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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer of securities for sale in the United States. The securities referred to herein and the guarantee of 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 or other jurisdictions of the United States or any other jurisdiction and the securities may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.*

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

***Notice to Hong Kong investors:** The Issuer and the Guarantor (each as defined below) confirm that the Securities are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and have been listed on The Stock Exchange of Hong Kong Limited 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.*

NWD FINANCE (BVI) LIMITED

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

(as Issuer)

U.S.$500,000,000 Guaranteed Senior Perpetual Capital Securities

(**Stock Code: 5312**)

(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)

(as Guarantor)

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC	Mizuho Securities	Morgan Stanley	Standard Chartered Bank	UBS

Joint Social and Green Structuring Banks

HSBC **UBS**

(in alphabetical order)

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 offering circular dated 8 June 2022 (the "**Offering Circular**") appended herein in relation to the issuance of the Securities at an initial distribution rate of 6.15 per cent. per annum. As disclosed in the 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 Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

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

Hong Kong, 17 June 2022

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.

APPENDIX – OFFERING CIRCULAR DATED 8 JUNE 2022

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.

STRICTLY CONFIDENTIAL

NWD FINANCE (BVI) LIMITED

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

U.S.$500,000,000 6.15 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 per cent.

The 6.15 per cent. Guaranteed Senior Perpetual Capital Securities (the "**Securities**") will be issued in an initial aggregate principal amount of U.S.$500,000,000 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, 16 June 2022 (the "**Issue Date**") to, but excluding, 16 June 2025 (the "**First Reset Date**"), 6.15 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 16 June and 16 December of each year (each a "**Distribution Payment Date**") with the first Distribution Payment Date falling on 16 December 2022.

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 or in part (subject to certain conditions), on any business day on or after 16 March 2025 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 8 June 2022 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 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 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 Securities involves certain risks. See "*Risk Factors– Risks Relating to the Securities*" beginning on page 34.

Investors should be aware that the 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 Securities and that there are various other risks relating to the 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 Securities. See "Risk Factors" beginning on page 13.

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	**Mizuho Securities**	**Morgan Stanley**	**Standard Chartered Bank**	**UBS**

Joint Social and Green Structuring Banks

HSBC	**UBS**

(in alphabetical order)

Offering Circular dated 8 June 2022

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 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 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, Mizuho Securities Asia Limited, Morgan Stanley & Co. International plc, Standard Chartered Bank and UBS AG Hong Kong Branch (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.

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 2001 (2020 Revised Edition) of Singapore (as modified or amended from time to time, 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$**" or "**cents**" are to the lawful currency of Hong Kong, all references herein to "**U.S. dollars**", "**US$**" 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 2020 (the "**2020 Audited Financial Statements**") and 2021 (the "**2021 Audited Financial Statements**"), which are contained on page 170 to page 298 of the 2020 annual report of the Guarantor and page 146 to page 276 of the 2021 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 2021 (the "**December 2021 Unaudited Interim Financial Statements**"), which are contained on page 20 to page 45 of the 2021/2022 interim report of the Guarantor, are incorporated by reference to this Offering Circular. Copies of the 2020 Audited Financial Statements, the 2021 Audited Financial Statements and December 2021 Unaudited 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 2021 and 2020, which has been extracted from the 2021 Audited Financial Statements of the Guarantor. The 2021 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 2021 Audited Financial Statements were prepared in conformity with HKFRS issued by the HKICPA. The Group has adopted amendments to HKAS 1 and 8 "Definition of Material", amendments to HKAS 39 , HKFRS 7 and HKFRS 9 "Interest Rate Benchmark Return – Phase 1", amendments to HKFRS 3 "Definition of a Business" and the revised Conceptual Framework for Financial Reporting for the financial year ended 30 June 2021 but the adoption of the amendments to standards and interpretation does not have significant effect on the results and financial position of the Group.

This 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 2021 for the Guarantor and its subsidiaries as set out in the December 2021 Unaudited Interim Financial Statements.

The December 2021 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 Stock Exchange of Hong Kong Limited, and have not been audited or reviewed by the Guarantor's auditor. Consequently, the December 2021 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

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 2021, based on the closing price of its shares on the Hong Kong Stock Exchange, NWD had a market capitalisation of approximately HK$77,638.1 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 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 and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.

- *Hotels:* As at 31 December 2021, the Group operated 16 hotel properties in Hong Kong, Mainland China and Southeast Asia, totalling 6,591 guest rooms.

- *Department Stores:* As at 31 December 2021, the Group, through NWDS and its subsidiaries, operated and managed 27 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 2021:

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.$500,000,000 6.15 per cent. 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 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 16 June 2022 (the "**Issue Date**") at the applicable Distribution Rate payable semi-annually in arrear on 16 June and 16 Decmeber of each year, with the first Distribution Payment Date falling on 16 December 2022.
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, 16 June 2025 (the "**First Reset Date**"), 6.15 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 14th 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 10 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, 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.
Issue Date	16 June 2022.
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 or in part, on any business day on or after 16 March 2025 (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), provided, however, that the principal amount of the Securities outstanding after any partial redemption is at least U.S.$250,000,000.
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 8 June 2022; (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 8 June 2022 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 and unpaid 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: XS2435611327 Common Code: 243561132
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 will be 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*".

SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR

The following tables present the summary consolidated financial information of the Group as of and for the years ended 30 June 2021 and 30 June 2020 and as of and for the six months ended 31 December 2021. The summary consolidated financial information is derived from and should be read in conjunction with the 2020 Audited Financial Statements, the 2021 Audited Financial Statements and the December 2021 Unaudited Interim Financial Statements.

The 2021 Audited Financial Statements were prepared in conformity with HKFRS issued by the HKICPA. The Group has adopted amendments to HKAS 1 and 8 "Definition of Material", amendments to HKAS 39 , HKFRS 7 and HKFRS 9 "Interest Rate Benchmark Return – Phase 1", amendments to HKFRS 3 "Definition of a Business" and the revised Conceptual Framework for Financial Reporting for the financial year ended 30 June 2021 but the adoption of the amendments to standards and interpretation does not have significant effect on the results and financial position of the Group.

The December 2021 Unaudited Interim Financial Statements of the Guarantor as at and for the six months ended 31 December 2021 have not been audited or reviewed by the Guarantor's auditor. Consequently, the December 2021 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. Potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results.

Save for the 2021 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 2021 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 2021 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 Guarantor for the financial year ended 30 June 2021. 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**	
	2021	**2020**	**2021**	**2020**
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited and unreviewed)*	*HK$ million (Unaudited and unreviewed)*
Revenues	68,233.2	59,007.8	35,572.8	35,577.3
Cost of sales..................................	(49,082.0)	(39,076.6)	(25,511.5)	(26,262.4)
Gross profit	19,151.2	19,931.2	10,061.3	9,314.9
Other income	262.7	243.8	353.5	90.5
Other (losses)/gains, net	(324.5)	344.5	(324.0)	664.8
Selling and marketing expenses	(2,413.6)	(1,937.2)	(1,212.7)	(1,198.6)
Expenses of department store's operation..	(1,335.4)	(1,286.8)	(660.7)	(644.4)
Administrative and other operating expenses	(6,676.5)	(7,121.5)	(3,364.9)	(3,209.7)
Overlay approach adjustments on financial assets	(1,270.6)	208.2	1,175.8	(895.1)
Changes in fair value of investment properties.......................................	1,135.6	1,653.2	(24.6)	92.0
Operating profit...............................	8,528.9	12,035.4	6,003.7	4,214.4
Financing income	3,148.0	2,827.0	1,382.7	1,419.3
Financing costs..............................	(3,094.7)	(4,837.9)	(1,259.3)	(1,547.7)
	8,582.2	10,024.5	6,127.1	4,086.0
Share of results of joint ventures....	1,318.0	1,007.3	270.6	411.2
Share of results of associated companies	465.3	(237.4)	997.8	341.4
Profit before taxation	10,365.5	10,794.4	7,395.5	4,838.6
Taxation	(5,661.6)	(7,528.0)	(3,927.7)	(2,320.2)
Profit for the year	4,703.9	3,266.4	3,467.8	2,518.4
Attributable to:				
Shareholders of the Company........	1,171.6	1,096.2	1,430.4	1,013.0
Holders of perpetual capital securities	2,282.6	1,688.3	1,232.9	1,070.7
Non-controlling interests.................	1,249.7	481.9	804.5	434.7
	4,703.9	3,266.4	3,467.8	2,518.4
Earnings per share				

	For the year ended 30 June		For the six months ended 31 December	
	2021	2020	2021	2020
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited and unreviewed)*	*HK$ million (Unaudited and unreviewed)*
Basic	HK$0.46	HK$0.43	HK$0.57	HK$0.40
Diluted	HK$0.46	HK$0.43	HK$0.57	HK$0.40

Consolidated Statement of Financial Position

	As at 30 June		As at 31 December
	2021	2020	2021
	HK$ million (Audited)	*HK$ million (Audited)*	*HK$ million (Unaudited and unreviewed)*
Assets			
Non-current assets			
Investment properties	195,883.5	169,717.5	209,337.0
Property, plant and equipment	22,300.0	30,099.9	20,402.6
Right-of-use assets...	8,117.9	8,514.7	7,041.5
Intangible concession rights	14,281.0	14,005.1	13,957.5
Intangible assets...	8,245.9	8,427.6	8,239.7
Value of business acquired	5,395.1	5,651.5	5,300.4
Deferred acquisition costs	1,711.5	688.2	2,149.8
Interests in joint ventures	47,361.6	43,013.3	52,716.4
Interests in associated companies	13,877.5	21,143.7	15,485.7
Financial assets at fair value through profit or loss	18,370.9	13,488.4	17,095.6
Financial assets at fair value through other comprehensive income	42,888.9	39,131.2	46,007.0
Derivative financial instruments.........................	659.4	2,154.2	270.2
Properties for development	23,070.9	35,424.0	23,014.6
Deferred tax assets	1,742.3	1,120.0	2,238.3
Other non-current assets..................................	15,106.3	25,344.7	22,521.4
	419,012.7	417,924.0	445,777.7
Current assets			
Properties under development	68,255.8	48,657.7	67,972.8

	As at 30 June		As at 31 December
	2021	**2020**	**2021**
	HK$ million *(Audited)*	*HK$ million* *(Audited)*	*HK$ million* *(Unaudited and unreviewed)*
Properties held for sale	21,052.2	17,724.1	18,605.8
Inventories	597.9	685.1	622.4
Debtors, prepayments, premium receivables and contract assets	34,683.3	35,188.9	36,894.8
Investments related to unit-linked contracts.......	10,770.2	9,053.6	10,205.3
Financial assets at fair value through profit or loss	1,584.5	1,140.5	2,329.8
Financial assets at fair value through other comprehensive income	1,898.1	528.1	4,262.6
Derivative financial instruments.........................	897.6	0.7	158.4
Restricted bank balances	340.1	144.4	1,837.2
Cash and bank balances..................................	61,615.0	67,291.2	50,527.2
	201,694.7	180,414.3	193,416.3
Non-current assets classified as assets held for sale	6,370.0	1,857.6	490.8
	208,064.7	182,271.9	193,907.1
Total assets	**627,077.4**	**600,195.9**	**639,684.8**
Equity			
Share capital...	78,373.3	78,225.7	78,382.1
Reserves	144,955.5	134,797.6	146,970.0
Shareholders' funds..	223,328.8	213,023.3	225,352.1
Perpetual capital securities	48,938.2	37,092.0	43,758.4
Non-controlling interests...................................	31,925.4	29,629.8	31,540.3
Total equity..	**304,192.4**	**279,745.1**	**300,650.8**
Liabilities			
Non-current liabilities			
Long-term borrowings and other interest-bearing liabilities	137,828.7	134,787.9	127,805.2
Lease liabilities	5,204.4	5,759.4	5,807.0
Insurance and investment contract liabilities......	18,143.5	14,454.8	18,411.2
Liabilities related to unit-linked contracts	180.8	168.2	188.0
Deferred tax liabilities	11,128.5	11,545.6	11,071.9
Derivative financial instruments.........................	670.8	943.4	457.4
Other non-current liabilities	167.0	182.1	160.0

	As at 30 June		As at 31 December
	2021	2020	2021
	HK$ million *(Audited)*	*HK$ million* *(Audited)*	*HK$ million* *(Unaudited and unreviewed)*
	173,323.7	167,841.4	163,900.7
Current liabilities			
Creditors, accrued charges, payables to policyholders and contract liabilities	63,977.8	54,101.2	67,147.4
Current portion of long-term borrowings and other interest-bearing liabilities	12,569.0	36,434.5	24,959.5
Short-term borrowings and other interest-bearing liabilities	25,619.2	20,166.6	30,688.1
Lease liabilities	1,639.2	1,227.9	442.1
Insurance and investment contract liabilities	24,359.3	20,445.3	28,571.5
Liabilities related to unit-linked contracts	10,770.2	9,053.6	10,202.7
Derivative financial instruments	0.3	104.8	0.2
Current tax payable	10,626.3	11,067.4	13,008.8
	149,561.3	152,601.3	175,020.3
Liabilities directly associated with non-current assets classified as assets held for sale	-	8.1	113.0
	149,561.3	152,609.4	175,133.3
Total liabilities	**322,885.0**	**320,450.8**	**339,034.0**
Total equity and liabilities	**627,077.4**	**600,195.9**	**639,684.8**

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 2021, revenues of the Group amounted to HK$35,572.8 million, reflecting an decrease of 0.01 per cent. compared to the six months ended 31 December 2020. For the six months ended 31 December 2021, profit attributable to shareholders of the Company amounted to HK$1,430.4 million, which increased by 41.2 per cent. compared to the six months ended 31 December 2021. For the six months ended 31 December 2021, the Group's underlying profit amounted to HK$3,898.2 million, while for the six months ended 31 December 2020, the Group's underlying profit amounted to HK$3,718.6 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 Hong Kong 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. However, as a result of the economic downturn and uncertainties surrounding the novel coronavirus ("**COVID-19**") pandemic, the Stamp Duty

(Amendment) Ordinance 2021 was gazetted on 19th March 2021 to lower the AVD rates for any instrument executed on or after 26th November 2020 for the sale and purchase or transfer of non-residential property.

