%
10	pentahotel Beijing	307	55%
11	New World Shunde Hotel	370	37%
12	New World Wuhan Hotel	327	60%
13	KHOS Langfang	292	100%
	Subtotal	1,888	
	Southeast Asia		
14	New World Makati Hotel, The Philippines	584	62%
15	New World Saigon Hotel, Vietnam	533	67.5%
16	Renaissance Riverside Hotel Saigon, Vietnam	336	72%
17	Rosewood Phuket, Thailand	71	100%
	Subtotal	1,524	
	Grand Total	7,492	

Notes:

(1) Hotel properties in which the Group has development interests. The Group financed the construction costs (occasionally land costs) whilst the corresponding land are provided by other parties. The Group is entitled to share of operation and development profits in accordance with terms and conditions of the respective joint development agreements.

(2) Rosewood Hong Kong: 413 rooms; Rosewood Residences: 186 rooms.

Services

The Group is engaged in a diversified range of services businesses, including construction, insurance, facilities management, transport and strategic investments covering mainly Hong Kong and primarily through its 60.86 per cent.-owned subsidiary, NWSH, the shares of which are listed on the Hong Kong Stock Exchange with a total market capitalisation of HK$42,709.6 million as at 31 December 2019. The NWSH Group's services businesses generate recurring cash flows and have a strong track record in Hong Kong.

Construction

The NWSH Group's construction business offers professional construction services in Hong Kong and Macau. For the year ended 30 June 2019, the contributions from the construction business amounted to 14 per cent.. As at 31 December 2019, the gross value of contracts on hand for the construction business was approximately HK$53.0 billion (from HK$39.0 billion as at 31 December 2018) and the remaining works to be completed amounted to approximately HK$38.0 billion (from HK$22.0 billion as at 31 December 2018), of which approximately 41 per cent. were from government and institutional related projects and 59 per cent. were from private sector which includes both commercial and residential projects.

The NWSH Group undertakes construction services through Hip Hing Construction Company Limited ("**Hip Hing**"). Hip Hing's workload is derived from government and other public sector/institutional development projects; and other private sector property projects from large developers. The NWSH Group also participated in building construction projects including the Tamar Development Project, HKCEC, Times Square, MGM Macau, Elements, the Masterpiece and K11, Wanchai Police Headquarter, Tseung Kwan O Hospital, etc.

Insurance

The completion of the acquisition of FTLife Insurance on 1 November 2019 marked a key milestone of NWSH in expanding into the insurance business. FTLife Insurance, as a premier Hong Kong life insurance company with more than 30 years of history, offers a comprehensive range of life insurance products including whole life, term life, endowment, investment-linked, accident and health products to individual and institutional clients. According to data released by the Insurance Authority, FTLife Insurance was ranked as the 13th largest Hong Kong life insurance company by Annual Premium Equivalent ("**APE**") as at 30 September 2019.

FTLife Insurance has started its contribution to NWSH by reflecting the two months of performance since its completion of acquisition on 1 November 2019. The result has shown early signs of fruition in synergies and the strong support from the Group with the APE and Value of New Business ("**VONB**") year-on-year growth for the two months being 11 per cent. and 21 per cent, respectively. The number of agents of FTLife Insurance increased by 14 per cent year-on-year to over 3,200 as at 31 December 2019.

Despite an uncertain market for Hong Kong insurers with public activities during the six months ended 31 December 2019, FTLife Insurance's new products such as the Voluntary Health Insurance Scheme ("**VHIS**") and Qualifying Deferred Annuity Policy ("**QDAP**") were well-received in the Hong Kong market and supported its new business growth. In September 2019, FTLife Insurance also launched Regent Prime and Regent Elite insurance products to strengthen its

product portfolio. These two new offerings, together with VHIS and QDAP were all ranked among the top in their respective categories.

FTLife Insurance maintained a very strong balance sheet with solvency ratio exceeding 580 per cent, far higher than the minimum requirement of 150 per cent, driven by prudent investment management policies and buybacks of certain investments by the vendor of FTLife Insurance as agreed in its acquisition. As at 31 December 2019, the total asset value and net asset value (excluding the goodwill arising from business combination) were HK$64.9 billion and HK$15.6 billion, respectively, while embedded value was HK$17.3 billion, comparing to HK$16.1 billion as at 31 December 2018.

On the back of FTLife Insurance's improving distribution strength, profitability over the past few years, as well as the strong support from NWSH after the completion of the acquisition, Moody's has upgraded FTLife Insurance's insurance financial strength rating from Baa1 to A3 with stable outlook. Meanwhile, Fitch Ratings also affirmed A- insurer financial strength rating with stable rating outlook which highlighted FTLife Insurance's robust capital base and solvency ratio.

Facilities management

The NWSH Group's facilities management segment provides both Hong Kong and overseas customers with a comprehensive range of facilities management services including the management and operation of venues for exhibitions and conventions. The NWSH Group, through its Free Duty business, also undertakes a duty free tobacco, liquor, perfume, cosmetics, package food and general merchandise retail business at various cross-border terminals in Hong Kong, Hong Kong-Zhuhai-Macao-Bridge and Macau International Airport respectively.

The NWSH Group operates and manages the Hong Kong Convention and Exhibition Centre ("**HKCEC**"), Hong Kong's largest multi-functional facility, which provides venues, food and beverages as well as other related services for exhibitions, conventions, meetings, entertainment, special events, banquets and catering events, with a total rentable space of 91,500 sq.m. and offers uniquely convenient, world-class services to both Hong Kong and overseas customers. HKCEC was named the "Best Convention and Exhibition Centre in Asia-Pacific" in the 2018 CEI Readers' Choice Award conducted by CEI Asia magazine, one of the most influential trade publications in the region.

Free Duty was established as part of a long term commitment to the duty free business in Hong Kong. It has shops located at Hung Hom, Lo Wu and Lok Ma Chau MTR stations, Hong Kong-Zhuhai-Macao-Bridge, Hong Kong International Airport and Macau International Airport selling duty free liquor, tobacco, perfume, cosmetics, package food and general merchandise.

Gleneagles Hong Kong Hospital ("**GHK Hospital**"), in which the Group has 40 per cent. interest, was officially opened in late March 2018, around one year after commencing initial services. Since opening for business in early 2017, GHK Hospital enjoyed continuous patient volume growth and has been operating smoothly in delivering innovative, transparent and high-quality healthcare services in Hong Kong. GHK Hospital is a 500-bed private hospital with more than 35 specialties and subspecialties. It offers a comprehensive range of healthcare facilities and services, including 24-hour outpatient and emergency, cardiovascular laboratory, clinical laboratory, critical care unit, radiotherapy and oncology centre, radiology, endoscopy centre, chemotherapy centre, dialysis centre, health screening, rehabilitation, specialist outpatient clinics, dietetic services, etc. GHK Hospital won the "Management Innovation of the Year Award" in Healthcare Asia Awards 2019 for initiating a number of innovative initiatives that aim to deliver excellent and transparent healthcare services to patients and to introduce new concepts and systems to Hong Kong private healthcare.

Transport

The public transportation services provided by the NWSH Group include franchised and non-franchised bus services and passenger ferry services in Hong Kong. Through NWS Transport Services Limited, a company wholly-owned by NWSH, the NWSH Group operates a full range of transport related businesses in Hong Kong. As at 30 June 2019, New World First Bus Services Limited operates 93 franchised bus routes in Hong Kong and Citybus Limited operates 118 franchised bus routes covering Hong Kong Island and cross-harbour routes and also connecting Hong Kong International Airport and Tung Chung. At the same time, New World First Ferry Services Limited operates five ferry routes in the inner harbours and outlying islands in Hong Kong. New World First Ferry had an average daily patronage of approximately 36,300 for the year ended 30 June 2019.

Strategic investments

The NWSH Group's strategic investments segment includes investments with strategic value to the NWSH Group, growth potential which will enhance and create value for the Shareholders.

NWSH has also streamlined the business portfolio and focused further on the core businesses by disposing of some non-core assets, namely Urban Parking (Beijing) Limited, minority interests in Tianjin Orient Container Terminal and Tianjin Five Continents International Container Terminal, and shares of Beijing Capital International Airport Co., Ltd (the "**BCIA**"), for a total consideration of HK$1.3 billion.