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.

More recently, the ongoing COVID-19 pandemic has adversely affected global financial, foreign exchange, commodity and energy markets. The COVID-19 pandemic, coupled with the spread of new COVID-19 variants ("**COVID-19 pandemic**") and policies implemented by governments to deter the spread of the disease have had and may continue to have an adverse effect on consumer confidence and the general economic conditions which the Group's business is subject to. Despite the roll-out of mass vaccination programmes, COVID-19 related restrictions have continued. The COVID-19 pandemic continues to affect many countries globally and there remains significant uncertainty as to when the pandemic will end and whether governments will implement further travel restrictions or other restrictive measures to contain the COVID-19 pandemic. The resultant disruptions to the supply chain and reduced levels of consumption, commercial activities and industrial production in the affected countries may result in an economic slowdown in such economies which, if prolonged, could cause a global recession.

In 2022, the military conflict between Russia and Ukraine is contributing to further increases in the price of energy, oil and other commodities and to volatility in financial markets globally, as well as a new landscape in relation to international sanctions. Other geopolitical events such as continued tensions in the Middle East and the Korean peninsula could also significantly undermine the stability of the global economy and financial markets. In addition, mismatches between the supply and demand of goods and services contributed to a rise in inflation in 2021 and central banks in major markets are expected to raise interest rates.

In March 2022, the United States Federal Open Market Committee (the "**FOMC**") raised its benchmark interest rates for the first time since 2018 and signalled that the FOMC may implement further rate increases to counteract rising inflation caused by supply-chain disruption during the pandemic. These fluctuations in interest rates may result in continued significant volatility in global capital markets and adversely affect business and consumer confidence. 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 a general 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 2021 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 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. Meanwhile, during the six months ended 31 December 2021, negative impact from resurgence of COVID-19 in various provinces, power crunch and temporary partial prohibition of type 5 and 6 trucks using Hangzhou Ring Road have prompted a drop in overall traffic volume and a drop in toll revenue of our road portfolio. 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. Starting in early 2022, Hong Kong has been battling the Omicron variant, which has led to the re-tightening of social distancing measures and affected the hotel industry. While the Mainland China continued to impose strict compulsory quarantine measures on overseas visitors, the hotels in the Mainland China have relied on the thriving demand for domestic tours, however, given the recent outbreak starting second quarter of 2022, certain cities (e.g. Shanghai, Beijing, Shenyang, etc.) have experienced lockdown which seriously affected domestic tours and led to adverse effect on the hotel operations. 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. The continued border closure due to the COVID-19 outbreak has also restricted visitors from Mainland China from coming to Hong Kong and has had an adverse effect on the performance of the whole industry. 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. Furthermore, certain variants have proven to be more severe or more transmissible. For example, the Omicron variant, which appears to be a highly transmissible variant, has resulted in an increase in cases globally. 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. 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. Hotel operations were heavily affected mainly due to the COVID-19 outbreak prompting various regions to impose travel restrictions. Starting in early 2022, Hong Kong has been battling the Omicron variant, which has led to the re-tightening of social distancing measures and affected the hotel industry. 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 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.

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, there are high uncertainties associated with the COVID-19 pandemic, particularly in light of the recent resurgence of reported infections globally as well as the emergence and spread of new variants of COVID-19.

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 anti-extradition bill protests in 2019 to 2020 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 45.20 per cent. of the issued share capital of NWD as at 31 December 2021. 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 December 2021, the consumer price index in China decreased by 9.1 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 two years and nine 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, or 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, provided, however, that the principal amount of Securities outstanding after any partial redemption is at least U.S.$ 250,000,000.

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.

Lack of public market for the Securities

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

The Securities may not be a suitable investment for all investors seeking exposure to green, social or equivalently labelled assets.

The Group first established the New World Development Sustainable Finance Framework (such framework, as amended and/or updated from time to time and as confirmed in an opinion issued by an independent environmental, social, and governance research firm (a "**Second Party Opinion**") to align with the then applicable Sustainability Bond Guidelines, Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles, the "**Sustainable Finance Framework**") in October 2020 and updated the Sustainable Finance Framework in May 2022. The Group received from Sustainalytics on 25 May 2022 a Second Party Opinion confirming that the current Sustainable Finance Framework aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. The Sustainable Finance Framework outlines the eligibility criteria of Green Projects and Social Projects (as shown in the Sustainable Finance Framework) and how the Group manages and reports on the use of proceeds. The Group intends to issue the Securities to use the net proceeds for financing or refinancing the eligible Green Projects in accordance with its Sustainable Finance Framework. The Group cannot guarantee that it will be able to comply with the obligations as set out in the Sustainable Finance Framework. However, it will not be an Event of Default (as defined in the Terms and Conditions) if the Group fails to comply with such obligations. Such failure may affect the value of the Securities and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Therefore, the Securities may not be a suitable investment for all investors seeking exposure to green, social or equivalently labelled assets.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green", "social" or other equivalent label and therefore no assurance can be provided to potential investors that the eligible Green Projects will continue to meet the relevant eligibility criteria or meet all investor expectations regarding environmental impact. Although applicable green or social projects are expected to be selected in accordance with the categories recognised in various principles described in the Sustainable Finance Framework and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse social and/or environmental developments will not occur during the design, construction, commissioning and/or operation of any such eligible Green Projects. In addition, where any negative impacts are insufficiently mitigated, green or social projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

No assurance can be provided with respect to the suitability or reliability of the Second Party Opinion or that the Securities will conform to the Sustainable Finance Framework. Neither the independent assurance provider nor the Joint Lead Managers have undertaken, or are responsible for, any assessment of the eligibility of projects within the definition of Green Projects or the monitoring of the use of proceeds from the offering of the Securities. None of the Issuer or the Joint Lead Managers makes any representation as to the suitability for any purpose of the Second Party Opinion or (i) whether the Securities will meet investor criteria and expectations regarding environmental/social impact and sustainability performance for any investors, or (ii) the characteristics of the eligible Green Projects, including their environmental, social and sustainability criteria. None of the Joint Lead Managers has undertaken, or is responsible for, any assessment of the eligible Green Project or the monitoring of the use of proceeds from the offering of the Securities. Each potential purchaser of the Securities should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds and its purchase of the Securities should be based upon such investigation as it deems necessary.

While it is the Issuer's intention to allocate an amount equal to the net proceeds received from the offering to refinance the eligible Green Projects in accordance with the Sustainable Finance Framework, it would not be an Event of Default if it were to fail to comply with such intention. Any failure to use the net proceeds in connection with such eligible projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to the Securities, may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green projects. In the event that the Securities are included in any dedicated "green", "environmental", "sustainable" or other equivalently-labelled index, no representation or assurance is given by the Issuer or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

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.$500,000,000 6.15 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 16 June 2022 (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 16 June 2022 (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 16 June 2022 (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 16 June 2022 (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 16 June and 16 December of each year (each, a "**Distribution Payment Date**"), with the first Distribution Payment Date falling on 16 December 2022.

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, 16 June 2025 (the "**First Reset Date**"), 6.15 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 14th 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. per annum.

(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;

"**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;

"**Comparable Treasury Issue**" means the U.S. Treasury security selected by the Issuer as having a maturity of three 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 three 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;

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

"**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 3.201 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 three, or a multiple of three, 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;

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

"**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 by the Independent Investment Bank 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 notified to the Issuer, the Agents and the Holders (in accordance with Condition 14 (*Notices*)).

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 8 June 2022; 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 8 June 2022 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 auditor 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 or in part, on any business day on or after 16 March 2025 (each, a "**Call Date**") on the Issuer 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)), **provided, however,** that the principal amount of Securities outstanding after any partial redemption is at least U.S.$250,000,000.

So long as the Securities are represented by the Global Certificate, in connection with an exercise of a partial redemption the Securities to be redeemed will be selected in accordance with the rules and procedures of Euroclear and Clearstream (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in principal amount at their discretion).

(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:

Distribution: So long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**"), Distribution shall be payable on and calculated by reference to the outstanding principal amount of the Securities evidenced by the Global Certificate and the "**Calculation Amount**" shall be the outstanding principal amount of the Securities evidenced by this Global Certificate.

Record date: Notwithstanding Condition 6(f) (*Record date*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or 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.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 5(d) (*Redemption at the option of the Issuer*) in relation to some only of the Securities, the Global Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Securities to be redeemed will be selected in accordance with the rules and procedures of Euroclear and Clearstream (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in principal amount at their discretion).

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 gross proceeds from the issue of the Securities, before deducing the fees and commissions and other expenses payable in connection with the Securities, will be U.S.$500,000,000. The net proceeds (after deducting the fees and commissions and other expenses payable in connection with the Securities) will be used to finance or refinance the eligible Green Projects under the Sustainable Finance Framework.

SUSTAINABLE FINANCE FRAMEWORK OVERVIEW

The Group was one of the first movers in sustainable financing in Hong Kong. Creating Shared Value ("**CSV**") is at the heart of the Group's corporate mission. Through CSV, the Group is taking a long-term approach to balancing shareholders' and stakeholders' interests by forming a new connection between business success, social progress, and people's well-being. "Shared value" is the outcome of three crucial drivers coming together: social and environmental needs, corporate assets and business opportunities.

The Sustainable Finance Framework was established in October 2020 and has been updated in May 2022 to stay up-to-date with evolving international standards and best practice. The framework aligns with the Green Bond Principles 2021, Social Bond Principles 2021, Sustainability Bond Guidelines 2021, Green Loan Principles 2021 and Social Loan Principles 2021. It outlines the eligibility criteria of green and social projects and how the Group manages and reports on the use of proceeds.

The current Sustainable Finance Framework is available at https://sustainability.nwd.com.hk/sustainable-finance/.

New World Sustainability Vision 2030

In reference to the Group's long-term business strategy and the United Nations Sustainable Development Goals ("**UN SDGs**"), the New World Sustainability Vision 2030 ("**SV2030**") was developed to enhance customer experience with products and initiatives that demonstrate one or more of the four following focus areas:

1. Green (environmental protection);

2. Wellness (promotion of healthy living);

3. Smart (technology adoption and entrepreneurship promotion); and

4. Caring (for all community stakeholders).

These four focus areas are aligned to specific UN SDGs included but not limited to those under SV2030. Green initiatives mainly contribute to SDG 11 Sustainable Cities and Communities. Wellness initiatives target SDG 3 Good Health and Wellbeing. Caring initiatives help achieve SDG 4 Quality Education and SDG 11. Smart Initiatives support all other three focus areas in contribution to SDG 17 Partnership for the Goals.

Under SV2030, group-wide environmental and social targets have been established alongside policies to standardise the Group's property development approach. Guidance is given to ensure sustainable design, construction, supply chain management, operation and engagement are practised across upcoming and completed projects.

Led by the Board-level Sustainability Committee and driven by the stakeholders' growing awareness of sustainable development, the Group strives to curate opportunities for a life well-lived through SV2030.

Transition to net zero carbon emissions

The built environment generates nearly 40 per cent. of annual global carbon emissions. As a real estate property developer, it is the Group's responsibility as a corporate citizen to ensure its best effort for its new buildings to meet net zero carbon standards through measures such as increasing building efficiency and the adoption of renewable energy. The Group understands the urgent need for climate action and has set ambitions to achieve net zero carbon for all buildings by 2050.

In 2021, the Group expanded its decarbonisation effort by committing to the Business Ambition for 1.5°C to set Science Based Targets ("**SBT**") and formulating its Renewable Energy Roadmap, which formed the basis of its sustainability-linked bonds and is indicative of its commitment to decarbonise. The Group understands the urgent need for climate action and has set ambitions to achieve net zero carbon for all buildings by 2050.

Given the priority of the Group's responsibilities to mitigate climate impacts in its operations, the Board of Directors has endorsed the Group's ongoing assessment and disclosure of climate risks as per Task Force on Climate-Related Financial Disclosures recommendations. The Board is updated regularly on the latest climate risks and opportunities, in order to timely initiate updates in the Group's sustainability strategies.

The Group will continue to accelerate and deepen its efforts in energy efficiency and carbon reduction in support of Hong Kong and Mainland China's commitment to carbon neutrality by 2050 and 2060, respectively.

Core of Concept

The Sustainable Finance Framework has been developed to demonstrate how the Group and its other entities, including NWCL and K11 Group Limited ("**K11**"), will create investment opportunities for its financial partners by delivering funds ("**Funding Transactions**") to implement projects which contribute and/or complement the New World Sustainability Vision 2030, particularly those related to improving the environmental and social performance of their real estate projects and the communities in which they are located, as well as the health of their building users.

The Sustainable Finance Framework will guide future fundraising through sustainable debt instruments, including green/social/sustainability bonds and green/social loans with structures tailored to finance Eligible Projects as defined in the Sustainable Finance Framework to address global environmental and/or social challenges by achieving the Group's sustainability targets, whilst working towards UN SDGs and SBT.

Financing transactions that are already in place may be designated as Funding Transactions under the Sustainable Finance Framework where they meet the criteria set out herein and a material portion of the funding remains to be drawn or allocated at the time of such designation.

Management commitment

Each Funding Transaction will adopt the following principles:

1. Use of Proceeds

The proceeds of each Funding Transaction will be used exclusively for the financing or the refinancing of "Eligible Projects", including without limitation, the refinancing of existing debt concerning such projects.

"**Eligible Projects**" refer to projects that support profitable sustainable development servicing the needs of people and communities at a fair price that meet the eligibility criteria as shown in the Sustainable Finance Framework. The environmental performance and social impact will be measured against benchmark standards whenever possible as described in the Sustainable Finance Framework.