Infrastructure

The Group is engaged in the development, investment, operation and/or management of infrastructure projects in Hong Kong, Macau and the PRC primarily through the NWSH Group. The NWSH Group is one of the largest foreign investors in, and operators of, infrastructure projects in the PRC. As a diversified infrastructure investor, the NWSH Group's infrastructure portfolio includes roads, aviation, environment and logistics projects and is engaged in developing, owning, operating and managing a portfolio of toll roads, water and wastewater treatment and waste management plants, power stations, ports and pivotal rail container terminals in the PRC; a logistics centre in Hong Kong and commercial aircraft leasing to worldwide airline operators as at 31 December 2019. The majority of the NWSH Group's assets in this division are located in Hong Kong and the PRC.

The NWSH Group focuses on strategic alliances with major international and PRC infrastructure and infrastructure-related companies. The NWSH Group believes that its network of strategic partners enables it to secure local support, diversify risks and continue to develop new projects in Hong Kong, the PRC and Macau. The NWSH Group believes that these strategic relationships will lead to co-investment opportunities in new projects for the NWSH Group.

The NWSH Group seeks to develop infrastructure projects in areas it expects will experience significant economic growth in the near term, but which may lack the infrastructure necessary to achieve or sustain such growth. In the PRC, rapid economic growth in recent years has provided significant opportunities for the NWSH Group. The Group believes its projects are well-positioned to benefit from the continued economic growth in the PRC.

Roads

The NWSH Group is engaged in the construction, management and operation of its road projects. The operations of the project companies are located in the PRC. In road projects in the PRC, the NWSH Group has a number of local partners supervised by local government authorities.

Roads segment has maintained largely stable in contributions, notwithstanding the adverse impact arising from RMB depreciation. Due to the fluctuation of RMB during the year ended 30 June 2019, the contribution of the roads business decreased by 7 per cent. compared to the year ended 30 June 2018. Excluding the exchange rate effect, as at 31 December 2019, the contributions would have increased by 4 per cent., which were in line with the overall growth in toll income reflecting the steady growth of the underlying traffic and that NWSH's acquisitions made in the last couple of years have gradually come to fruition. Following the acquisition of Hubei Suiyuenan Expressway in January 2018, the NWSH Group acquired 40 per cent. interest of Hunan Sui-Yue Expressway during the financial year ended 30 June 2019.

As at 30 June 2019, the NWSH Group had interests in 15 roads and related projects in strategic locations in Mainland China, namely Guangdong, Guangxi, Zhejiang, Shanxi, Tianjin, Hubei and Hunan, covering approximately 700 km in length. Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) contributed more than 80 per cent. to the roads business.

NWSH's four anchor expressways, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section), contributed more than 80 per cent. of the roads segment contributions. Meanwhile, traffic flow of seven expressways in the Greater Bay Area continued to register increase in traffic volume of up to 19 per cent. year-on-year as at 31 December 2019.

Aviation

Following the divestment of the remaining stakes in Beijing Capital International Airport Co., Ltd., the aviation segment principally engages in commercial aircraft leasing business through NWSH's full-service leasing platform Goshawk Aviation Limited ("**Goshawk**").The NWSH Group invests in commercial aircraft for leasing to worldwide airline operators through Goshawk. NWSH's commercial aircraft leasing business continued to grow rapidly during the six months ended 31 December 2019 together with the direct orders of 40 narrow-body aircraft from two major aircraft manufacturers with delivery scheduled between 2023 and 2025. The number of aircraft owned, managed and committed expanded from 223 as at 30 June 2019 to 239 as at 31 December 2019, with combined market value amounted to approximately US$12.0 billion, while aircraft on book expanded from 154 as at 30 June 2019 to 161 as at 31 December 2019.

Being a global leading commercial aircraft lessor in terms of fleet value with one of the youngest fleets and one of the longest average remaining lease term in the industry, the 161 aircraft on book's average age is 4.0 years and with an average remaining lease term of 6.8 years. As at 31 December 2019, Goshawk maintained its diversified strategy with customer base encompassing 62 airlines in 35 countries.

Due to the outbreak of COVID-19, governments across the world have imposed a number of measures in an effort to contain the spread of COVID-19, including business closures, travel restrictions and the suspension of major events. In addition, the aviation industry where the Group's clients operate in, has been adversely affected with material reduction in demand for air travel globally. As a result, the Group has received requests from its customers to delay lease payment obligations due to the effects of the COVID-19 pandemic. In the short term, the Group expects a certain impact on the financial performance of the aviation business. As at the date of the Offering Circular, it is difficult to quantify the economic impact arising from the COVID-19 outbreak. The Group will continue to closely monitor the progression of this pandemic, evaluate and proactively assess and respond to its impact on the Group.

Environment

As at 31 December 2019, the NWSH Group engaged in environmental business across the Greater China region through SUEZ NWS Limited ("**SUEZ NWS**") and Chongqing Derun Environment Co., Ltd. These two platforms provide one-stop environmental services, including water and wastewater treatment, sludge treatment, waste collection and treatment, industrial and municipal waste incineration, landfill and landfill restoration and environmental remediation.

In addition, the Group operates two power plants in Guangdong and Sichuan with a total installed capacity of approximately 1,820 MW.

The NWSH Group has formed an investment platform named ForVEI II S.r.l. in the financial year ended 30 June 2019 which is dedicated to grasp the opportunities in the solar power segment in Europe, mainly in Italy at present, in a bid to diversify the Group's portfolio in the environment segment and generate long-term growth and value for its shareholders. For the six months ended 31 December 2019, a total of 43.26 MW installed capacity of solar plants were acquired, with total installed capacity reaching 46.12 MW as at 31 December 2019.

Logistics

The NWSH Group invested in a joint venture, China United International Rail Containers Co., Limited, to develop and operate a large-scale pivotal rail container terminal network across the PRC. As at 30 June 2019, the rail container terminals in Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan, Xian, Ningbo, Tianjin, Urumqi and Qinzhou were operational and handled 3,438,000 twenty-foot equivalent units ("**TEUs**"). The development of the remaining terminals is in progress.

As at 30 June 2019, the NWSH Group also invested in one logistics centre in Hong Kong that offer a total leasable area of 5.9 million sq.ft., and one port project in Mainland China with container handling capacity of 9.1 million TEUs per year.

The following table sets forth the NWSH Group's major infrastructure projects as at 30 June 2019:

No.	Name of Projects	Capacity/Installed Capacity	No. of Projects	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry[(1)]
					(%)		
	Environment						
E1	SUEZ NWS Limited.	Water and wastewater treatment:	38	Equity	42.0	May-1985#	N/A
		9.41 million m^3/day					
		Sludge treatment: 2,140 tonnes/day	4				
		Waste collection and treatment: 11,283 tonnes/day	13				
		Industrial and municipal waste incineration: 778,300 tonnes/year	9				
		Landfill and landfill restoration:96 million m^3 (excluding landfill restoration)	9				
		Total	73				

No.	Name of Projects	Capacity/Installed Capacity	No. of Projects	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry[(1)]
E2	Chongqing Derun Environment Co., Ltd...........................	N/A		Equity	12.6	Oct-2014[#]	N/A
E3	Chongqing Silian Optoelectronics Science & Technology Co., Ltd	N/A		EJV	20.0	Jul-2008	N/A
E4	Zhujiang Power Station — Phase II ..	620 MW		EJV	25.0	Apr-1996	2020
E5	Chengdu Jintang Power Plant	1,200 MW		Equity	35.0	Jun-2007	2040
E6	Guangzhou Fuel Company	Coal Pier: 7 million tonnes/year		EJV	35.0	Jan-2008	2033
E7	ForVEI II S.r.l.	Installed capacity:2.86 MW	3	Equity	40.0	Jun-2018#	2050

Notes:

(1) Project or JV expiry date

\# Date of incorporation

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry[(1)]
				(%)		
	Roads					
R1	Guangzhou City Northern Ring Road	22.0 km	CJV	65.3	Jan-1994	2023
R2	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section)		CJV	25.0		2030
	Section I...	8.6 km			Dec-1999	
	Section II..	49.6 km			Dec-1999	
R3	Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Northern Section)	27.0 km	CJV	15.0	Dec-2005	2032
R4	Guangzhou-Zhaoqing Expressway		CJV	25.0		2031
	Phase I	48.0 km			Sept-2002	
	Phase II	5.4 km			Sept-2010	
R5	Shenzhen-Huizhou Expressway (Huizhou Section)	34.7 km	CJV	33.3	Jun-1993	2023
R6	Guangzhou Dongxin Expressway......................	46.2 km	Equity	45.9	Dec-2010	2035
R7	Guangzhou City Nansha Port Expressway........	72.4 km	Equity	22.5	Dec-2004	2030
R8	Guangdong E-serve United Co., Ltd.................	N/A	Equity	1.4	Jan-2013	N/A
R9	Hangzhou Ring Road..	103.4 km	Equity	100.0	Jan-2005	2029
R10	Roadway No. 321 (Wuzhou Section).................		CJV	52.0		2022
	Phase I	8.7 km			Mar-1997	
	Phase II	4.3 km			Dec-1998	
R11	Shanxi Taiyuan – Gujiao Roadway (Gujiao Section)	36.0 km	CJV	60.0[+]	Apr-1999	2025
R12	Roadway No. 309 (Changzhi Section)..............	22.2 km	CJV	60.0[+]	Jul-2000	2023
R13	Taiyuan – Changzhi Roadway (Changzhi Section)	18.3 km	CJV	60.0[+]	Aug-2000	2023
R14	Tangjin Expressway (Tianjin North Section)......		CJV	60.0[#]		2039
	Section I...	43.5 km			Dec-1998	