2. Project Evaluation and Selection

The Group will form a "Sustainable Finance Review Panel" (the "**Panel**") with senior representatives from NWD Finance & Accounts, Group Audit and Management Services, Sustainability, and relevant departments selected on a project-by-project basis to select Eligible Projects for financing based on the above criteria and manage their environmental and social risks. The Panel will also oversee the evaluation of environmental and social risks associated with projects during the project selection phase, if applicable. Senior representatives from NWD Property Management, NWCL and K11 may also be called upon if their expertise is required. Eligible Projects will be recommended to the Group's chief financial officer or chief executive officer and chairperson of the Group Sustainability Steering Committee for final approval. Once approved, the Eligible Projects may be used for future financing. Decisions will be communicated to the Board-level Sustainability Committee and remain accountable to Board oversight.

3. Management of Proceeds

The Group will establish a register of Funding Transactions under the Sustainable Finance Framework with Finance teams being responsible for the management of proceeds. The register will contain for each Funding Transaction the following information including:

(i) **Funding Transaction:** key information including, issuer/borrower entity transaction date, the principal amount of proceeds, repayment or amortisation profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number).

(ii) **Allocation of Use of Proceeds:**
Information including:
- Name and basic details of Eligible Projects to which Funding Transaction proceeds have been allocated in accordance with the Sustainable Finance Framework;
- Amount of Funding Transaction proceeds allocated to each project;
- Confirmation of the Panel’s endorsement that a project is considered to be an Eligible Project; and
- The remaining amount of proceeds of a Funding Transaction that have not been allocated to Eligible Projects.

The Group commits to allocating proceeds raised within 24 months of issuance.

Any balance of proceeds of any Funding Transaction not earmarked to fund Eligible Projects will be held in accordance with the Group’s normal treasury or liquidity management policy.

4. Reporting

The Group will annually disclose the allocation of the borrowed funds or the net proceeds of its green, social and sustainability bond(s) on its corporate website (http://www.nwd.com.hk) or annual report until the proceeds are fully allocated. Disclosures will also be made on a timely basis on the corporate website in case of material developments.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Guarantor

As at 31 December 2021, the issued share capital of the Guarantor was approximately 2,516.6 million ordinary shares.

The following table sets forth the total capitalisation and indebtedness of the Guarantor as at 31 December 2021, which has been extracted from the December 2021 Unaudited Interim Financial Statements as at the same date. This table should be read in conjunction with the December 2021 Unaudited Interim Financial Statements.

	As at 31 December 2021		
	Actual	**As Adjusted**	**As Adjusted**
	HK$ million	*HK$ million*	*US$ million*(1)
	Unaudited and unreviewed	*Unaudited and unreviewed*	*Unaudited and unreviewed*
Current portion of borrowings and other interest-bearing liabilities			
Short-term borrowings and current portion of long-term borrowings and other interest-bearing liabilities	55,647.6	55,647.6	7,134.3
Non-current portion of borrowings and other interest-bearing liabilities			
Long-term borrowings and other interest-bearing liabilities	127,805.2	127,805.2	16,385.3
Notes to be issued (2)	—	1,560.0	200.0
Total borrowings and other interest-bearing liabilities(3)	183,452.8	185,012.8	23,719.6
Shareholders' funds			
Share capital	78,382.1	78,382.1	10,049.0
Reserves	146,970.0	146,970.0	18,842.3
	225,352.1	225,352.1	28,891.3
Perpetual capital securities	43,758.4	43,758.4	5,610.1
Perpetual capital securities to be issued(4)	—	3,900.0	500.0
Total capitalisation(5)	396,915.7	402,375.7	51,586.7
Current portion of borrowings and other interest-bearing liabilities and total capitalisation	452,563.3	458,023.3	58,721.0

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 the Issue Date, NWD (MTN) Limited will also issue U.S.$200,000,000 5.875 per cent. guaranteed notes due 2027 (the "**Notes**") under NWD (MTN) Limited's U.S.$7,000,000,000 Medium Term Note Programme unconditionally and irrevocably guaranteed by the Guarantor. The Notes to be issued represent the aggregate principal amount of the Notes, before deduction of underwriting fees and commissions, and other estimated transaction expenses payable.

(3) On 8 June 2022, the Guarantor as offeror commenced a concurrent tender offer (the "**Tender Offer**") to purchase for cash the U.S.$950,000,000 4.375 per cent. guaranteed notes due 2022 issued by NWD (MTN) Limited on 30 November 2015 and guaranteed by the Guarantor up to an aggregate nominal amount to be determined by the Guarantor in its sole discretion, on the terms and conditions set forth in the tender offer memorandum dated 8 June 2022. The Tender Offer commenced on 8 June 2022 and will expire at 4:00 p.m. London time on 17 June 2022 (subject to the right of the Guarantor to extend, re-open, withdraw and/or terminate the Tender Offer). The

Tender Offer is being made to manage the Guarantor's interest payments and will be funded by the Guarantor's operating cash flows or other internal resources.

(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 2021 and perpetual 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 2021.

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 Offering Circular, NWD Finance (BVI) Limited has issued securities in an aggregate principal amount of U.S.$4,200,000,000.

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 (As Revised) 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 (As Revised) of the British Virgin Islands. Its registered office is at Vistra (BVI) Limited, 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

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 2021, based on the closing price of its shares on the Hong Kong Stock Exchange, NWD had a market capitalisation of approximately HK$77,638.1 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 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 and logistics. The Group undertakes its infrastructure businesses primarily through the NWSH Group.

- *Hotels:* As at 31 December 2021, the Group operated 16 hotel properties in Hong Kong, Mainland China and Southeast Asia, totalling 6,591 guest rooms.

- *Department Stores:* As at 31 December 2021, the Group, through NWDS and its subsidiaries, operated and managed 27 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 2021:

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 2021

For the year ended 30 June 2021, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK$68,233.2 million. Profit attributable to shareholders of the Guarantor amounted to HK$1,171.6 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK$6,978.0 million, up 5.9 per cent. year-on-year.

For the six months ended 31 December 2021

For the six months ended 31 December 2021, the Guarantor's and its subsidiaries' consolidated revenues amounted to HK$35,572.8 million. Profit attributable to shareholders of the Guarantor amounted to HK$1,430.4 million and the Guarantor's and its subsidiaries' consolidated underlying profit amounted to HK$3,898.2 million, up 41.2 per cent. and 4.8 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 has steadily increased its investment in Mainland China based on its own strategy and market conditions, expanding in first-tier and fast-growing cities with a focus on the

Greater Bay Area, while also continuously improving its strategic presence in the Yangtze River Delta Region and the Beijing-Tianjin-Hebei Region. The Group has also replenished its landbank through multiple channels, including public auction and tender, as well as collaborating with different parties and pursuing urban renewal opportunities. As Mainland China continues working towards its urbanisation goals, urban renewal has become a new driving force to improve and upgrade existing cities. Among Hong Kong real estate developers, the Group is the most active participant in urban renewal. Aligning itself with China's urban renewal initiative, the Group leveraged its operational effectiveness and experienced team to acquire land in prime locations at a reasonable cost, while upgrading city infrastructure, and improving the livelihood of the local community.

- 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 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. Logistics business is grouped under the Group's strategic portfolio and the focus is to maintain operations within its current range, which provides 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, to maintain the Group's long term market competitiveness and competitive edge, the Group has persisted to renovate and redecorate its physical stores to create a more grand-looking and fashion-forward shopping area. The Group has also sought to optimise product-mix, enlist new brands and strengthen crossover cooperation across different business sectors to create brand-new consumer experience and increase the popularity and sales of its stores. The Group is aware of the immense opportunity brought forth by online retail business, and thus, will continue to expand and optimize "New Lab", its self-operated e-commerce platform, as well as to promote the online-to-offline integrated operation to eventually attain Omni-channel retailing. In order to bring a more efficient and convenient shopping experience to its customers, the Group has also actively pressed forward with smart and digitalized transformation for its supermarkets and convenience stores through the adoption of smart equipment and systems such as newly added mobile payment methods and self-service checkout systems. On the other hand, the Group has decided to undertake an overall strategic adjustment to drive a differentiated and personalised product portfolio and promote the transformation and optimisation in its supply chain. Through various initiatives, the Group seeks to build its hallmarked supermarkets and convenience stores.

- 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

As at 30 June 2021, the Group's cash and bank balances (including restricted bank balances) stood at HK$61,955.1 million. Undrawn facilities from banks amounted to HK$56,599.4 million, and the net gearing ratio was 35.6 per cent. The average cost of financing was 2.76 per cent. Furthermore, non-core asset disposals amounted to approximately HK$18 billion, which exceeded the target for the year

As at 31 December 2021, the Group's cash and bank balances (including restricted bank balances) stood at HK$52,364.4 million. Undrawn facilities from banks amounted to HK$50,793.6 million, and the net gearing ratio was 41.3 per cent. For the six months ended 31 December 2021, the average cost of financing was 2.52 per cent. and non-core asset disposals amounted to approximately HK$3.81 billion. The Group has undertaken stringent cost control efforts, as evidenced by the 5 per cent. year-on-year decrease in recurring administrative and other operating expenses.

For the year ended 30 June 2021, the Group achieved gross margin of 43.8 per cent. and 40.2 per cent. respectively for the property development segment in Hong Kong and Mainland China.

For the six months ended 31 December 2021, the Group achieved gross margin of 70.7 per cent. and 66.5 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 or periods indicated:

	For the year ended 30 June				For the six months ended 31 December			
	2021		2020		2021		2020	
	HK$ million (Audited)	%	*HK$ million (Audited)*	%	*HK$ million (Unaudited and unreviewed)*	%	*HK$ million (Unaudited and unreviewed)*	%
Revenues								
Property Development	22,581.6	33.1	19,207.5	32.5	9,346.6	26.3	12,794.6	36.0
Property Investment ...	4,700.7	6.9	4,349.5	7.4	2,518.0	7.0	2,314.6	6.5
Roads..........................	3,033.2	4.4	2,070.5	3.5	1,481.9	4.2	1,646.1	4.6
Aviation	—	—	—	—	—	—	—	—
Construction................	22,074.0	32.4	16,691.0	28.3	12,342.8	34.7	10,844.9	30.5
Insurance	9,639.3	14.1	6,180.0	10.4	6,820.6	19.2	4,583.7	12.9
Hotel Operations	807.6	1.2	1,212.2	2.1	494.9	1.4	429.9	1.2
Others	5,396.8	7.9	9,297.1	15.8	2,568.0	7.2	2,963.5	8.3
Total............................	68,233.2	100.0	59,007.8	100.0	35,572.8	100.0	35,577.3	100.0

	For the year ended 30 June				For the six months ended 31 December			
	2021		2020		2021		2020	
	HK$ million (Audited)	%	HK$ million (Audited)	%	HK$ million (Unaudited and unreviewed)	%	HK$ million (Unaudited and unreviewed)	%
Segment results (including share of results of joint ventures and associated companies)								
Property Development	9,351.4	66.0	11,001.8	80.2	6,247.1	67.3	4,114.7	59.8
Property Investment....	2,929.5	20.7	2,382.7	17.4	1,677.8	18.1	1,333.2	19.3
Roads..........................	2,448.9	17.3	1,184.7	8.6	1,187.0	12.8	1,427.3	20.7
Aviation	504.7	3.6	399.3	2.9	274.6	3.0	259.3	3.8
Construction................	924.0	6.5	983.6	7.2	317.8	3.4	466.5	6.8
Insurance	723.4	5.1	611.0	4.5	416.3	4.5	433.8	6.3
Hotel Operations	(1,186.0)	(8.4)	(1,292.0)	(9.4)	(425.3)	(4.6)	(666.3)	(9.7)
Others	(1,528.9)	(10.8)	(1,560.6)	(11.4)	(415.0)	(4.5)	(483.1)	(7.0)
Total............................	14,167.0	100.0	13,710.5	100.0	9,280.3	100.0	6,885.4	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 or periods indicated:

	For the year ended 30 June				For the six months ended 31 December			
	2021		2020		2021		2020	
	HK$ million (Audited)	%	HK$ million (Audited)	%	HK$ million (Unaudited and unreviewed)	%	HK$ million (Unaudited and unreviewed)	%
Share of results of Joint Ventures								
Property Development.......	673.9	51.1	482.8	47.9	204.5	75.6	119.5	29.1
Property Investment	(113.9)	(8.6)	(117.7)	(11.7)	(122.6)	(45.3)	(55.2)	(13.4)
Roads................................	647.7	49.1	276.1	27.4	388.2	143.5	372.7	90.6
Aviation	(49.3)	(3.7)	316.5	31.4	1.2	0.4	(144.2)	(35.1)
Construction.......................	0.3	—	—	—	—	—	—	—
Insurance	—	—	—	—	—	—	—	—
Hotel Operations	(501.8)	(38.1)	(384.4)	(38.1)	(188.1)	(69.5)	(246.0)	(59.8)
Others	661.1	50.2	434.0	43.1	(12.6)	(4.7)	364.4	88.6
Total..................................	1,318.0	100.0	1,007.3	100.0	270.6	100.0	411.2	100.0

	For the year ended 30 June				For the six months ended 31 December			
	2021		2020		2021		2020	
	HK$ million (Audited)	%	*HK$ million (Audited)*	%	*HK$ million (Unaudited and unreviewed)*	%	*HK$ million (Unaudited and unreviewed)*	%
Share of results of associated companies								
Property Development	54.6	11.7	14.8	(6.2)	886.9	88.9	(8.9)	(2.7)
Property Investment	(8.8)	(1.9)	(329.0)	138.6	13.3	1.3	(35.3)	(10.3)
Roads	201.9	43.4	97.5	(41.1)	100.7	10.1	111.5	32.7
Aviation	—	—	—	—	—	—	—	—
Construction	146.1	31.4	308.9	(130.1)	14.8	1.5	131.2	38.4
Insurance	—	—	—	—	—	—	—	—
Hotel Operations	—	—	—	—	0.1	—	—	—
Others	71.5	15.4	(329.6)	138.8	(18.0)	(1.8)	142.9	41.9
Total	465.3	100.0	(237.4)	100.0	997.8	100.0	341.4	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 2021, the Group possessed a land bank with attributable gross floor area ("**GFA**") of approximately 9.77 million sq.ft. in Hong Kong available for immediate development, off which approximately 4.88 million sq. ft. was for property development use. Meanwhile, the Group had an agricultural landbank with a total attributable land area of approximately 16.27 million sq.ft. pending land use conversion in New Territories, approximately 90% of which was located within the "Northern Metropolis".