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
				(%)		
	Section II	17.2 km			Dec-2000	
R15	Hubei Suiyuenan Expressway	98.1 km	EJV	30.0	Mar-2010	2040
R16	Hunan Sui-Yue Expressway	24.1 km	EJV	40.0	Dec-2011	2038
	Total Length	689.7 km				

Notes:

(1) Project or JV expiry date

\+ Cash sharing ratio of 90% for the first 12 years from the operation date and thereafter 60%

\# Cash sharing ratio of 90% for the first 15 years from the operation date and thereafter 60%

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

No.	Name of Projects	Investment Scope Leasable Area/ Handling Capacity	NWSH's Form of Investment	NWSH's Attributable Interest (%)	Operation Date	Year of Expiry(1)
	Logistics					
L1	China United International Rail Containers Co., Limited	Pivotal rail container terminal network	EJV	30.0	Kunming: Jan-2008 Chongqing: Dec-2009 Chengdu: Mar-2010 Zhengzhou: Apr-2010 Dalian: Jul-2010 Qingdao: Aug-2010 Wuhan: Aug-2010 Xian: Dec-2010Ningbo: Jan-2011Tianjin: Jan-2017 Urumqi: Jun-2017Qinzhou: Jun-2019	2057
L2	ATL Logistics Centre Hong Kong Limited	5,900,000 sq.ft. leasable area	Equity	56.0	Phase I: Feb-1987Phase II: Mar-1988 Phase III: Feb-1992 Phase IV: Jan-1994 Phase V: Nov-1994	2047
L3	Xiamen Container Terminal Group Co., Ltd.	9,100,000 TEUs p.a.	EJV	20.0	Dec-2013	2063

Notes:

(1) Project or JV expiry date

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

p.a. = Per annum

No.	Name of Projects	Facility/No. of Aircraft	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
				(%)		
	Aviation					
A1	Goshawk Aviation Limited	**No. of Aircraft Owned: 154**	Equity	50.0	Oct-2013#	N/A
A2	Beijing Capital International Airport Company Limited	**3 runways and 3**	Equity	2.8	Oct-1999#	N/A

No.	Name of Projects	Facility/No. of Aircraft	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry(1)
		terminals (total floor area: 1.41 million sq.m.)				

Notes:

(1) Project or JV expiry date

\# Date of incorporation

CJV = Co-operative Joint Venture (profit sharing percentage)

EJV = Equity Joint Venture (percentage of equity interest)

Department Stores

The Group's department store development and management operations are undertaken by NWD's retail arm, NWDS. As at 31 December 2019, NWDS operated and managed a total of 31 department stores and shopping malls in Mainland China with total GFA of about 1,251,950 sq.m.. The department store business operates primarily on a concessionary basis, and commission income from concessionaire sales contribute a substantial amount of NWDS' revenue.

Insurance

The Group is covered by insurance policies arranged with reputable insurance agents which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group's insurance coverage, damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons 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 various laws and regulations of Hong Kong, the PRC and the other countries and regions in which it has operations. The Group's activities conducted on its investment and development properties are limited by zoning ordinances and other regulations. Developing properties, refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. From time to time, new regulations may be imposed 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. NWD 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 any regulation with regard to these issues, and is not aware of any pending legislation that might have a material adverse effect on its properties.

Environmental Matters

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

Legal Proceedings

The Group is involved in litigation as part of its day to day business and neither NWD 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.

Employees

As at 31 December 2019, over 45,000 employees were employed by entities under the Group's management. Remuneration policies are reviewed annually. Remuneration and bonuses are awarded to employees based on individual performances and are in line with market practices. Education subsidies are granted to employees who are taking job-related courses. Periodic in-house training programs are also offered. Under the share options schemes of the Guarantor and all the listed subsidiaries of the Group, options may be granted to certain Directors of the Guarantor and certain employees of the Group to subscribe for shares in the Guarantor and/or the respective subsidiaries.

The Group has not experienced any strikes or disruptions due to labour disputes. NWD considers its relations with its employees to be good.

Principal subsidiaries, joint ventures and associated companies

The principal subsidiaries, principal joint ventures and principal associated companies of NWD as at 30 June 2019 are set out in notes 49, 50 and 51, respectively of the 2019 Audited Financial Statements.

RECENT DEVELOPMENTS

NWD's debt financing

On 18 July 2019, NWD issued U.S.$950 million in aggregate principal amount of 4.125 per cent. guaranteed notes due 2029 under the U.S.$4 billion guaranteed medium term note programme by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Guarantor.

On 24 July 2019, the Issuer issued U.S.$400 million in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

On 1 November 2019, the Issuer issued U.S.$400 million in aggregate principal amount of 6.25 per cent. guaranteed senior perpetual capital securities guaranteed by NWD.

On 19 May 2020, NWD issued U.S.$600 million in aggregate principal amount of 4.50 per cent. guaranteed notes due 2030 under the U.S.$6 billion guaranteed medium term note programme by NWD (MTN) Limited and unconditionally and irrevocably guaranteed by the Guarantor.

NWSH subsidiary won a bid for acquiring the concession right to operate Changliu Expressway in Hunan Province, the PRC

On 19 July 2019, Guangdong Xin Chuan Co., Ltd. ("**Xin Chuan**", an indirect wholly-owned subsidiary of NWSH) was determined as the winning bidder at an online public auction in its bid for acquiring the concession right (and other related rights and assets) to operate Changliu Expressway in Hunan Province, the PRC at the bid purchase price of RMB4,571.0 million (equivalent to approximately HK$5,194.3 million). As of the date of this Offering Circular, Xin Chuan has fully paid the bid purchase price and signed a concession right agreement with the Department of Transportation of Hunan Province, the PRC.

NWCL acquisition of the remaining 51 per cent. interest in Silvery Yield Development Limited

On 26 July 2019, Esteemed Sino Limited ("**Esteemed Sino**"), an indirect wholly-owned subsidiary of NWCL, entered into a sale and purchase agreement with Praiseworth International Limited ("**Praiseworth**") and Property Giant Investments Limited ("**Property Giant**"), which are wholly-owned by CTFEL, whereby Praiseworth and Property Giant agreed to sell and assign, and Esteemed Sino agreed to acquire 51 per cent. interest of the entire issued share capital of Silvery Yield Development Limited ("**Silvery Yield**") and accept the assignment of shareholders' loans owing from Silvery Yield to Praiseworth and Property Giant, for a consideration of RMB4,010.0 million (equivalent to approximately HK$4,556.8 million) (the "**Acquisition**"). Silvery Yield and its subsidiaries are principally engaged in the business of property development of Ningbo New World Plaza in Ningbo City, Zhejiang Province, the PRC. Completion of the Acquisition took place immediately after the signing of the Agreement and Silvery Yield became an indirect wholly-owned subsidiary of NWCL.

NWCL won the bidding of land use right in Hangzhou

On 30 July 2019, Honour Team International Limited ("**Honour Team**"), an indirect wholly-owned subsidiary of NWCL, won the bidding in respect of the state-owned construction land use right of a parcel of land in Wangjiang New Town, Shangcheng District, Hangzhou, PRC for residential, business commercial and public carparking development through listing-for-sale at a consideration of RMB9,791.9 million (equivalent to approximately HK$11,127.1 million). Upon Honour Team's fulfilment of the requirements and conditions under the listing-for-sale documents

and the qualification examination conducted by Hangzhou Public Resource Trading Center (杭州市公共資源交易中心), Honour Team has entered into the grant contract for the state-owned construction land use right in Hangzhou with Hangzhou Bureau of Planning and Natural Resources (杭州市規劃和自然資源局) and Hangzhou Xinyu Industrial Development Co., Ltd. (杭州新蘊實業發展有限公司), a direct wholly-owned subsidiary of Honour Team has entered into the land transfer agreement with Hangzhou Land Reserve Center (杭州市土地儲備中心) on 7 April 2020.