Hong Kong saw easing COVID-19 conditions in the six months ended 31 December 2021 and an 11-year new low in one month HIBOR concerning the property market, which kept unleashing local housing demand. According to the public data from the Land Registry, Hong Kong recorded a 5.1% year-on-year rise in the agreements for primary sale and purchase of residential building units and a 16.5% year-on-year uptick in the consideration of such agreements from July 2021 to December 2021.

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 30 June 2021. 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 40.6 per cent. of the Group's completed investment properties in attributable GFA terms, with the balance being hotels (which accounted for approximately 14.9 per cent. of the Group's completed investment properties), logistic centres and carparks.

Continued relapse of the COVID-19 pandemic has exerted its social and economic impacts, with the overall rent of office buildings remaining under pressure in Hong Kong. Quite a few tenants considered exiting traditional commercial districts to maintain the size of their office space at lower costs, as the pandemic penetrated into various sectors. In response to the "decentralisation" trend, the Group has arranged to develop new office hubs in non-traditional core commercial districts such as Island East, Tsim Sha Tsui and Hong Kong International Airport, including the Grade A office building K11 ATELIER King's Road in Quarry Bay and K11 ATELIER in Victoria Dockside, Tsim Sha Tsui. Their occupancy rates continued to climb amidst improving market sentiment. On the other hand, as market sentiment improved in the six months ended 31 December 2021, the Group was pleased to witness medical beauty centres, clinics and fitness centres actively relocate to Grade A office buildings for upgrade and expand their service floors, becoming an emerging force in the market.

Given the strict travel restrictions imposed on visitors entering Hong Kong under the COVID-19 pandemic, the Group took the initiative to offer local customers differentiated shopping experience by leveraging on the prominent brand characteristic and unique artistic sense of K11. In the six months ended 31 December 2021, the Group managed to attract a bath of loyal customers through its continuous launch of creative marketing and festival activities. In particular, the flagship mall K11 MUSEA recorded a year-on-year increase of 21 per cent. in sales in the six months ended 31 December 2021, whilst its footfall amounted to around 12 million with a year-on-year increase of 21 per cent.

K11 Art Mall upgraded its tenant portfolio amidst the COVID-19 pandemic, adding over 30 new brands which mainly targeted "Gen Z" consumption experience and introducing pop-up stores of several well-received animations which set foot in Hong Kong for the first time, so as to fulfil the demand for freshness by "Gen Z". The mall also held a range of arts and cultural events to popularise art and increase footfall. In the six months ended 31 December 2021, the overall average occupancy rate of K11 Art Mall remained at around 100%, with sales and footfall up by 28 per cent. and 33 per cent. year-on-year, respectively. In December 2021, its footfall reached a historic new high, with sales eclipsing the pre-pandemic level.

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 2021.

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, 704-730 King's Road, North Point..	487,504	487,504	8,708	478,796			165	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
8	Methodist House, Wan Chai[(1)]....	40,813	40,405		40,405				2084
	Subtotal....................................	**2,489,628**	**1,922,282**	**240,688**	**1,128,045**	**534,723**	**18,826**	**1,620**	
	Kowloon								
9	K11 ATELIER of Victoria Dockside, Tsim Sha Tsui	435,157	435,157		435,157				2052
	Rosewood Hong Kong & Rosewood Residences of Victoria Dockside, Tsim Sha Tsui	1,106,202	1.106,202				1,106,202[(7)]		2052
	K11 MUSEA of Victoria Dockside, Tsim Sha Tsui	1,156,787	1,156,787	1,156,787				1,116[(6)]	2052
	K11 ARTUS of Victoria Dockside, Tsim Sha Tsui	379,866	379,866				379,866[(7)]		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
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	31,086	33,433				2047
15	TIMBER HOUSE, 74 Waterloo Road, Ho Man Tin.....................	10,552	5,382	5,382					2081

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
	Subtotal....................................	**4,310,351**	**4,139,575**	**1,557,430**	**671,537**	**424,540**	**1,486,068**	**1,391**	
	New Territories								
16	ATL Logistic Centre, Kwai Chung	9,329,000	3,190,518				3,190,518[3]		2047
17	D • PARK, Tsuen Wan	466,400	466,400	466,400				1,000	2047
18	Hyatt Regency Hong Kong, Sha Tin[1]	538,000	538,000			538,000		100	2047
19	Citygate, Tung Chung[4]	659,693	131,939	99,759	32,180			1,213	2047
	Novotel Citygate Hong Kong......	236,763	47,353			47,353		25	2047
20	Tung Chung Town Lot No. 11, Tung Chung	472,815	94,563	68,105		26,350	108	127	2063
21	PARK SIGNATURE, Yuen Long	24,155	24,155	24,155					2058
	Subtotal....................................	**11,726,826**	**4,492,928**	**658,419**	**32,180**	**611,703**	**3,190,626**	**2,465**	
	Grand Total..............................	**18,526,805**	**10,554,785**	**2,456,537**	**1,831,762**	**1,570,966**	**4,695,520**	**5,476**	
	TO BE COMPLETED/UNDER CONSTRUCTION								
22	21 Luk Hop Street, San Po Kong..	120,292	120,292				120,292[5]		2047
23	New Kowloon Inland Lot No. 6505, King Lam Street, Cheung Sha Wan	998,210	998,210	38,062	960,148				2067
24	SKYCITY Project[1]....................	3,767,400	3,767,400	TBD	TBD		TBD		2066
	Grand Total..............................	**23,412,707**	**15,440,687**	**2,494,599**	**2,791,910**	**1,570,966**	**4,815,812**	**5,476**	

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; TBD = To be determined

(2) Meeting rooms

(3) Logistics centre

(4) Includes Tung Chung Crescent

(5) Industrial

(6) Total number of carpark of Victoria Dockside

(7) Residence or hotel leased out

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 2021, around 79 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. In the financial year ended 30 June 2021 (the "**FY2021**"), K11 MUSEA experienced an increase in 33 per cent. in total footfall when compared with the relevant period in the financial year ended 30 June 2020 (the "**FY2020**"). As at 31 December 2021, around 97 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 2021, around 63 per cent. was leased.

The recurring income growth of property investment is entering an acceleration stage. 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 93 per cent. achieved as at 31 December 2021, whereas the malls including Hong Kong K11, D•PARK and THE FOREST have an occupancy ranging from 96 per cent. to 98 per cent. as at 31 December 2021.

For the six months ended 31 December 2021, the Group's revenues and segment results of property investment in Hong Kong was HK$1,497.4 million and HK$1,105.7 million, respectively, representing an increase of 4.0 per cent. and 33.6 per cent., respectively, as compared to the same period in 2020 mainly due to a steady improvement in the overall average occupancy rate of its large-scale integrated project Victoria Dockside in Tsim Sha Tsui, Kowloon and the Grade A Office building K11 ATELIER King's Road in Quarry Bay.

Hong Kong – Property development

The COVID-19 outbreak has placed pressure on Hong Kong's economy since it began. However, Hong Kong has seen the local pandemic gradually under control since the start of 2021, as mass vaccination propels economic recovery and slashes the unemployment rate. In addition, 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.

For the six months ended 31 December 2021, the Group's revenues of property development in Hong Kong and Singapore, including joint development projects, amounted to HK$767.1 million, while the Group's segment results of property development in Hong Kong and Singapore, including joint development projects amounted to HK$542.2 million. The contributions were mainly attributable to residential projects including ARTRA-REDHILL, DOUBLE COVE, ATRIUM HOUSE and MOUNT PAVILIA.

For the six months ended 31 December 2020, the Group's revenues of property development in Hong Kong and Singapore, 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 2021, the Group's attributable contracted sales in Hong Kong amounted to approximately HK$3.88 billion, which were mainly contributed by residential projects including MOUNT PAVILIA and ATRIUM HOUSE and the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan. As at 31 December 2021, the Group had a total of 230 residential units available for sale in Hong Kong, of which 200 residential units were under the lead of the sales team of the Group.

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 MOUNT PAVILIA, FLEUR PAVILIA, ATRIUM HOUSE and The Masterpiece. 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 table below sets out the Group's major property development projects in Hong Kong as at 30 June 2021:

					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	472,194	35.00						
	- Phase 1				77,691				77,691	S
	- Phase 2				87,577				87,577	S
2	277-291 King's Road, North Point	36,177	445,776	63.52	123,139	65,795	94,224		283,158	
3	The Southside Package 5	95,563	636,152	50.00	318,076				318,076	
	Subtotal	**184,206**	**1,554,122**		**606,483**	**65,795**	**94,224**	—	**766,502**	
	Kowloon									
4	888 Lai Chi Kok Road, 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
5	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
6	New Kowloon Inland Lot No. 6574, 4B3, Kai Tak	104,475	574,615	29.30	168,362				168,362	S
7	New Kowloon Inland Lot No. 6552, 4C2, Kai Tak	105,110	641,168	18.00	111,523	3,888			115,411	F
8	New Kowloon Inland Lot No. 6576, 4B1, Kai Tak	103,151	722,060	10.00	72,206				72,206	S
9	Yau Tong Redevelopment Project, Kowloon East	808,397	3,982,722	10.88	422,607	10,793			433,400	LE
	Subtotal	**1,196,955**	**6,813,142**		**774,698**	**21,104**	**845,397**	**40,757**	**1,681,956**	
	New Territories									
10	The Pavilia Farm, Tai Wai Station Property Development, STTL No. 520, 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	DD221, Sha Ha, Sai Kung	593,635	890,452	76.00	676,744				676,744	—
12	Lung Tin Tsuen (Phase 2), Yuen Long	88,157	440,785	100.00	440,785				440,785	—
13	Lung Tin Tsuen (Phase 4), Yuen Long	56,284	281,422	100.00	281,422				281,422	—
14	Tong Yan San Tsuen (Phase 3), Yuen Long	88,658	88,658	100.00	88,658				88,658	—
15	Tong Yan San Tsuen (Phase 4), Yuen Long	232,083	232,083	100.00	232,083				232,083	—
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	—
	Subtotal		**4,424,909**		**3,967,886**				**3.967,886**	
	Grand Total		**12,792,173**		**5,349,067**	**86,899**	**939,621**	**40,757**	**6,416,344**	

Notes:

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

(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) Others include public carpark, 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 2021, the Group completed the disposal of non-core assets worth about HK$3.82 billion (including Xiamen Container Terminal Group and certain properties in Hong Kong and the Mainland China).

The Group has an excess of HK$8 to HK$10 billion of assets available for disposal in the second half of the financial year ended 30 June 2022 (the "**FY2022**") following its disposal of non-core assets worth approximately HK$3.81 billion for the six months ended 31 December 2021 and its agreement to sell its commercial aircraft leasing platform on 16 May 2022. The Group has exceeded its target of the disposal of non-core assets for FY2022.

As at 31 December 2021, among the unrecognised attributable income from contracted sales of properties in Hong Kong, HK$6,013 million and HK$24,809 million would be booked in second half of FY2022 ("**2HFY2022**") and financial year ended 30 June 2023 (the "**FY2023**"), respectively. Key projects expected to be booked in 2HFY2022 include the Grade A office project at 888 Lai Chi Kok Road, Cheung Sha Wan. Key projects expected to be booked in FY2023 include THE PAVILIA FARM I and II.

Contracted sales of property development in Hong Kong to be recognised in 2HFY2022 (as at 31 December 2021)	**Total no. of units**	**Attributable income**
		HK$ million
888 Lai Chi Kok Road	*N/A*	5,496
ATRIUM HOUSE	22	130
TIMBER HOUSE	5	35
ARTISAN GARDEN	1	7
The Pavilia Hill	1	185
Mount Pavilia	2	152
Others and Carparks		8
Total		**6,013**

Contracted sales of property development in Hong Kong to be recognised in FY2023 (as at 31 December 2021)	**Total no. of units**	**Attributable income**
		HK$ million
THE PAVILIA FARM I	778	8,642
THE PAVILIA FARM II	1,405	16,079
PARK VILLA	2	83
Carparks		5
Total		**24,809**

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. In the 2021 Policy Address, the Hong Kong government launched a series of measures to expedite land searching for housing construction, which included proposing the Northern Metropolis Development Strategy for long-term development of northern New Territories, reclamation plans for western waters and easing the sale restrictions on Tso/Tong lands (ancestral lands) in the New Territories. The Group believes that such measures would be conducive to increasing long-term land supply, but that it would remain difficult for private housing land supply to meet the housing demand of citizens in the short to medium term. 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.

For the six months ended 31 December 2021, through its joint venture, the Group successfully acquired Kai Tak Area 4B Site 4 for residential projects from a Mainland Chinese developer and its related persons at a total consideration of HK$7,948 million. The Group also acquired Kai Tak Mansions, which has a attributable GFA of approximately 88,000 sq. ft.. The newly acquired land, together with the three residential land parcels acquired by consortia of the Group in 2018 and 2019, further expanded the land bank of the Group in the prime Kai Tak section.

In April 2022, the Group successfully won a tender for the Pak Shing Kok Ventilation Building property development in Tseung Kwan O. This residential development project is planned to provide a GFA of approximately 291,000 sq. ft..

Apart from its engagement in public tenders, the Group also actively works on old building acquisitions and farmland conversions, to replenish its landbank through diversified channels and provide stable land resource for future development.

As at 31 December 2021, the Group possessed a land bank with attributable GFA of approximately 9.77 million sq.ft. for immediate development, of which, approximately 4.88 million sq.ft was for property development use. Meanwhile, the Group had a total of approximately 16.27 million sq.ft. pending land use conversion in New Territories, approximately 90% of which was located within the "Northern Metropolis".

In line with the government's Northern Metropolis development plan, the Group expedited farmland conversions to unlock their value. During the period under review, the Group applied to the Town Planning Board for developing three plots of agricultural land in Yuen Long, namely Ngau Tam Mei, Wing Kei Tsuen and Lin Barn Tsuen, into largescale residential projects. The Group has a total attributable GFA of approximately 3.56 million sq. ft. in the three projects, which are expected to provide nearly 8,000 residential units.

In January 2022, the Town Planning Board approved the rezoning application for the Sai Kung Sha Ha project held by the Group's consortium. With the project to be used to develop strata residential units, the Group has a total attributable GFA of approximately 720,000 sq. ft. that provides 966 units.

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	772.7	-	772.7
Kowloon	2,060.0	1,118.1	3,178.1
New Territories	2,050.3	3,767.4	5,817.7
Total	**4,883.0**	**4,885.5**	**9,768.5**

Agricultural land bank by district	Total land area	Total attributable land area
	(sq.ft.'000)	*(sq.ft.'000)*
Yuen Long District	12,199.3	11,200.5
North District	2,487.0	2,183.2
Sha Tin District and Tai Po District	1,912.1	1,858.0
Sai Kung District	1,195.9	1,024.3
Total	**17,794.3**	**16,266.0**

The Group attaches great importance to creating shared value. For the six months ended 31 December 2021, to alleviate the local housing problems, the Group founded the social housing enterprise New World Build for Good, which proposed Hong Kong's first Subsidised Private Housing Model, with new homes that will be sold at 50 per cent. to 60 per cent. of the market rate. It is also pioneering the ground-breaking Progressive Payment Mortgage Model that will allow young families to purchase quality and sizeable new flats with an affordable down payment, and draw down a mortgage of just 50% of the purchase price. As part of the proposed model, the Group will be donating a plot of land in New Territories West as its pilot site. New World Build for Good is now in discussion with the relevant government departments, banks and regulators with regard to the proposal, and will announce its details in due course. In addition, the Group also announced in 2019 that it would offer its farmland reserves to non-profit organisations and/or the Hong Kong government for social housing projects such as transitional homes, with an aim to improve the living conditions of the underprivileged. As of 31 December 2021, a total of four projects have reached their pre-planning stage that will provide an estimate of over 2,000 housing units. Among these, projects in Fan Kam Road and Ngau Tam Mei have received approval from the Town Planning Board, and have begun their ensuing construction work. The Group will continue to liaise and collaborate closely with NGOs and related Hong Kong government departments in the hope of creating innovative and unique social housing projects for Hong Kong's next generation.

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 2021, the NWCL Group had a total land bank (excluding carpark) held for property development of approximately 5.516 million sq.m. available for immediate development in the PRC, of which, residential GFA amounted to approximately 3.126 million sq.m. As at 31 December 2021, of the total GFA of the Group's landbank (excluding carparks), approximately 4.82 million sq. m. (excluding carparks), are core property development projects located in Guangzhou, Shenzhen, Foshan, Wuhan, Shanghai, Ningbo, Hangzhou, Beijing and Shenyang as well as other cities. 54 per cent. of the core project landbank (excluding carparks) is located in the Greater Bay Area and approximately 1.723 million sq. m. is zoned 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 2021, amounted to approximately 3.1 million sq.m. in total GFA.

Despite COVID-19 reemergences with sporadic cases appearing in various provinces and cities, Mainland China saw domestic circulation sustain continued growth, with further expansion of domestic demand, faster uptick in residents' income and consumption, continuous optimisation of the ecosystem for innovation and entrepreneurship, as well as swift growth in new industries and operating models. The data released by the National Bureau of Statistics indicated that total retail sales of consumer goods amounted to RMB44,082.3 billion in 2021, registering a 12.5% increase from the same period last year.

In the six months ended 31 December 2021, the Group's revenues of property investments in Mainland China amounted to HK$1,020.6 million, representing a 16.7 per cent. year-on-year increase due to stable occupancy rates of major projects in its investment property portfolio.

The NWCL Group's investment property portfolio (including those held by joint ventures and associated companies) as of 31 December 2021 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, Huizhou, Shunde, Qingyuan, Shenzhen, Ningbo, Shanghai, Nanjing, Jinan and Langfang. There were strong contributions from the Group's K11 projects in the PRC, including from the Shanghai K11 Art Mall and the office building K11 Atelier. There was an increase in the average rent of New World • NEW PARK in Guangzhou, which commenced operation in December 2018, and Wuhan Guanggu K11 Select, which commenced operation in 2017. 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, and a series of complexes operated or managed under the K11 brand will be completed and commence operation in the near future. Among them are a number of projects in key cities including Shenzhen, Guangzhou, Shanghai, Hangzhou and Ningbo. The Group remains highly committed to its strategy of improving integration and connectivity in the Greater Bay Area, and continually refining the Yangtze River Delta Region to increase its recurring rental income.

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 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.

Wuhan K11 Art Mall II

The Group holds a 100 per cent. attributable interest in the Wuhan K11 Art Mall II. This is the Group's second cultural commercial project in Wuhan and commenced operations in late April 2021.

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 Group's major property investment projects and hotels in the PRC as at 30 June 2021.

No	Name of completed project	Accounting classi-fication	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%	23,751		23,751			25,146
2	Guangzhou Park Paradise	Subsidiary	100%	142,964	22,112	57,446		63,406	89,832
3	Guangzhou Xintang New World Garden	Joint venture	63%	27,299		27,299			10,142
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%	6,906		6,906			438
6	Guangzhou Dong Yi Garden Phase 4	Subsidiary	100%	221		221			1,429
7	Canton First Estate CF19A (T5, T6)..	Subsidiary	90%	11,043	11,043				
8	Huizhou Changhuyuan Phase 1	Joint venture	63%	303		303			6,952
	Huizhou Changhuyuan Phase 3	Joint venture	63%	51		51			10,242
9	Shunde New World Centre...............	Joint venture	42%	26,899		26,899			14,940
10	New World Shunde Hotel	Joint venture	25%	36,524				36,524	
11	KHOS Qingyuan	Subsidiary	100%	47,667				47,667	3,842
12	Wuhan Guanggu New World A..........	Subsidiary	100%	58,714				58,714	21,363
	Wuhan Guanggu New World B..........	Subsidiary	100%	2,159		2,159			
13	Wuhan K11 Select	Subsidiary	100%	57,155		56,354	801		55,437
14	Wuhan New World International Trade Tower 1	Subsidiary	100%	104,556			104,556		17,237
	Wuhan New World International Trade Tower 2	Subsidiary	100%	10,005			10,005		
15	Wuhan New World Centre................	Subsidiary	100%	4,424		2,449	1,975		
16	Wuhan K11......................................	Subsidiary	100%	146,330		95,011	51,319		64,875
17	New World Wuhan Hotel..................	Joint venture	60%	29,974			563	29,411	5,639
18	Shanghai Hong Kong New World Tower	Subsidiary	50%	116,023		35,474	80,549		14,362
19	Nanjing New World Centre................	Subsidiary	100%	41,712		41,712			

No	Name of completed project	Accounting classi-fication	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.)*
20	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
21	Beijing New View Garden.................	Joint venture	70%	4,030		4,030			15,988
22	Beijing Xin Yu Garden......................	Joint venture	70%	3,603		3,603			21,197
23	Beijing Xin Kang Garden..................	Joint venture	70%	12,011		12,011			28,185
24	Beijing Baoding Building Shopping Arcade..	Subsidiary	100%	40,286		40,286			22,000
25	pentahotel Beijing	Joint venture	55%	23,988				23,988	
26	New World Beijing Hotel...................	Joint venture	70%	53,998				53,998	
27	Beijing Jing Guang Centre................	Subsidiary	52%	50,538	22,545		27,993		
28	Rosewood Beijing	Subsidiary	82%	58,262				58,262	
29	Tianjin Xin An New World Plaza........	Subsidiary	100%	87,055		80,441	6,614		11,284
30	Tianjin Xin Hui Hua Ting...................	Subsidiary	100%	25,876		25,876			
31	KHOS Langfang...............................	Subsidiary	100%	46,421				46,421	
32	Langfang New World Centre B.........	Subsidiary	100%	7,016		7,016			
33	Tangshan New World Centre Phase 2	Subsidiary	100%	86,060		37,775	48,285		
34	Jinan New World Sunshine Garden East District 2...................................	Subsidiary	100%	1,009		1,009			10,247
	Jinan New World Sunshine Garden West..	Subsidiary	100%	4,000		4,000			
35	Shenyang New World Garden Phase 1E..	Subsidiary	100%	5,038		5,038			22,517
	Shenyang New World Garden Phase 2A..	Subsidiary	100%	4,602		4,602			125,033
	Shenyang New World Garden Phase 1XA	Subsidiary	100%	5,862		3,859	2,003		
	Shenyang New World Garden Phase 2D1..	Subsidiary	100%	852		852			43,714
	Shenyang New World Garden Phase 2D2..	Subsidiary	100%	6,661		6,661			48,757
	Shenyang New World Garden Phase 2C1..	Subsidiary	100%	18,987		18,987			43,810
36	Shenyang New World Centre............	Subsidiary	100%	29,924				29,924	237,934
37	Shenyang K11	Subsidiary	100%	264,038		264,038			
38	KHOS Shenyang..............................	Subsidiary	100%	69,751				69,751	
39	Anshan New World Garden...............	Subsidiary	100%	2,349		2,349			149,249
40	Dalian New World Plaza...................	Subsidiary	88%	49,413		49,413			19,783
41	Dalian New World Tower..................	Subsidiary	100%	52,835				52,835	21,915
	Total			2,077,999	85,569	1,086,866	334,663	570,901	1,215,616

The PRC – Property Development

Overview: The NWCL Group has extensive experience in property development in Beijing, Wuhan, Shenyang, Tianjin, Shanghai, Guangzhou, Shenzhen and the Pearl River Delta region and has expanded into other major cities in the PRC including Foshan, Anshan, Langfang, Yiyang, Ningbo, Jinan, Qingyuan, 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. There is also an uptrend in the Group's revenues and segment results and gross margin from the Greater Bay

Area for the six months ended 31 December 2021 compared to the six months ended 31 December 2020.

For the six months ended 31 December 2021, the revenues and segment results of property development in the PRC, including joint development projects, amounted to HK$8,579.5 million and HK$5,704.9 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.

The Mainland China real estate sector has been subject to tightening regulatory policies and a tightening credit environment. Under these challenging market conditions, leveraging its premium brand and high quality projects, the Group achieved its objectives for the first half of 2021, with strong total contracted sales of properties in Mainland China for the six months ended 31 December 2021.

For the six months ended 31 December 2021, the Group's total contracted sales area of properties in Mainland China were approximately 245,000 sq.m., with total sales proceeds amounting to approximately RMB9.34 billion. The average price of overall residential contracted sales exceeded RMB38,000 per sq.m. This contribution was mainly delivered by sales of residential projects, specifically Qianhai CTF Financial Tower, Guangzhou Covent Garden, Guangzhou New Canton Mansion, Shenzhen Prince Bay BAYHOUSE and Guangzhou Foshan Canton First Estate. Breaking down the geographical distribution of contracted sales proceeds, the Southern Region, led by the Greater Bay Area, was the largest contributor, accounting for approximately 87%, followed by the North-eastern Region, which accounted for approximately 11%. For the six months ended 31 December 2021, 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 2021, the Group disposed of commercial and office buildings and carparks in the PRC which generated approximately RMB180 million. During the six months ended 31 December 2021, online contract signing was completed for the South Tower of Qianhai Chow Tai Fook Financial Tower, the Group's project in the Shenzhen Qianhai Free Trade Zone. Upon construction completion, the entire building will be sold to a Fortune Global 500 institution. The South Tower of the project has a total GFA of over 49,000 sq.m., with a total sales price of more than RMB3.2 billion. Upon completion, the project is set to upgrade the commercial amenities in the region, optimise and upgrade the business environment of Qianhai, and support the growth of Qianhai's economy and the development of the financial industry in Shenzhen. 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, which comprises identifying suitable opportunities, optimising its business portfolio, and invest resources in its core business that offer high growth and potential.

As at 31 December 2021, unrecognised gross income from contracted sales of properties in the PRC amounted to RMB8.77 billion, of which RMB3.43 billion is to be booked in FY2022 and RMB5.34 billion to be booked in FY2023.

Properties under development: As at 31 December 2021, the NWCL Group has a total GFA of 7.33 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, Anshan, Ningbo, Hangzhou, Shanghai, 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 2021	**Area**	**Proceeds**
Region	**(sq.m. ’000)**	**(RMB million)**
Southern Region (i.e. the Greater Bay Area)	163	8,131
Eastern Region (i.e., the Yangtze River Delta Region)	5	90
Central Region	6	74
North-eastern Region	71	1,040
Total	**245**	**9,335**

As at 31 December 2021, the Group’s total GFA of projects completed in Mainland China was approximately 310,000 sq.m., a large portion of which is located in the Greater Bay Area and the North-eastern Region. The total GFA of completion (excluding carparks) is expected to reach approximately 1,103,000 sq.m. in FY2022.

Project completion in the PRC as at 31 December 2021 — property development (Total area/sq.m.)

Project	Residential	Commercial	Total (excluding carpark)	Total (including carpark)
Shenyang New World Garden Phase 2C-1	75,298	—	75,298	75,298
Guangzhou Foshan Canton First Estate CF-35	6,496	—	6,496	6,496
Prince Bay BAYHOUSE (Prince Bay Project DY02-04)	54,726	24,840	79,566	79,566
Total	**136,520**	**24,840**	**161,360**	**161,360**

Project completion in the PRC as at 31 December 2021 — property investment, hotel and others (Total area/sq.m.)