NWCL disposal of interest in Hunan Success New Century Investment Company Limited

In September 2019, NWCL entered into an agreement to dispose of the entire interest in Hunan Success New Century Investment Company Limited at the consideration of RMB2,185 million subject to the terms and conditions contained therein. The asset held by Hunan Success New Century Investment Company Limited is Changsha La Ville New World.

Completion of the Acquisition of FTLife Insurance Company Limited

In December 2018, Earning Star Limited ("**Earning Star**"), an indirect wholly-owned subsidiary of NWSH, entered into a share purchase agreement with Bright Victory International Limited ("**Bright Victory**", an indirect wholly-owned subsidiary of Tongchuangjiuding Investment Management Group Co., Ltd. (同創九鼎投資管理集團股份有限公司)) and certain guarantors of Bright Victory in respect of the acquisition of the entire issued share capital of FTLife Insurance by Earning Star from Bright Victory at a total consideration of HK$21.5 billion (subject to adjustments) (the "**FTLife Acquisition**"). The FTLife Acquisition was completed on 1 November 2019, upon which FTLife Insurance became an indirect wholly-owned subsidiary of NWSH and an indirect non-wholly-owned subsidiary of NWD.

Toll Fee Exemption for toll roads in the PRC

Toll fee exemption for vehicles travelling on all toll roads in the PRC was implemented ("**Toll Fee Exemption**") with effect from 17 February 2020. Toll Fee Exemption discontinued from (and including) 6 May 2020 and the collection of toll fee has resumed from 6 May 2020 in accordance with local PRC laws.

NWD disposal of its economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O in Hong Kong

On 25 February 2020, NWD entered into two agreements with MTR Corporation Limited to dispose of its economic interests in Telford Plaza II, Kowloon Bay and PopCorn 2, Tseung Kwan O in Hong Kong at a total consideration of HK$3.0 billion.

The Group's 2019/2020 interim financial results

On 20 March 2020, the Group published its 2019/2020 Interim Report for the six months ended 31 December 2019.

For the six months ended 31 December 2019, revenues of the Group amounted to HK$32,464.4 million, reflecting a decrease of 34 per cent. compared to the six months ended 31 December 2018. This was mainly due to the decrease in contribution from property development in Hong Kong with no new project completion and decrease in contribution from strategic businesses such as facilities management and transport affected by social unrest in Hong Kong. For the six months ended 31 December 2019, profit attributable to shareholders of the Company amounted to HK$1,017.3 million, and underlying profit amounted to HK$3,929.2 million which decreased by

27 per cent. compared to the six months ended 31 December 2018. For the six months ended 31 December 2018, the Group's underlying profit amounted to HK$5,396.1 million.

For the six months ended 31 December 2019, the basic earnings per share from underlying businesses of the Group decreased by 27 per cent. to HK$0.38 compared to the six months ended 31 December 2018. As at 31 December 2019, net gearing amounted to 42.2 per cent., an increase of 10.1 per cent. as compared to 32.1 per cent as at 30 June 2019..

Proposed share consolidation of NWD

On 27 April 2020, the board of directors of NWD announced its proposed implementation of share consolidation (the "Share Consolidation") on the basis that every four issued existing shares be consolidated into one consolidated share and to round down the number of consolidated shares in the issued share capital of NWD to the nearest whole number by disregarding each and every fractional consolidated share which would otherwise arise therefrom. Subject to the fulfilment of the relevant conditions, the Share Consolidation is expected to take effect on 23 June 2020 upon which the number of NWD's shares would be reduced from 10,196,477,123 as at 12 June 2020 to 2,549,119,280.

PRINCIPAL SHAREHOLDER

The major shareholder of NWD is CTFEL which, together with its subsidiaries, held approximately 44.35 per cent. of the issued share capital of NWD as at 31 December 2019. CTFEL is a private company ultimately 81.03 per cent. owned by Chow Tai Fook Capital Limited, which is controlled by the family members of the late Dato' Dr. Cheng Yu-Tung, one of the founders and the previous chairman of NWD. The late Dato' Dr. Cheng's family members continue to exert considerable influence over the management and affairs of the Group.

Certain transactions may occur between NWD and/or its subsidiaries and CTFEL, or entities associated with CTFEL which are connected persons of NWD under the Listing Rules. Under the Listing Rules, certain connected transactions, although entered into on an arm's length basis, will, depending on the nature and the size of each such transaction, be subject to certain disclosure requirements and/or the approval by the shareholders of NWD in a general meeting, in which CTFEL will abstain from voting and other requirements under the Listing Rules. See note 47 to the 2019 Audited Financial Statements.

DIRECTORS

Directors

The following table sets forth the names of the directors of NWD (the "**Directors**") and their position within NWD:

Executive Directors

Dr. Cheng Kar-Shun, Henry GBM GBS (*Chairman*)

Dr. Cheng Chi-Kong, Adrian JP (Executive Vice-chairman and Chief Executive Officer)

Mr. Cheng Chi-Heng (Responsible for finance)

Ms. Cheng Chi-Man, Sonia (Responsible for hotel and project management businesses)

Mr. Sitt Nam-Hoi (Responsible for Hong Kong projects)

Ms. Huang Shaomei, Echo (Responsible for Mainland China projects)

Ms. Chiu Wai-Han, Jenny (Responsible for human resources and talent development)

Non-executive Directors

Mr. Doo Wai-Hoi, William JP (Non-executive Vice-chairman)

Mr. Cheng Kar-Shing, Peter

Ms. Ki Man-Fung, Leonie GBS SBS JP

Independent Non-executive Directors

Mr. Yeung Ping-Leung, Howard

Mr. Cha Mou-Sing, Payson JP

Mr. Cha Mou-Zing, Victor (Alternate director to Mr. Cha Mou-Sing, Payson)

Mr. Ho Hau-Hay, Hamilton

Mr. Lee Luen-Wai, John BBS, JP

Mr. Liang Cheung-Biu, Thomas

Mr. Ip Yuk-Keung

Certain additional information in relation to the Directors of NWD is set out below:

Dr. Cheng Kar-Shun, Henry GBM GBS, aged 73, was appointed as Director in October 1972, Executive Director in 1973, became Managing Director from 1989 and Chairman from March 2012. Dr. Cheng is a member of the Remuneration Committee and the chairman of the Nomination Committee and Executive Committee of the Board of Directors of NWD. Dr. Cheng is the chairman and executive director of NWS Holdings Limited and Chow Tai Fook Jewellery Group Limited, the chairman and non-executive director of New World Department Store China Limited and FSE Services Group Limited, the vice-chairman and non-executive director of i-CABLE Communications Limited, and a non-executive director of DTXS Silk Road Investment Holdings Company Limited, all of them are listed public companies in Hong Kong. He was the

chairman and executive director of International Entertainment Corporation up to his resignation on 10 June 2017, an independent non-executive director of HKR International Limited and Hang Seng Bank Limited up to his resignation on 31 March 2018 and retirement on 10 May 2018 respectively, the chairman and non-executive director of Newton Resources Ltd up to his resignation on 9 April 2018 and a non-executive director of SJM Holdings Limited up to his retirement on 11 June 2019, all of them are listed pubic companies in Hong Kong. Dr. Cheng is the honorary chairman of NWCL on 1 February 2020. Dr. Cheng is the chairman of New World Hotels (Holdings) Limited and a director of certain subsidiaries of the Group. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of NWD. Dr. Cheng is the chairman of the Advisory Council for The Better Hong Kong Foundation. He was a Standing Committee Member of the Twelfth Chinese People's Political Consultative Conference of The People's Republic of China. Dr. Cheng was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 2001 and 2017 respectively by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the father of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia, the brother-in-law of Mr. Doo Wai-Hoi, William, the brother of Mr. Cheng Kar-Shing, Peter and the uncle of Mr. Cheng Chi-Heng.