Project	Commercial	Office	Hotel	Exhibition Centre	Total (excluding carpark)	Total (including carpark)
Ningbo Land No. 5	1,285	81,172	42,921	—	125,378	127,523
Beijing New View Commercial Centre	—	9,817	—	13,937	23,754	34,380
Total	**1,285**	**90,989**	**42,921**	**13,937**	**149,132**	**161,903**

Estimated project completion in the PRC for the six months ending 30 June 2022 — property development (Total area/sq.m.)

Region	Project/Total GFA (sq.m.)	Residential	Commercial	Office	Total (excluding carpark)	Total (including carpark)
Guangzhou	Guangzhou Covent Garden Phase 1D	96,459	—	—	96,459	96,459
	New World Canton Centre	99,077	13,787	30,886	143,750	223,727
Foshan	Guangzhou Foshan Canton CF32	82,149	1,093	—	83,242	105,769
	Guangzhou Foshan Canton CF03	37,192	—	—	37,192	48,762
Shenyang	Shenyang New World Centre – SA1	107,589	—	—	107,589	107,589
	Shenyang New World Centre – SA2	104,142	—	—	104,142	104,142
	Shenyang New World Centre – SA3	75,354	—	—	75,354	75,354
Total		**601,962**	**14,880**	**30,886**	**647,728**	**761,802**

Estimated project completion in the PRC for the six months ending 30 June 2022 — property investment, hotel and others (Total area/sq.m.)

Region	Project/Total GFA (sq.m.)	Residential	Commercial	Office	Hotel	Total (excluding carpark)	Total (including carpark)
Guangzhou	Guangzhou Covent Garden Phase 1D	—	10,030	—	—	10,030	32,692
	Zengcheng Comprehensive Development Project	5,795	—	105,439	23,363	134,597	164,999
Total....................		**5,795**	**10,030**	**105,439**	**23,363**	**144,627**	**197,691**

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. The Group has steadily increased its investment in Mainland China based on its own strategy and market conditions, expanding in first-tier and fast-growing cities with a focus on the Greater Bay Area, while also continuously improving its strategic presence in the Yangtze River Delta Region and the Beijing-Tianjin-Hebei Region. The Group has also replenished its landbank through multiple channels, including public auction and tender, as well as collaborating with different parties and pursuing urban renewal opportunities.

The Group is a trusted partner of the PRC government and state-owned enterprises. For example, the Group has entered to a joint venture arrangement with state-owned China Merchants Shekou Industrial Zone Holdings Co Ltd in respect of the development of high quality land parcels in Prince Bay, Shenzhen. The project in Prince Bay will develop into a large-scale commercial complex which offers a comprehensive range of facilities to be opened in phases from 2024, including a K11 Art Mall, the family-themed D PARK and a Grade A office tower. In November 2018, the Group acquired 65% equity interest of a subsidiary of Guangzhou Metro Group, which owned a land parcel at Hanxi Changlong in Guangzhou, to jointly develop the land. The project in Hanxi Changlong will develop into an urban complex for commercial, office and residential use, and the pre-sale is expected to take place in the fourth quarter in 2023.

In January and April 2021, the Group entered Strategic Cooperation Agreements with Guangzhou's Municipal Government and Pingshan District's Government of Shenzhen respectively. Under such agreements, all parties will engage in a multifaceted cooperation by pooling resources and experience of the Group and related industries in areas including urban development and construction, urban renewal, education, healthcare, technological innovation, culture and art. Such cooperation will upgrade urban and industrial facilities, attract skilled talent, and help Guangzhou and Shenzhen become the new driving forces of urban development. In addition, the Group has strong presence in government supported regions. A salient example is the Shenzhen Qianhai Commercial Project in which the Group developed the Shenzhen Qianhai Chow Tai Fook Finance Tower, part of which was sold to a multinational financial institution.

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 130,000 sq.m. and is the first land parcel launched in Huaihai Road in more than two decades. In July 2021, the Group officially announced construction had begun at its land parcel in Huaihai Middle Road of Huangpu District, Shanghai. The total cycle from land acquisition to construction commencement took less than a year, demonstrating the Group's efficient execution capabilities. The project (excluding carparks) covers a total GFA of approximately 100,000 sq.m. Upon completion, it will create synergy with the Group's existing Shanghai K11 Art Mall. It will also serve as a new cultural landmark in Shanghai, increasing awareness about Shanghai's heritage and culture, and further cementing the Group's strategic presence in the Yangtze River Delta Region.

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 the interim, the Group has accelerated the development of the Xiajie Village Project in Zengcheng District in Guangzhou. This project is designated as the future district public service centre with an area totalling over one million sq.m. after redevelopment, and will contribute to maintaining steady development and growth for the Group. Furthermore, the Group has accelerated the development of the Hangzhou Wangjiang New Town Project, establishing a new art and cultural destination in Hangzhou with deep cultural heritage. With the total GFA of 460,000 sq.m., the Hangzhou Wangjiang New Town project will firstly introduce its cultural-retail destination K11 Art Mall; a network of office buildings for the next-generation workforce K11 ATELIER; luxury residences K11 ARTUS; Rosewood Hotel and a cultural space for everyone.

As Mainland China continues working towards its urbanisation goals, urban renewal has become a new driving force to improve and upgrade existing cities. Among Hong Kong real estate developers, the Group is the most active participant in urban renewal. Aligning itself with China's urban renewal initiative, the Group leveraged its operational effectiveness and experienced team to acquire land in prime locations at a reasonable cost, while upgrading city infrastructure, and improving the livelihood of the local community. In July 2020, the Group was selected as an official cooperative enterprise for several old village redevelopment projects, and the Dawanggang Society project of Tagang Village in Guangzhou's Zengcheng District Guangzhou will achieve development synergies with the Group's other complexes in the area. The project began housing demolition and relocation in late 2021 and the project is expected to add to the Group's PRC landbank in the fourth quarter of 2022. The Xinwei Industrial Zone Project on Xili North Road Shenzhen is the Group's first urban renewal in Shenzhen, and was officially announced in March 2021. Situated in a prime location, in the heart of Nanshan District, Shenzhen, the project boasts strong growth potential and will develop into a boutique residential community and commercial centre with good amenities. The project commenced housing demolition and relocation in late 2021 and the project is expected to add to thg Group's PRC landbank in the fourth quarter of 2022, and the area of the project that requires demolition is approximately 30,000 sq.m. in size. In late August 2021, a meeting was held to select and vote on the cooperative enterprise for the Nanji Village Project in Haizhu District in Guangzhou. The Group received a 100% approval rate to become the official cooperative enterprise for the project. Upon completion, this project will become a hub that combines technology incubation, culture creativity, high quality business services and further solidify Haizhu Innovation Bay's status as a key growth engine. To align with the strategy to achieve quick win in Mainland China, the Group has also acquired some half-way projects including an industrial zone urban renewal project in Shenzhen building a new residential and commercial area with development scale up to approximately 650,000 sq.m., and a hospital zone urban renewal project in Guangzhou developing healthcare property for sale with development scale up to approximately 57,000 sq.m.

In the six months ended 31 December 2021, the Group managed to acquire three Greater Bay Area projects, including the Shenzhen Longgang 188 Industrial Zone project, the Guangqiao Food Factory project in Guangming District of Shenzhen, and the Guangdong No. 2 People's Hospital Redevelopment Project in Haizhu District of Guangzhou. Whilst continuing to replenish its land bank, the Group is actively engaged in upgrading industries and urban development across the Greater Bay Area.

As at 31 December 2021 the Group had a land bank (excluding carpark) of approximately 5.516 million sq.m. available for immediate development in the PRC, of which 3.126 million sq.m. was zoned for residential use. Core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Shanghai, Ningbo, Hangzhou, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 4.82 million sq.m.. In the Greater Bay Area and the Yangtze River Delta Region, the Group has a landbank (excluding carparks) with a total GFA of approximately 3.30 million sq.m.

	As of 31 December 2021	
Region	**Total GFA (excluding carpark) (sq.m. '000)**	**Residential total GFA (sq.m. '000)**
Southern Region (i.e. the Greater Bay Area)	2,616.0	1,723.0
Eastern Region (i.e. the Yangtze River Delta Region)	684.7	151.3
Central Region	647.9	288.3
Northern Region	588.9	254.5
North-eastern Region	978.9	708.9
Total	**5,516.4**	**3,126.0**
Of which, Core Projects	**4,823.3**	**2,564.8**

The following table sets forth a breakdown of the Group's land bank by development stage and usage as at 30 June 2021:

	Total GFA	**Residential**	**Commercial**	**Office**	**Hotel**	**Carpark and Others**
			(sq.m.)			
Properties under development	4,964,678	1,734,471	797,562	691,318	134,905	1,606,422
Properties under planning	3,121,722	1,427,309	363,253	458,666	84,891	787,603
Total	**8,086,400**	**3,161,780**	**1,160,815**	**1,149,984**	**219,796**	**2,394,025**

The following table sets forth a breakdown of the NWCL Group's land bank by usage and location as at 30 June 2021:

	Total GFA	**Residential**	**Commercial**	**Office**	**Hotel**	**Carparks and Others**
			(sq.m.)			
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	914,934	581,242	52,853	189,232	—	91,607
Anshan	205,249	205,249	—	—	—	—
Wuhan	412,751	—	31,950	240,494	—	140,307
Hangzhou	740,184	151,316	166,082	89,625	44,932	288,229
Yiyang	400,320	288,275	63,475	—	—	48,570

	Total GFA	Residential	Commercial	Office	Hotel	Carparks and Others
			(sq.m.)			
Shenzhen	688,730	54,726	253,984	172,483	—	207,537
Foshan	992,126	651,858	1,093	—	84,891	254,284
Guangzhou	2,035,970	924,302	184,017	203,837	29,159	694,655
Ningbo	446,336	—	90,772	133,380	41,269	180,915
Huizhou	80,030	50,362	5,520	—	—	24,148
Shanghai	130,800	—	53,200	42,600	—	35,000
Total	**8,086,400**	**3,161,780**	**1,160,815**	**1,149,984**	**219,796**	**2,394,025**

Hotel operations

NWD is engaged in hotel investment through various subsidiaries and joint ventures. As at 31 December 2021, the Group owned a total of 16 completed and operating hotels over 6,591 guest rooms in Hong Kong, the PRC and Southeast Asia.

As the COVID-19 pandemic gradually stabilised in the six months ending 31 December 2021, occupancy rates during the period far surpassed their levels in the previous year. The Group's Hong Kong hotel business remained heavily reliant on local staycation packages. The Group employed different promotions and activities to attract local consumers, such as featured catering, themed activities, and discounts on long-term stays. During the six months ended 31 December 2021, all the Group's hotels in Hong Kong recorded double-digit growth in occupancy rates. In addition, loosened social distancing restrictions lifted revenue from banquet catering. The Group's pentahotel Hong Kong, Kowloon has entered the sixth cycle since its designation as a quarantine hotel by the Hong Kong government in December 2020, which ensured a stable occupancy rate as well as room and catering income.

In Mainland China, although strict compulsory quarantine measures continued to be imposed on overseas visitors, the thriving demand for domestic tours drove the recovery in occupancy rates.

Starting in early 2022, Hong Kong has been battling the Omicron variant, which has led to the re-tightening of social distancing measures and affected the hotel industry. The Group will ramp up its promotion of long-term stays, featured local staycation packages and lunchtime catering, in a bid to prevail over such adversaries.

The table below sets forth the number of rooms and the Group's effective interest in its hotel properties as at 31 December 2021.

No.	Name of Hotels	Total Number of Rooms as at 31 December 2021	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	Hyatt Regency Hong Kong, Sha Tin	562	(1)
5	Novotel Citygate Hong Kong	440	20%
	Subtotal	2,783	
	Mainland China		
6	Rosewood Beijing	283	82%

No.	Name of Hotels	Total Number of Rooms as at 31 December 2021	The Group's effective interest
7	New World Beijing Hotel	309	70%
8	pentahotel Beijing	307	55%
9	New World Shunde Hotel	370	37%
10	New World Wuhan Hotel	327	60%
11	KHOS Langfang	294	100%
12	KHOS Shenyang	400	100%
	Subtotal	2,290	
	Southeast Asia		
13	New World Makati Hotel, The Philippines	578	62%
14	New World Saigon Hotel, Vietnam	533	67.5%
15	Renaissance Riverside Hotel Saigon, Vietnam	336	72%
16	Rosewood Phuket, Thailand	71	100%
	Subtotal	1,518	
	Grand Total	6,591	

Note:

(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.

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$28,590.4 million as at 31 December 2021. The NWSH Group's services businesses generate recurring cash flows and have a strong track record in Hong Kong.

Construction

Construction segment results dropped mainly due to the decrease in Attributable Operating Profit ("**AOP**") contribution from Wai Kee Holdings Limited after its reclassification and only six months of AOP was accounted for. AOP of NWS Construction Limited and its subsidiaries (the "**Hip Hing Group**") alone grew steadily in FY2021 notwithstanding a challenging business environment and rising competition. Major projects during the six months ended 31 December 2021 mainly included construction management services and foundation works for Kai Tak Sports Park, foundation works for New Acute Hospital at Kai Tak (Site A & B), commercial development for AIRSIDE at Kai Tai, Two Taikoo Place at Quarry Bay and Inland Revenue Centre at Kai Tak.

The NWSH Group undertakes construction services through Hip Hing Construction Company Limited ("**Hip Hing**"). Hip Hing's workload is derived from Hong Kong government and other public sector/institutional development projects; and other private sector property projects from large developers. Hip Hing's gross value of contracts on hand dropped slightly by 21% year-on-year to approximately HK$54.4 billion, and the remaining works to be completed declined by 5% to HK$28.3 billion, mainly impacted by project completion outpacing new tenders offered in the market, in which the delay was caused by the outbreak of COVID-19. Approximately 67% of the remaining works to be completed were from private sector which included both commercial and residential, while the remaining about 33% were from Hong Kong government and institutional related projects. In the six months ended 31 December 2021, Hip Hing successfully secured around HK$8.6 billion of new contracts, including but not limited to, the residential development at Kai Tak, development of Micro-Electronics Centre for Hong Kong Science and Technology Parks Corporation, composite development at Shing Kai Road, Kai Tak and piling works for integrated basement and underground road at The West Kowloon Cultural District.

Insurance

FY2021 marked the first full year contribution of FTLife Insurance to NWSH since the completion of acquisition on 1 November 2019. 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 12th largest Hong Kong life insurance company by Annual Premium Equivalent ("**APE**") as at 31 December 2021, improved from 13th as at 30 September 2020. While FTLife Insurance has gone through various challenges since the completion of acquisition, its flexible business strategy as well as swift product innovation and adjustments to meet policyholders' needs have prompted FTLife Insurance to deliver a set of solid results to our shareholders.

During the six months ending 31 December 2021, FTLife Insurance further enhanced the attractiveness of its product offerings to boost the business from Hong Kong domestic market despite business from Mainland visitors still hammered by border closure. In addition to the enhanced version of Fortune Saver that has been well-received by the market, FTLife Insurance has also launched ComboPro Insurance Plan in October 2021, a new insurance plan that provides an all-round package of critical illness, medical, accident and life protection, aiming to safeguard customers with comprehensive protection and provide them with support to confront challenges in life. Spurred by FTLife Insurance's captivating product offerings and strengthened distribution capability, its overall Annual Premium Equivalent ("**APE**") rose by 13% to HK$1,050.5 million during the six months ending 31 December 2021. Gross written premium increased by 46% to HK$7,229.1 million. Value of New Business ("**VONB**") grew by 53% to HK$362.3 million, and VONB margin, representing VONB as a percentage of APE, improved to 34%, thanks to enhanced product mix and product re-pricing. Overall investment return of FTLife Insurance's investment portfolio was 5.3% during the six months ended 31 December 2021.

The financial footing of FTLife Insurance remained resilient. As at 31 December 2021, FTLife Insurance maintained a very strong balance sheet with a solvency ratio of 443 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. Embedded value continued to grow by 6% year-on-year to HK$21.3 billion, comparing to HK$20.0 billion as at 31 December 2020.

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. Meanwhile, Fitch Ratings has also continued to affirm 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's Attributable Operating Loss ("**AOL**") narrowed noticeably during the six months ended 31 December 2021 upon the scaling back of the social-distancing measures imposed by the Hong Kong Government and the resumption of local and smaller-scale events. The adoption of a series of stringent preventive measures, introduction of new technology and close communication with event organisers have successfully fuelled the growth of the number of events held by 219 per cent. to 335 while patronage increased by 611 per cent. to around 2.6 million. In recognition of HKCEC's endeavours to provide world-class services and facilities to our customers, HKCEC was voted the "Best Convention Centre (North Asia)" for the second time in a row in the M&C Asia 2021 Stella Awards organised by Northstar Meetings Group as well as the "Exhibition Venue of the Year –Hong Kong" in the 2021 APAC Business Awards organised by APAC Insider magazine.

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 remained negatively affected during FY2021 and first half of FY 2022 by the closure of borders in response to the epidemic. Besides a slew of cost-cutting measures in place in a move to minimize losses, its outlet at Hongkong-Zhuhai-Macao Bridge, together with new business initiatives like pop-up stores at D·Park and THE FOREST alongside an e-commerce website, FDMALL, which have been launched to cope with border closure as well as to explore new distribution channel, have all contributed positively to Free Duty.

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. AOL further narrowed while EBITDA breakeven has been achieved since May 2021. Regularly utilised beds have increased to around 238 as at 31 December 2021 (as opposed to 204 as at 31 December 2020) with average occupancy rate of 64 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 49 per cent., while the number of inpatients increased by 20 per cent. for the six months ended 31 December 2021 when compared to the six months ended 31 December 2020. To further extend and expand GHK Hospital's clinical service, new service centres such as Spine Centre and Musculoskeletal Tumour Centre providing the latest and advanced treatment protocols have been set up and the Central clinic has continued to ramp up quickly after relocating to New World Tower in October 2020. Moreover, with an aim of accelerating growth of GHK Hospital, collaborations with New World Group and various major insurance companies have been made and other new services and promotion campaigns such as DrGo, a teleconsultation platform, and GHK Hospital's patient mobile application, My Gleneagles SmartHealth, have been launched in FY2021.

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 and logistics projects and is engaged in developing, owning, operating and managing a portfolio of toll roads 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 2021. 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.

Overall the road segment's performance remained largely stable amid all the negative external impacts and the NWSH Group's efforts in enriching its roads portfolio have been bearing fruits. During the six months ended 31 December 2021, contribution from the three expressways in Central region of the Mainland that the NWSH Group acquired in the past few years, including Suiyuenan Expressway, Sui-Yue Expressway and Changliu Expressway, continued to grow. Excluding the financial incentives associated with the investments in Changliu Expressway and Sui-Yue Expressway, AOP contribution from these three roads grew 3% year-on-year and accounted for over 11% of the road segment's AOP. Meanwhile, negative impact from resurgence of COVID-19 in various provinces, power crunch and temporary partial prohibition of type 5 and 6 trucks using Hangzhou Ring Road have prompted a slight drop of 2% in overall traffic volume and a drop of 7% in toll revenue of our road portfolio.

During the six months ended 31 December 2021, the NWSH Group's major expressways, namely Hangzhou Ring Road, Tangjin Expressway (Tianjin North Section), Guangzhou City Northern Ring Road, Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and the three expressways in Central region, have collectively contributed over 80%. of the roads segment's AOP. Excluding Hangzhou Ring Road, overall traffic volume of the remaining major expressways continued to see steady growth of 1% year-on-year. Including Hangzhou Ring Road, overall traffic flow recorded a 3% year-on-year decline due to the aforesaid challenge faced by Hangzhou Ring Road. The overall average remaining concession period of the NWSH Group's roads portfolio as at 31 December 2021 was around 10 years. With such long remaining concession period, the NWSH Group expects its roads segment will continue to generate sustainable income and cash flow in the forthcoming years.

Aviation

Aviation segment engages in commercial aircraft leasing business through NWSH's full-service leasing platform Goshawk Aviation Limited ("**Goshawk**"). Thanks to the growth in domestic flights and continued border reopening around the world, overall aviation industry has been stabilising. Against the background of industry stabilisation, Goshawk's AOP during the six months ended 31 December 2021 was steady, despite negative impact from certain lease restructurings and airline reorganizations.

During the six months ended 31 December 2021, Goshawk has maintained a young and in-demand fleet with long leases with a relatively lower risk profile, encompassing a broad customer base spanning across 60 airlines in 34 countries as at 31 December 2021. Taking into account the direct orders of 40 narrow-body aircraft from two major aircraft manufacturers, the number of aircraft owned, managed and committed totalled 219 and the overall appraised value amounted to approximately US$9.6 billion as at 31 December 2021. The 162 aircraft on book as at 31 December 2021 had an average age of 5.9 years and an average remaining lease term of 5.2 years, with 78% of the aircraft on book being narrowbody. Goshawk's owned aircraft was almost fully utilized at a rate of 99% during the six months ended 31 December 2021. Supported by strong improvement in collection of deferred rental payment and reduction of trade receivables due to the completion of airline restructuring, collection rate continued to improve to 127% in the fourth quarter of 2021 from 92% in the second quarter of 2021. Despite the improvement, a few of our lessees are still undergoing restructuring and uncertainties still abound due to the outbreak of COVID-19 variants.

Financial position of Goshawk continued to be strong during the six months ended 31 December 2021. As at 31 December 2021, besides a well-balanced debt maturities profile, Goshawk had cash and undrawn liquidity of US$1.5 billion.

On 16 May 2022, Goshawk agreed to sell to SMBC Aviation Capital Limited ("**SMBC AC**") its commercial aircraft leasing platform which comprises substantially all of the assets, liabilities and contracts of the commercial aircraft leasing business (the "**Goshawk Sales Transaction**"). Goshawk (as seller), SMBC AC (as buyer), NWSH and CTFEL (each as seller's guarantor) have entered into a definitive agreement for the Goshawk Sales Transaction. Upon closing of the Goshawk Sales Transaction which is subject to regulatory approvals and other customary conditions, Goshawk would receive 100 per cent. cash consideration of approximately US$1.6 billion at an enterprise value of approximately US$6.7 billion.

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 31 December 2021, the rail container terminals in Kunming, Chongqing, Chengdu, Zhengzhou, Dalian, Qingdao, Wuhan, Xian, Ningbo, Tianjin, Urumqi and Qinzhou were operational and handled 4,869,000 twenty-foot equivalent units ("**TEUs**"). The development of the remaining terminals is in progress.

As at 31 December 2021, 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 9.2 million TEUs per year. On 30 June 2021, the Group entered into a framework agreement with Xiamen International Port Co., Ltd. for the proposed disposal of its entire 20 per cent. equity interest in Xiamen Container Terminal Group Co., Ltd (the "**XCTG**") at a consideration of RMB1,568 million. The NWSH Group completed the disposal of the entire 20 per cent. stake in XCTG in October 2021 and this marked the full exit of all investments in port-related projects by the Group.

The NWSH Group has made progress in expanding in modern logistics sector in the Current Period through investing in various companies such as Worldex (Shanghai) Supply Chain Technology Limited (全球捷運（上海）供應鏈科技有限公司), an integrated logistics service provider with network covering major ports in the Mainland including Qingdao, Shanghai, Ningbo, Shenzhen and Xiamen, as well as ANE (Cayman) Inc., a leading player in the Mainland's less-than-truckload market (currently included under Strategic Investments segment). Together with ATL Logistics Centre Hong Kong Limited and China United International Rail Containers Co., the NWSH Group aims to build an ecosystem within Logistics segment which is anticipated to generate synergies and is expected to benefit the whole Logistics segment in the coming future.

On 14 May 2022, the NWSH Group agreed to purchase six logistics properties in Mainland China from a fund managed by Goodman Group. The acquired portfolio includes five completed projects, a developing project and a land parcel to be developed, with an aggregate gross lettable area of approximately 531,000 sq. m.. The acquired portfolio is strategically located in the central and western logstics hubs of Chengdu and Wuhan and was developed and is currently managed by the Goodman Group.

The following table sets forth the NWSH Group's major projects as at 30 June 2021:

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

No.	Name of Projects	Gross Length	NWSH's Form of Investment	NWSH's Attributable Interest	Operation Date	Year of Expiry[(1)]
				(%)		
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:

(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)

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 Qingdao: Aug-2010 Wuhan: Aug-2010 Xian: Dec-2010 Ningbo: Jan-2011 Tianjin: Jan-2017 Urumqi: Jun-2017 Qinzhou: Jun-2019	2057
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.	9,245,000 TEUs p.a.	EJV	20.0	Dec-2013	2063

Notes:

(1) Project or JV expiry date

EJV = Equity Joint Venture (percentage of equity interest)

p.a. = Per annum

No.	Name of Projects	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:

(1) Project or JV expiry date

\# Date of incorporation

N/A = Not applicable

No.	Name of Projects	Services Offered	Total Value of Contracts	NWSH's Attributable Interest
				(%)
	Construction			
C1	Hip Hing Group	General contracting, construction management, civil engineering works and foundation works	Contracts awarded this year: HK$7 billion Contracts on hand: HK$49.4 billion (works to be completed: HK$28.2 billion)	100.0

No.	Name of Projects	Services Offered	No. of Agents	NWSH's Attributable Interest	Solvency Ratio
				(%)	(%)
	Insurance				
I1	FTLife Insurance Company Limited...	Provision of financial protection and wealth management services to individual and institutional clients from a diverse portfolio	Approximately 3,000	100.0	524.0

Department Stores

The Group's department store development and management operations are undertaken by NWD's retail arm, NWDS. As at 31 December 2021, NWDS operated and managed a total of 27 department stores and shopping malls in Mainland China with total GFA of about 1,080,200 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. COVID-19 still impacts the domestic retail industry and other real economies, and the traditional physical retail industry is still under pressure. However, it also accelerates the trend of consumption upgrading and the digital transformation of retail formats.

NWDS still focuses on merchandise appeal as its business priority, with the Group taking a host of measures to grow such appeal, including deeper cooperation with brands, more direct sales categories, exploration of private labels, enhanced brand updates, development of collection retailers, and application of digital platforms.

NWSH Discontinued operations

(a) Transport

In FY2021, the Group exited the transport business after 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 15 October 2020, as well as NWSH's disposal of its remaining 40 per cent. equity interest in New World First Ferry Services Limited for a total consideration of HK$142.8 million on 8 December 2020. AOP of HK$4.8 million was contributed by transport segment in FY2021.

(b) Environment

As at 30 June 2020, the NWSH Group engaged in environmental business across the Greater China region through SUEZ NWS and Chongqing Derun Environment Co., Ltd. ("**Derun**"). On 11 January 2021, NWSH entered into two agreements to dispose of its 42 per cent. interests in SUEZ NWS and the entire issued share capital of NWS Hong Kong Investment Limited (which holds 50 per cent. of the total equity interests in Chongqing Suyu Business Development Company Limited ("**Suyu**") and Suyu in turn holds 25.1per cent. of the total equity interests in Derun) at a consideration of HK$4,173 million and HK$2,360 million respectively (the "**Disposals**"). In the wake of the Disposals announced in January 2021, the Group has presented the result of both businesses as a discontinued operation, and six months of AOP contribution totalled HK$244.3 million was recorded in FY2021. A remeasurement loss (net of tax and transaction costs) of approximately HK$228.1 million in relation to the reclassification of Derun to an asset held-for-sale was recognized and was included in the non-operating items. The disposal of Derun was completed in May 2021, while the disposal of SUEZ NWS was completed on 15 November 2021. The gain on the disposal SUEZ NWS of approximately HK$269.0 million was recognised and included in the non-operating items and a dividend income of HK$121.0 million was received and recognised during the six months ended 31 December 2021.