Dr. Cheng Chi-Kong, Adrian JP, aged 40, was appointed as an Executive Director in March 2007, became Executive Director and Joint General Manager from March 2012, re-designated as Executive Vice-chairman and Joint General Manager from April 2015, and re-designated as Executive Vice-chairman and General Manager from March 2017 and re-designated as executive vice-chairman and Chief Executive Officer from May 2020. Dr. Adrian Cheng is a member of the Executive Committee and the chairman of the Sustainability Committee of the Board of Directors of NWD. Dr. Cheng is an executive director of NWS Holdings Limited, New World Department Store China Limited and Chow Tai Fook Jewellery Group Limited, and a non-executive director of Giordano International Limited and New Century Healthcare Holding Co. Limited, all being listed public companies in Hong Kong. Dr. Cheng is also the executive chairman of NWCL, the chairman of New World Group Charity Foundation Limited and a director of certain subsidiaries of the Group. In addition, he is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both of which are substantial shareholders of NWD. He was an executive director of International Entertainment Corporation, a non-executive vice chairman of Modern Media Holdings Limited and a non-executive director of i-CABLE Communications Limited, all being listed public companies in Hong Kong, up to his resignation on 10 June 2017, 26 August 2017 and 2 July 2019 respectively. Dr. Cheng oversees the strategic direction for NWD's property development and investment activities. He has launched New World's The Artisanal Movement since January 2015, and is currently overseeing NWD's large-scale developments including Victoria Dockside and Skycity. In 2008, Dr. Cheng launched the K11 brand, a museum-retail complex that is at the nexus of art and commerce and has since extended K11's reach across retail, hospitality, offices and non-profit art education through K11 Art Foundation and K11 Craft & Guild Foundation. He also directs early-stage funding to start-ups and technology-driven platforms. Dr. Cheng is the vice-chairman of All-China Youth Federation, a member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference, the chairman of China Young Leaders Foundation and the honorary chairman of K11 Art Foundation. He was acknowledged by Fortune as one of "40 Under 40" global business stars and a "Young Global Leader" by the World Economic Forum in 2012. In 2016, he was appointed as the Justice of Peace by the Government of the Hong Kong Special Administrative Region and was made an Officier in the Ordre des Arts et des Lettres by the French Government in 2017. Dr. Cheng holds a Bachelor of Arts Degree (cum laude) from Harvard University, and was conferred the Honorary Doctorate of Humanities by the Savannah College of Art and Design in 2014. Dr. Cheng worked in a major international bank prior to joining the Group in September 2006 and has substantial experience in corporate finance. He is the son of Dr. Cheng Kar-Shun, Henry, the brother of Ms.

Cheng Chi-Man, Sonia, the nephew of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Cheng Chi-Heng, aged 42, was appointed as an Executive Director in June 2010. Mr. Cheng is a member of the Executive Committee of the Board of Directors of NWD. He also acts as director of certain subsidiaries of the Group. Mr. Cheng is an executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Mr. Cheng is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, both are substantial shareholders of NWD. Mr. Cheng worked in Yu Ming Investment Management Limited from 1999 to 2000 as a corporate finance executive. He obtained his Bachelor of Arts Degree majoring in Economics from the University of Western Ontario, Canada in 1999. He is the son of Mr. Cheng Kar-Shing, Peter, the nephew of Dr. Cheng Kar-Shun, Henry and Mr. Doo Wai-Hoi, William, and the cousin of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Ms. Cheng Chi-Man, Sonia, aged 39, was appointed as an Executive Director in March 2012. Ms. Cheng is a member of the Executive Committee of the Board of Directors of NWD. She currently oversees the hotel division and the project management division of the Group. She is an executive director of NWCL and a director of certain subsidiaries of the Group. Ms. Cheng is a non-executive director of Chow Tai Fook Jewellery Group Limited, a listed public company in Hong Kong. Before joining the Group in 2008, Ms. Cheng worked in a major international investment bank and a global US private equity firm specialising in real estate investments. Ms. Cheng holds a Bachelor of Arts Degree with a concentration in Applied Mathematics from Harvard University in the U.S.A. Ms. Cheng is the chief executive officer of Rosewood Hotel Group, a member of the Thirteenth Guangzhou Municipal Committee of The Chinese People's Political Consultative Conference, the chairman of the advisory committee of the School of Hotel and Tourism Management at The Chinese University of Hong Kong and member of the advisory committee of the School of Hotel & Tourism Management Industry at The Hong Kong Polytechnic University. She is a member of the Y. Elites Association, the Young Presidents' Organization and the Hong Kong United Youth Association, and a non-official member of the Family Council and the Advisory Committee on Gifted Education. Ms. Cheng is the daughter of Dr. Cheng Kar-Shun, Henry, the sister of Dr. Cheng Chi-Kong, Adrian, the niece of Mr. Doo Wai-Hoi, William and Mr. Cheng Kar-Shing, Peter, and the cousin of Mr. Cheng Chi-Heng.

Mr. Sitt Nam-Hoi, aged 65 was appointed as an Executive Director in June 2018. Mr. Sitt is a member of the Executive Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Sitt joined the Group and was appointed as Head of Projects (Hong Kong) of NWD in February 2011. He is currently the senior director of the Project Management Department of NWD, director and chief design officer of NWCL and director of certain subsidiaries of the Group. Before joining NWD, he was the project director of a listed public company in Hong Kong which he worked for over 25 years. Before that, Mr. Sitt had been working in Buildings Department of the Government of the Hong Kong Special Administrative Region. Mr. Sitt obtained his Bachelor of Architecture and Bachelor of Arts in Architectural Studies from the University of Hong Kong. He is a Registered Architect, an Authorised Person and is responsible for overseeing all project management matters for all property development projects of the Group in Hong Kong. He has extensive project management experience and participated in various significant projects in Hong Kong and mainland China.

Ms. Huang Shaomei, Echo, aged 51, has been appointed as an Executive Director in May 2020. Ms. Huang is a member of the Executive Committee of the Board of Directors of the NWD. She joined the Group as the deputy chief executive officer of NWCL in October 2015 and promoted to Director & Chief Executive Officer of NWCL in February 2020. Ms. Huang is also a director of certain subsidiaries of the Group. She has over 20 years of experience in the real estate sector, having served in a consulting capacity for large-scale urban infrastructures, urban planning and urban renewal in mainland China for extensive periods, providing the Government of the People's

Republic of China with professional recommendations on property development and urban planning. Prior to joining the Group, Ms. Huang held senior position with an international consulting firm. She was appointed as managing director (Southern China) of a Hong Kong-listed property developer, overseeing its property development throughout the southern China region. She has proven experience in China's real estate sector. Ms. Huang is a member of Guangdong Province Committee of the Chinese People's Political Consultative Conference (CPPCC), and a Deputy Secretary-General of Silk Road Chamber of International Commerce.

Ms. Chiu Wai-Han, Jenny, aged 48, has been appointed as an Executive Director in May 2020. Ms. Chiu is a member of the Executive Committee of the Board of Directors of the NWD. She joined the Group in 2004 and is currently the Senior Director – Human Resources of the Company. Ms. Chiu is responsible for planning and driving full spectrum of strategic human resources direction, including talent acquisition, talent development and management, reward management and human resources partnering services. Prior to joining the Group, she had taken up managerial role in renowned corporations in information and communications technology services and property development industries. Ms. Chiu was graduated from The Chinese University of Hong Kong. She is an Associate Member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Ms. Chiu possesses over 20 years of experience in human resources and corporate management.

Mr. Doo Wai-Hoi, William JP, aged 75, was appointed as the Vice-chairman and Non-executive Director in July 2013. Mr. Doo is also a non-executive director of Lifestyle International Holdings Limited and an independent non-executive director of Shanghai Industrial Urban Development Group Limited, both being listed public companies in Hong Kong. Mr. Doo was an independent non-executive director of The Bank of East Asia, Limited, a listed public company in Hong Kong, up to his resignation on 18 February 2017. Mr. Doo is also a director of certain subsidiaries of the Group. He is the chairman and director of Fungseng Prosperity Holdings Limited. Mr. Doo is a Justice of the Peace appointed by the Government of the Hong Kong Special Administrative Region. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and a Governor of the Canadian Chamber of Commerce in Hong Kong. He was further promoted to the Officier de l'Ordre National de la Légion d'Honneur by the Republic of France in 2019. Mr. Doo is the brother-in-law of Dr. Cheng Kar-Shun, Henry and Mr. Cheng Kar-Shing, Peter, and the uncle of Dr. Cheng Chi-Kong, Adrian, Ms. Cheng Chi-Man, Sonia and Mr. Cheng Chi-Heng.

Mr. Cheng Kar-Shing, Peter, aged 67, was appointed as a Director in October 1994. Mr. Cheng is also an independent non-executive director of King Fook Holdings Limited, a listed public company in Hong Kong. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of NWD. Mr. Cheng is an executive director of NWCL, a director of New World Hotels (Holdings) Limited, NWS Service Management Limited and certain subsidiaries of the Group. Mr. Cheng is committed to community services and is serving as the chairman of Chow Tai Fook Charity Foundation, the chairman of Chow Tai Fook Medical Foundation Limited, the chairman of Antonia Welfare Fund Limited, the vice-chairman of Hong Kong Economic Exchange and a director of Green Council. He is the University Assembly member of University of Macau. He is a Fellow of The Hong Kong Institution of Engineers, Hong Kong Institute of Arbitrators, Hong Kong Construction Arbitration Centre and The Chartered Institute of Arbitrators. He is a CEDR Accredited Mediator and on the lists of the Mediators of Hong Kong Mediation Accreditation Association Limited, Hong Kong International Arbitration Centre, Hong Kong Mediation Centre and Financial Dispute Resolution Centre. He is on the Panel of Arbitrators of South China International Economic and Trade Arbitration Commission/Shenzhen Court of International Arbitration and an Arbitrator of Huizhou Arbitration Commission, a Member of Society of Construction Law Hong Kong and a member of Hong Kong Institute of Mediation. Mr. Cheng is the brother of Dr. Cheng Kar-Shun, Henry, the

brother-in-law of Mr. Doo Wai-Hoi, William, the father of Mr. Cheng Chi-Heng, and the uncle of Dr. Cheng Chi-Kong, Adrian and Ms. Cheng Chi-Man, Sonia.

Ms. Ki Man-Fung, Leonie GBS, SBS, JP, aged 73, was appointed as a Non-executive Director in December 2008 and was re-designated as Executive Director in March 2012 and re-designated as Non-executive Director in June 2018. Ms. Ki has been the managing director of New World China Enterprises Projects Limited (a subsidiary of NWD) since 1997 and is also a director of certain subsidiaries of the Group. Ms. Ki is an independent non-executive director of Sa Sa International Holdings Limited, a listed public company in Hong Kong. She was an independent non-executive director of Clear Media Limited (a listed public company in Hong Kong) up to her retirement on 7 September 2019. Ms. Ki is also a director of Chow Tai Fook Charity Foundation. Ms. Ki has more than 30 years' experience in integrated communication and marketing services. She was the founder, partner and chairman/chief executive officer of Grey Hong Kong Advertising Limited and Grey China Advertising Limited. Ms. Ki is committed to the community and public services. She was the first chief executive of The Better Hong Kong Foundation. She is currently a director of PMQ Management Company Limited, founder and honorable president of Wu Zhi Qiao Charitable Foundation, a member of the Asian Advisory Board of Cheng Yu Tung Management Institute, Richard Ivey School of Business (University of Western Ontario, Canada), a member of the Advisory Board of the EMBA Programme of The Chinese University of Hong Kong, the honorary consultant for the School of Hip Hop of Youth Outreach and a member of Hong Kong Institute of Construction Management Board. Ms. Ki is a recipient of Honorary University Fellowship from The Open University of Hong Kong and The University of Hong Kong. She has been awarded the honour of Beta Gamma Sigma by the Faculty of Business Administration of The Chinese University of Hong Kong, and Justice of the Peace, the Silver Bauhinia Star and the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. She was a National Committee Member of the 12th Chinese People's Political Consultative Conference (CPPCC) of The People's Republic of China and a member of the 10th, 11th and 12th CPPCC of Yunnan Provincial Committee.

Mr. Yeung Ping-Leung, Howard, aged 63, was appointed as a Director in November 1985. Mr. Yeung is a member of the Audit Committee and the Remuneration Committee of the Board of Directors of NWD. He is also an independent non-executive director of Miramar Hotel and Investment Company, Limited, a listed public company in Hong Kong.

Mr. Cha Mou-Sing, Payson JP, aged 77, was appointed as a Director in April 1989. Mr. Cha is a member of the Audit Committee, the Remuneration Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Cha is also the chairman of HKR International Limited, the non-executive chairman of Hanison Construction Holdings Limited and Million Hope Industries Holdings Limited, all of them are listed public companies in Hong Kong. Mr. Cha was an independent non-executive director of Munsun Capital Group Limited (formerly known as China Precious Metal Resources Holdings Co., Ltd.), a listed public company in Hong Kong, up to his resignation on 23 December 2016. He is also an independent non-executive director of Eagle Asset Management (CP) Limited — Manager of Champion Real Estate Investment Trust which is listed on The Stock Exchange of Hong Kong Limited, the chairman of Mingly Corporation and an independent non-executive director of Hong Kong International Theme Parks Limited.

Mr. Cha Mou-Zing, Victor (Alternate Director to Mr. Cha Mou-Sing, Payson), aged 70, was appointed as an Alternate Director in September 2000. Mr. Cha is the deputy chairman and managing director of HKR International Limited, a listed public company in Hong Kong. He was an independent non-executive director of SOHO China Limited, a listed public company in Hong Kong, up to his resignation on 17 August 2018. He has extensive experience in the textile manufacturing and real estate businesses.

Mr. Ho Hau-Hay, Hamilton, aged 69, was appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in November 2007. Mr. Ho was

an Alternate Director of NWD from 7 January 2004 to 29 August 2004. Mr. Ho is the chairman of the Remuneration Committee and a member of the Audit Committee of the Board of Directors of NWD. He is also an independent non-executive director of King Fook Holdings Limited (a listed public company in Hong Kong), and an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.

Mr. Lee Luen-Wai, John BBS, JP, aged 71, was appointed as an Independent Non-executive Director in August 2004. Mr. Lee is the chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee of the Board of Directors of NWD. Mr. Lee is the managing director and chief executive officer of Lippo Limited, an executive director and the chief executive officer of Lippo China Resources Limited and Hongkong Chinese Limited, as well as an independent non-executive director of UMP Healthcare Holdings Limited, all being listed public companies in Hong Kong. Mr. Lee was also a non-executive non-independent chairman of Healthway Medical Corporation Limited, a company listed on the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited, up until his retirement on 26 April 2019. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Price Waterhouse (now PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong and a Justice of Peace in Hong Kong. He serves as a member on a number of Public Boards and Committees including the Chairman of the Investment Committee of the Hospital Authority Provident Fund Scheme, a member of the Public Service Commission and the Chairman of the Hospital Governing Committee of Hong Kong Children’s Hospital.

Mr. Liang Cheung-Biu, Thomas, aged 73, was appointed as a Non-executive Director in August 2004 and was re-designated as Independent Non-executive Director in March 2012. Mr. Liang is a member of the Audit Committee and the Nomination Committee of the Board of Directors of NWD. Mr. Liang is an independent non-executive director of Miramar Hotel and Investment Company, Limited (a listed public company in Hong Kong), a director and the group chief executive of Wideland Investors Limited and a member of the Board of Trustees of Wei Lun Foundation Limited. Mr. Liang is a member of the Council of The Chinese University of Hong Kong, a member of the Court of the Hong Kong Baptist University and a member of the Board of Governors, The Hang Seng University of Hong Kong. He has extensive experience in financial management, corporate finance, banking, real estate development and equity investment.

Mr. Ip Yuk-Keung, aged 68, was appointed as an Independent Non-executive Director in June 2018. Mr. Ip is a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of the Board of Directors of NWD. Mr. Ip is an independent non-executive director of TOM Group Limited, Power Assets Holdings Limited, Lifestyle International Holdings Limited and Hutchison Telecommunications Hong Kong Holdings Limited, all being listed public companies in Hong Kong. He is also a non-executive director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust (a listed real estate investment trust). He was the executive director and chief executive officer of LHIL Manager Limited which is the trustee-manager of Langham Hospitality Investments (a listed fixed single investment trust) and Langham Hospitality Investments Limited until his resignation on 1 April 2019. In addition, he was an independent non-executive director of AEON Credit Service (Asia) Company Limited (a listed public company in Hong Kong), Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited, a listed public company in Hong Kong) and Hopewell Holdings Limited (a listed public company in Hong Kong until its delisting on 3 May 2019) up to his resignation in September 2016, May 2018 and May 2019, respectively. Mr. Ip is an international banking and real estate executive with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and the United States. His areas of expertise are in real estate,

corporate banking, risk management, transaction banking and wealth management. Mr. Ip is an Honorary Professor of Business of Lingnan University, a Professor of Practice (International Banking and Real Estate) at The Hong Kong Polytechnic University, an Adjunct Professor of City University of Hong Kong, The Hong Kong University of Science and Technology, The Hang Seng University of Hong Kong and the School of Hotel and Tourism Management at The Chinese University of Hong Kong, an Adjunct Distinguished Professor in Practice of University of Macau, a Council Member of The Hong Kong University of Science and Technology, Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology, a trustee of the Board of Trustees at Washington University in St. Louis, and a Vice Chairman of the Board of Governors of World Green Organisation. Mr. Ip holds a Bachelor of Science degree at Washington University in St. Louis (summa cum laude) and Master of Science degrees at Cornell University and Carnegie-Mellon University. He is an Honorary Fellow of Vocational Training Council.

Directors' Interests in Securities

As at 31 December 2019, the interests of the Directors and their associates in shares, underlying shares and debentures of NWD or any of its associated corporations which were recorded in the register required to be kept by NWD under Section 352 of the SFO were as follows:

(I) Long positions in shares

	Number of shares				
	Personal interests	Spouse interests	Corporate interests	Total	Approximate % to the total number of issued shares as at 31 December 2019
NWD					
(Ordinary shares)					
Mr. Doo Wai-Hoi, William	—	—	29,117,081(1)	29,117,081	0.28
Dr. Cheng Chi-Kong, Adrian	700,000	—	—	700,000	0.01
Mr. Cheng Kar-Shing, Peter	—	566,567	—	566,567	0.01
Mr. Ho Hau-Hay, Hamilton	—	—	878,353(2)	878,353	0.01
Mr. Liang Cheung-Biu, Thomas	10,429	—	—	10,429	0.00
Ms. Ki Man-Fung, Leonie	90,000	—	—	90,000	0.00
New World Department Store China Limited					
(Ordinary shares of HK$0.10 each)					
Ms. Ki Man-Fung, Leonie	20,000	—	—	20,000	0.00
Ms. Cheng Chi-Man, Sonia	92,000	—	—	92,000	0.01
NWS Holdings Limited					
(Ordinary shares of HK$1.00 each)					
Dr. Cheng Kar-Shun, Henry	18,349,571	—	12,000,000(3)	30,349,571	0.78
Mr. Doo Wai-Hoi, William	—	—	6,802,903(4)	6,802,903	0.17
Mr. Cheng Kar-Shing, Peter	320,097	—	6,463,227(5)	6,783,324	0.17
Ms. Ki Man-Fung, Leonie	15,000	—	—	15,000	0.00
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter	—	—	5,000,500(6)	5,000,500	50.00

Notes:

(1) These shares are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(2) These shares are beneficially owned by a company in which Mr. Ho Hau-Hay, Hamilton owns 40.0% of its issued share capital.

(3) These shares are beneficially owned by a company which is wholly-owned by Dr. Cheng Kar-Shun, Henry.

(4) These shares are beneficially owned by a company which is wholly-owned by Mr. Doo Wai-Hoi, William.

(5) These shares are beneficially owned by a company which is wholly-owned by Mr. Cheng Kar-Shing, Peter.

(6) These shares are beneficially owned by a controlled corporation of Mr. Cheng Kar-Shing, Peter.

(II) Long positions in share options

(i) NWD

Name of Director	Date of grant	Exercisable period	Number of share options	Exercisable price per share
		(Notes)		*HK$*
Dr. Cheng Kar-Shun, Henry	10 June 2016	(1)	10,675,637	7.540
	3 July 2017	(2)	2,000,000	10.036
Mr. Doo Wai-Hoi, William	3 July 2017	(2)	100,000	10.036
Dr. Cheng Chi-Kong, Adrian.............................	9 March 2016	(3)	3,800,000	7.200
	10 June 2016	(1)	3,736,471	7.540
	3 July 2017	(2)	2,000,000	10.036
Mr. Yeung Ping-Leung, Howard	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cha Mou-Sing, Payson	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cheng Kar-Shing, Peter	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Ho Hau-Hay, Hamilton	10 June 2016	(4)	333,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Lee Luen-Wai, John...................................	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Liang Cheung-Biu, Thomas........................	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Ms. Ki Man-Fung, Leonie	10 June 2016	(5)	802,016	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Cheng Chi-Heng	10 June 2016	(1)	533,779	7.540
	3 July 2017	(2)	100,000	10.036
Ms. Cheng Chi-Man, Sonia	10 June 2016	(1)	3,202,688	7.540
	3 July 2017	(2)	100,000	10.036
Mr. Au Tak-Cheong..	10 June 2016	(5)	136,693	7.540
	3 July 2017	(6)	100,000	10.036
Mr. Sitt Nam-Hoi	10 June 2016	(5)	574,827	7.540
	3 July 2017	(2)	300,000	10.036
	6 July 2018	(7)	600,000	11.040
Mr. So Chung-Keung, Alfred*	3 July 2017	(2)	2,300,000	10.036
	6 July 2018	(7)	600,000	11.040
Mr. Ip Yuk-Keung	6 July 2018	(7)	600,000	11.040
			35,964,785	

* Mr. So Chung-Keung, Alfred resigned as Director of NWD with effect from 1 January 2020.

Notes:

(1) Divided into 4 tranches, exercisable from 10 June 2016, 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(2) Divided into 4 tranches, exercisable from 3 July 2017, 3 July 2018, 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(3) Divided into 4 tranches, exercisable from 9 March 2016, 9 March 2017, 9 March 2018 and 9 March 2019 respectively to 8 March 2020.

(4) Divided into 3 tranches, exercisable from 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(5) Divided into 2 tranches exercisable from 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(6) Divided into 2 tranches exercisable from 3 July 2019 and 3 July 2020 respectively to 2 July 2021.

(7) Divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

(8) The cash consideration paid by each Director for the grant of share options is HK$10.0.

(ii) NWS Holdings Limited

Name of Director	Date of grant	Exercisable period	Number of share options	Exercisable price per share
		(Notes)		*HK$*
Dr. Cheng Kar-Shun, Henry	9 March 2015	(1)	7,420,739	14.120

Notes:

(1) 60% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40.0% of the share options are divided into two tranches, exercisable from 9 March 2016 and 9 March 2017, respectively to 8 March 2020.

(2) The cash consideration paid by the above Director for grant of the share options is HK$10.0.

(III) Long positions in debentures

(i) The Issuer

	Amount of debentures issued by the Issuer				
Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William...	—	3,075,000	74,600,000[(1)]	77,675,000	3.11
Ms. Ki Man-Fung, Leonie	1,000,000	—	—	1,000,000	0.04
	1,000,000	3,075,000	74,600,000	78,675,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(ii) NWD (MTN) Limited

	Amount of debentures issued by NWD (MTN) Limited				
Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	HK$	*HK$*	*HK$*	*HK$*	
Mr. Doo Wai-Hoi, William...	—	23,400,000[(1)]	156,000,000[(2)]	179,400,000	0.72
Ms. Ki Man-Fung, Leonie	11,800,000[(3)]	—	—	11,800,000	0.05
	11,800,000	23,400,000	156,000,000	191,200,000	

Notes:

(1) These debentures were issued in U.S.$ and had been translated into HK$ using the rate of U.S.$1.0 = HK$7.8.

(2) These debentures are beneficially owned by a company which is wholly-owned by Mr. Doo Wai-Hoi, William and were issued in U.S.$ and had been translated into HK$ using the rate of U.S.$1.0 = HK$7.8.

(3) This amount includes HK$7,800,000 debentures which were issued in U.S.$ and had been translated into HK$ using the rate of U.S.$1.0 = HK$7.8.

(iii) Fita International Limited ("Fita")

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	Amount of debentures issued by Fita				
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William	—	2,900,000	12,890,000[(1)]	15,790,000	2.11
Mr. Lee Luen-Wai, John	1,000,000	1,000,000	—	2,000,000	0.27
	1,000,000	3,900,000	12,890,000	17,790,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(iv) NWCL

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	Amount of debentures issued by NWCL				
	HK$	*HK$*	*HK$*	*HK$*	
Mr. Doo Wai-Hoi, William	—	—	538,500,000[(1)]	538,500,000	6.59

Notes:

(1) These debentures are held by companies which are wholly owned by Mr. Doo Wai-Hoi, William, of which HK$390,000,000 debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(v) Celestial Dynasty Limited ("CDL")

Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	Amount of debentures issued by CDL				
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William	—	—	2,800,000[(1)]	2,800,000	0.43

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

(vi) **Celestial Miles Limited ("CML")**

Name of Directors	Amount of debentures issued by CML — Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2019
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William	—	—	34,600,000[1]	34,600,000	2.66
Mr. Cheng Kar-Shing, Peter	2,000,000	—	—	2,000,000	0.15
Mr. Lee Luen-Wai, John	—	61,000	—	61,000	0.00
	2,000,000	61,000	34,600,000	36,661,000	

Note:

(1) These debentures are beneficially owned by companies which are wholly-owned by Mr. Doo Wai-Hoi, William.

Save as disclosed above, as at 31 December, none of the directors or chief executive had or deemed to have any interest or short positions in the shares, underlying shares and debentures of NWD or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by NWD pursuant to Section 352 of the SFO or were required to be notified to NWD and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders' Interests in Securities

As at 31 December 2019, the interests or short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of NWD as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares of NWD

Name	Number of shares of NWD — Beneficial interests	Corporate interests	Total	Approximate % of shareholding as at 31 December 2019
Cheng Yu Tung Family (Holdings) Limited ("**CYTFH**")[1]	—	4,535,634,444	4,535,634,444	44.35
Cheng Yu Tung Family (Holdings II) Limited ("**CYTFH-II**")[2]	—	4,535,634,444	4,535,634,444	44.35
Chow Tai Fook Capital Limited ("**CTFC**")[3]	—	4,535,634,444	4,535,634,444	44.35
Chow Tai Fook (Holding) Limited ("**CTFHL**")[4]	—	4,535,634,444	4,535,634,444	44.35
Chow Tai Fook Enterprises Limited ("**CTFE**")[5]	4,123,491,293	412,143,151	4,535,634,444	44.35

Notes:

(1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFC.

(2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFC.

(3) CTFC holds 81.03% direct interest in CTFHL and is accordingly deemed to have an interest in the shares of NWD deemed to be interested by CTFHL.

(4) CTFHL holds 100% direct interest in CTFE and is accordingly deemed to have an interest in the shares of NWD interested by or deemed to be interested by CTFE.

(5) CTFE together with its subsidiaries.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 31 December 2019.

EXCHANGE RATES

The HK dollar is freely convertible into the U.S. dollar. Since 1983, the HK dollar has been linked to the U.S. dollar at the rate of HK$7.80 to U.S.$1.00. The Basic Law of Hong Kong (the "**Basic Law**")**,** which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the HK dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to U.S.$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK$7.80 per U.S. dollar to a rate range of HK$7.75 to HK$7.85 per U.S. dollar. Under the Basic Law, the HK dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the HK dollar will remain freely convertible into other currencies, including the U.S. dollar. However, there is no assurance that the Hong Kong government will maintain the link at HK$7.80 to U.S.$1.00, or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfers in HK dollars for the periods indicated:

	Noon Buying Rate			
Period	**Low**	**Average**	**High**	**Period End**
	(*HK$ per U.S.$1.00*)			
2010	7.7501	7.7687	7.8040	7.7810
2011	7.7634	7.7841	7.8087	7.7663
2012	7.7493	7.7569	7.7699	7.7507
2013	7.7503	7.7565	7.7654	7.7539
2014	7.7495	7.7545	7.7669	7.7531
2015	7.7495	7.7524	7.7686	7.7507
2016	7.7505	7.7620	7.8270	7.7534
2017	7.7540	7.7926	7.8267	7.8128
2018	7.8043	7.8376	7.8499	7.8305
2019	7.7894	7.8351	7.8499	7.7850
2020				
January	7.7665	7.7725	7.7889	7.7661
February	7.7873	7.7693	7.7693	7.7630
March	7.7511	7.7638	7.7797	7.7511
April	7.7501	7.7513	7.7530	7.7520
May	7.7501	7.7523	7.7558	7.7512
June (through 12 June)	7.7501	7.7504	7.7512	7.7501

Source: Bloomberg

* *Up to 12 June, 2020*

TAXATION

The following summary of certain British Virgin Islands and Hong Kong consequences of the purchase, ownership and disposition of the Securities and certain other relevant issues are based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Securities or any persons acquiring, selling or otherwise dealing in the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities.

Prospective investors considering the purchase of the Securities should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Securities under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

The Issuer and all dividends, interest, rents, royalties, compensations and other amounts paid by the Issuer to persons who are not persons resident in the British Virgin Islands are exempt from the provisions of the Income Tax Act in the British Virgin Islands, and any capital gains realised by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations, or other securities of the Issuer are exempt from all forms of taxation in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer.

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

Hong Kong

Withholding tax

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

Profits tax

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

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, distribution on the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, professional or business carried on in Hong Kong in the following circumstances:

(a) distribution on the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in

respect of which the distribution is received or accrues are made available outside of Hong Kong; or

(b) distribution on the Securities is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong; or

(c) distribution on the Securities is derived from Hong Kong and is received by or accrues to a person other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

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

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Securities will be subject to profits tax.

Stamp duty

No stamp duty is payable on the issue or transfer of the Securities.

FATCA Withholding

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

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 16 June 2020 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed severally but not jointly, to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Securities indicated in the following table at an issue price of 100.00 per cent. of their principal amount (the "**Issue Price**") in the amount set forth below. Any subsequent offering of the Securities to investors may be at a price different from such Issue Price.

Joint Lead Managers	**Principal amount to be subscribed**
The Hongkong and Shanghai Banking Corporation Limited	U.S.$162,500,000
UBS AG Hong Kong Branch	U.S.$162,500,000
Mizuho Securities Asia Limited	U.S.$162,500,000
J.P. Morgan Securities plc..	U.S.$162,500,000
HeungKong Securities Limited	U.S.$0
Total	**U.S.$650,000,000**

The Subscription Agreement provides that each of the Issuer and the Guarantor will indemnify each of the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of each of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and certain of its affiliates may have performed certain investment banking and advisory services for the Guarantor and/or its affiliates from time to time for which it has received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Guarantor and/or its affiliates in the ordinary course of their business.

The Joint Lead Managers or certain of their respective affiliates may purchase the Securities for asset management and/or proprietary purposes but not with a view to distribution.

The Joint Lead Managers or their respective affiliates may purchase the Securities for its own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Securities and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Securities).

In connection with the issue of the Securities, the Stabilising Manager may over-allot Securities or effect transactions with a view to supporting the price of the Securities at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Securities 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 Securities and 60 days after the date of the allotment of the Securities. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would permit a public offering of the Securities, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required.

United States

The Securities and the Guarantee of the Securities have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state law. Each Joint Lead Manager has represented that it has not offered or sold, and has agreed that it will not offer or sell, any Securities and the Guarantee of the Securities constituting part of its allotment within the United States, and any offers and sales will be made in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, none of the Joint Lead Managers, their affiliates or any persons acting on their behalf have engaged in, or will engage in, any directed selling efforts with respect to the Securities and the Guarantee of the Securities. Terms used in these paragraphs have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Securities and the Guarantee of the Securities, an offer or sale of the Securities or the Guarantee of the Securities within the United States by any "dealer" (as defined in the Securities Act), whether or not participating in the offering, may violate the registration requirements of the Securities Act.

United Kingdom

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

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA and UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Hong Kong

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

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document or otherwise, any Securities other than:

  (i) to "**Professional Investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or

  (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong (the "**C(WUMP)O**") and 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, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong or otherwise is or contains an invitation to the public (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China

Each Joint Lead Manager has represented, warranted and undertaken that the Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that

trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(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.

Japan

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

British Virgin Islands

Each Joint Lead Manager has represented, warranted and undertaken that the Securities have not been and will not be offered to members of the public or any other person in the British Virgin Islands.

GENERAL INFORMATION

1. **Clearing Systems:** The Securities have been accepted for clearance through Euroclear and Clearstream under Common Code number 213298674 and the International Securities Identification Number for the Securities is XS2132986741.

2. **Listing of Securities:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Securities by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Securities on the Hong Kong Stock Exchange will commence on or around 23 June 2020.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the Securities. The issue of the Securities was authorised by resolutions of the directors of the Issuer dated as at 4 March 2020. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the provision of and performance of its obligations under the Guarantee of the Securities. The provision of the Guarantee of the Securities was authorised by resolutions of the Board of Directors of the Guarantor dated as at 4 March 2020.

4. **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of the Guarantor and the Group since 31 December 2019.

5. **Litigation:** Neither the Guarantor, the Issuer nor any of the subsidiaries of the Guarantor is involved in any litigation or arbitration proceedings that the Guarantor believes are material in the context of the Securities or the Guarantee of the Securities nor is the Issuer nor the Guarantor aware that any such proceedings are pending or threatened.

6. **Available Documents:** A copy of the Guarantor's annual report for the year ended 30 June 2019, a copy of the Guarantor's 2019/2020 Interim Report, and copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee will be available for inspection by the Holders from the Issue Date, at the specified office of the Paying Agent during normal business hours, so long as any of the Securities is outstanding.

7. **Auditor:** The consolidated financial statements of the Guarantor for the year ended 30 June 2019 have been audited by PricewaterhouseCoopers, Certified Public Accountants. The 2019/2020 Interim Financial Statements has not been audited or reviewed by the auditor of the Guarantor.

8. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 25490076V8K09HMNCT88.

ISSUER

NWD Finance (BVI) Limited
Vistra Corporate Services Centre
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VG1110, British Virgin Islands

GUARANTOR

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Certified Public Accountants
Registered Public Interest Entity Auditor
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