The NWSH Group formed an investment platform named VEI II S.r.l in the financial year ended 30 June 2019, dedicated to grasping 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 year ended 30 June 2020, a total of 46.26 MW installed capacity of solar plants were acquired, with total installed capacity reaching 49.12 MW as at 30 June 2020. VEI II S.r.l., together with the remaining environmental projects, two power plants in Guangdong and Sichuan with a total installed capacity of approximately 1,820 MW, have been reclassified into the Strategic Investments segment within FY2021.

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 2021, around 30,000 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 2021 are set out in notes 51, 52 and 53, respectively of the 2021 Audited Financial Statements.

RECENT DEVELOPMENTS

Appointment of an Executive Director

Mr. Ma Siu-Cheung has been appointed as an executive director of the Guarantor with effect from 1 July 2022.

Mr. Ma Siu-Cheung ("**Mr. Ma**"), aged 58, joined the Group as an executive director of NWSH, a listed public company in Hong Kong, in July 2018. He was the Chief Operating Officer of NWSH during the period from July to December 2018 and became the Chief Executive Officer of NWSH from January 2019. He is responsible for overseeing the overall strategic development and business operations of the NWSH group, and is also a director of certain subsidiaries of the Group.

Prior to joining the Group, Mr. Ma was the Acting Chief Executive Officer of Hong Kong-Shenzhen Innovation and Technology Park Limited during the period from February to June 2018. He joined the Government of the Hong Kong Special Administrative Region in January 2014 as the Under Secretary for Development and was subsequently appointed as the Secretary for Development in February 2017 and remained in the post until June 2017. Prior to working with the Government of the Hong Kong Special Administrative Region, Mr. Ma was the Executive Vice-President for Civil and Infrastructure Business (Asia Pacific) of AECOM Asia Company Limited. Except as disclosed, Mr. Ma did not hold directorship in other listed public companies in the past three years or any position with the Guarantor or other members of the Group.

Mr. Ma is a Fellow of the Hong Kong Institution of Engineers, the Institution of Civil Engineers, United Kingdom, the Institution of Structural Engineers, United Kingdom, the Chartered Institution of Highways and Transportation, United Kingdom and Royal Institution of Chartered Surveyors, United Kingdom. He is also a Registered Professional Engineer in Hong Kong and a Chartered Engineer in the United Kingdom. Mr. Ma holds a Bachelor of Science degree in Engineering (Civil) from The University of Hong Kong and a Master of Engineering degree in Transportation Planning from Monash University, Australia. Mr Ma is a Member of General Committee and Chairman of Real Estate & Infrastructure Committee, both of the Hong Kong General Chamber of Commerce. He is a Vice President of The Hong Kong Institution of Engineers, an Honorary Professor of the School of Science and Technology of The Hong Kong Metropolitan University and an Adjunct Professor of the Department of Civil and Environmental Engineering, Faculty of Construction and Environment of The Hong Kong Polytechnic University and the Department of Real Estate and Construction, Faculty of Architecture of The University of Hong Kong. Mr. Ma is a committee member of the Chinese People's Political Consultative Conference of Shenzhen.

Mr. Ma was appointed as Justice of the Peace in 2014 and was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2017. Mr. Ma does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Guarantor. As at the date of this Offering Circular, Mr. Ma does not have any interest in the shares of the Guarantor within the meaning of Part XV of the SFO.

Mr. Ma will enter into a letter of appointment with the Guarantor as an executive director of the Guarantor for a fixed term of three years commencing from 1 July 2022, subject to retirement by rotation in accordance with the articles of association of the Guarantor. The director's fee for Mr. Ma will be determined by the Board with the authorisation granted by the shareholders of the Guarantor at the annual general meeting of the Guarantor. He will receive from the Group emoluments which comprise monthly salary of HK$751,190 and discretionary bonus. These have been determined by reference to his duties and responsibilities with the Group and the Group's remuneration policy.

Mr. Ma will serve as a member of the executive committee of the Board effective upon his appointment as an executive director of the Guarantor.

Acquisition of 40% of the equity interest in Guangxi Logan Guiwu Expressway Co., Ltd and related creditor's rights and dividend receivable

On 26 April 2022, NWS (Guangdong) Investment Co. Ltd., an indirect wholly-owned subsidiary of NWS, entered into a sale and purchase agreement pursuant to which the NWS (Guangdong) Investment Co. Ltd. has agreed to acquire 40% of the equity interest in Guangxi Logan Guiwu Expressway Co., Ltd and related creditor's rights and dividend receivable from Shenzhen Logan Infrastructure Investment Consultancy Co., Ltd and Logan Transport Group Co., Ltd at a consideration of RMB1,902.4 million (equivalent to approximately HK$2,334.2 million).

Upon completion of the transaction, Guangxi Logan Guiwu Expressway Co., Ltd will be held as to 40% by NWS (Guangdong) Investment Co. Ltd. and as to 60% by Shenzhen Logan Infrastructure Investment Consultancy Co., Ltd.

The Group's 2021/2022 interim financial results

On 15 March 2022, the Group published its 2021/2022 interim report for the six months ended 31 December 2021. The December 2021 Unaudited Interim Financial Statements have not been audited or reviewed by the Guarantor's auditor.

For the six months ended 31 December 2021, revenues of the Group amounted to HK$35,572.8 million, basically the same as that for the six months ended 31 December 2020. For the six months ended 31 December 2021, profit attributable to shareholders of the Company amounted to HK$1,430.4 million, which increased by 41.2 per cent. compared to the six months ended 31 December 2021. For the six months ended 31 December 2021, the Group's underlying profit amounted to HK$3,898.2 million, while for the six months ended 31 December 2020, the Group's underlying profit amounted to HK$3,718.6 million.

Acquisition of the Remaining 50 per cent. Interest in Shanghai New World Huai Hai Property Development Co., Ltd.

On 8 September 2021, K11 Shanghai Properties Company Limited, an indirect wholly owned subsidiary of NWD, purchased from Chow Tai Fook Nominee Limited, a direct subsidiary of Chow Tai Fook (Holding) Limited, 50.0 per cent. of the entire equity interest of Shanghai New World Huai Hai Property Development Co., Ltd. (上海新世界淮海物業發展有限公司) (the "**Target Company**") at the total consideration of RMB3,375.0 million (equivalent to approximately HK$4,066.3 million). Prior to the purchase, the Target Company was owned as to 50.0 per cent. by each of K11 Shanghai Properties Company Limited and Chow Tai Fook Nominee Limited, and was consolidated into the financial statements of the Group as a subsidiary. The principal activity of the Target Company is the development, management and operation of Shanghai Hong Kong New World Tower located at 300 Huaihaizhong Road, Huangpu District, Shanghai, the PRC.

NWSH disposal of interests in SUEZ NWS Limited and NWS Hong Kong Investment Limited

Completion of the Disposals (as defined under "NWSH Discontinued operations – (b) Environment" above) took place on 15 November 2021, and upon completion, the Group has ceased to have any shareholding interest in SUEZ NWS and NWS HKI. The gain arising from the completion of the disposal of SUEZ NWS is estimated to be approximately HK$269 million and will be recognised in the consolidated income statement of the Group in the financial year ending 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 per cent. 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 per cent. 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 per cent. and 6.3 per cent. in Sanfeng Environment and Chongqing Water, respectively.

Hong Kong – 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 and began demolition of THE PAVILIA FARM III in early December 2021. 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, and the construction of THE PAVILIA FARM I and II which are expected to be booked in FY2023 is ongoing. 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.*

PRINCIPAL SHAREHOLDER

The major shareholder of NWD is CTFEL which, together with its subsidiaries, held approximately 45.20 per cent. of the issued share capital of NWD as at 31 December 2021. 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 49 to the 2021 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 BBS, 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

Mr. Chan Johnson Ow

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

Dr. Cheng Kar-Shun, Henry GBM GBS, aged 75, 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 and i-CABLE Communications Limited, all of them 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, and 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 public companies in Hong Kong. Dr. Cheng is a director and 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 42, 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, 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, the chairman and non-executive director of Arta TechFin Corporation 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 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 in Tsim Sha Tsui and Hong Kong International Airport SKYCITY complex "11 SKIES". 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, the honorary chairman of K11 Art Foundation and the vice chairman and group chief executive officer of CTF Education Group. 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 Officer 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 44, 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 41, 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 the Mainland and Hong Kong.

Ms. Huang Shaomei, Echo, aged 53, was appointed as an Executive Director in May 2020. Ms. Huang is a member of the Executive Committee of the Board of Directors of 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 NWD. She is a non-executive director of New World Department 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. 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 Chartered Governance Institute and The Chartered Governance Institute. Ms. Chiu possesses over 20 years of experience in human resources and corporate management.

Mr. Doo Wai-Hoi, William BBS, JP, aged 77, 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, an independent non-executive director of Shanghai Industrial Urban Development Group Limited and an alternate director to Dr. Cheng Kar-Shun, Henry, the chairman and non-executive director of FSE Lifestyle Services Limited, all 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 Administration Region, and was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Adminisgtration Region in 2021. 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 69, 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 65, 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 71, 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 73, 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 a member of 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 75, 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 70, 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 a Senior Advisor to the Dean of the School of Business and Management at Hong Kong University of Science and Technology; 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 Faculty of Business Administration 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; Honorary Advisor of School of Humanities and Social Science at The Hong Kong University of Science and Technology; a Member of the Court at City University of Hong Kong 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 City University of Hong Kong and Vocational Training Council.

Mr. Chan Johnson Ow, aged 57, was appointed as an Independent Non-executive Director in September 2021. Mr. Chan is a member of the Audit Committee and Sustainability Committee of the Board of Directors of NWD. Mr. Chan is a managing director of Key Step Capital Limited. He is also a consultant to a leading global alternative investment management firm. He has over 28 years of experience in investment banking and investments at Morgan Stanley, Lehman Brothers, SSG Capital Management (now known as ARES SSG) and Deutsche Bank AG. Mr. Chan holds a Bachelor of Arts Degree in Legal Studies from University of California, Berkeley.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2021, the interests of the Directors 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	Family interests	Corporate interests	Total	Approximate % of shareholding as at 31 December 2021
NWD					
(Ordinary shares)					
Dr. Cheng Kar-Shun, Henry...................	5,168,909	—	—	5,168,909	0.21
Mr. Doo Wai-Hoi, William.......................	—	1,205,338	671,945(1)	1,877,283	0.07
Dr. Cheng Chi-Kong, Adrian	2,559,118	—	—	2,559,118	0.10
Mr. Yeung Ping-Leung, Howard.............	133,444	—	—	133,444	0.01
Mr. Cheng Kar-Shing, Peter...................	213,444	141,641(2)	—	355,085	0.01
Mr. Ho Hau-Hay, Hamilton......................	—	—	219,588(3)	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....................	825,672	—	—	825,672	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(4)	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(5)	7,120,097	0.18
Sun Legend Investments Limited					
(Ordinary shares)					
Mr. Cheng Kar-Shing, Peter...................	—	—	7,500,500(6)	7,500,500	50.00

Notes:

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

(2) These shares are jointly held by Mr. Cheng Kar-Shing, Peter and his spouse.

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

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

(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 underlying shares - share options

NWD

Name of Directors	Date of grant	Exercisable period	Number of share options	Exercisable price per share
		(Notes)		*HK$*
Mr. Sitt Nam-Hoi				
	6 July 2018	(1)	150,000	44.160
Mr. Ip Yuk-Keung, Albert................	6 July 2018	(1)	150,000	44.160
Ms. Huang Shaomei, Echo.............				
	6 July 2018	(2)	37,500	44.160
Ms Chiu Wai-Han, Jenny	6 July 2018	(1)	75,000	44.160
			412,500	

Notes:

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

(2) Divided into 2 tranches exercisable from 6 July 2020 and 6 July 2021 respectively to 5 July 2022.

(3) 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				Approximate % of the total amount of debentures in issue as at 31 December 2021
	Personal interests	Family interests	Corporate interests	Total	
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William	—	67,875,000	30,000,000(1)	97,875,000	2.33
Mr. Ip Yuk-Keung, Albert.......................	—	750,000(2)	—	750,000	0.02
	—	68,625,000	30,000,000	98,625,000	

Notes:

(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)				Approximate % of the total amount of debentures in issue as at 31 December 2021
	Personal interests	Family interests	Corporate interests	Total	
	HK$	*HK$*	*HK$*	*HK$*	
Mr. Doo Wai-Hoi, William	—	78,000,000(1)	—	78,000,000	0.21
Mr. Ip Yuk-Keung, Albert.......................	—	3,900,000(2)	—	3,900,000	0.01
	—	81,900,000	—	81,900,000	

Notes:

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

(2) 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

	Amount of debentures issued by NWCL				
Name of Director	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2021
	HK$	*HK$*	*HK$*	*HK$*	
Mr. Doo Wai-Hoi, William.......................	—	206,000,000[1]	332,500,000[2]	538,500,000	6.59

Notes:

(1) HK$156,000,000 of these debentures were issued in US$ and had been translated to HK$ using the rate of US$1.0=HK$7.8.

(2) These debentures are beneficially owned by companies which are wholly owned by Mr. Doo Wai-Hoi, William, of which HK$234,000,000 debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0=HK$7.8.

(iv) Celestial Dynasty Limited ("CDL")

	Amount of debentures issued by CDL				
Name of Director	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2021
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William......................	—	800,000	—	800,000	0.13

(v) Celestial Miles Limited ("CML")

	Amount of debentures issued by CML				
Name of Directors	Personal interests	Family interests	Corporate interests	Total	Approximate % of the total amount of debentures in issue as at 31 December 2021
	US$	*US$*	*US$*	*US$*	
Mr. Doo Wai-Hoi, William......................	—	4,600,000	30,000,000[1]	34,600,000	2.66
Mr. Cheng Kar-Shing, Peter..................	2,000,000	—	—	2,000,000	0.15
	2,000,000	4,600,000	30,000,000	36,600,000	

Note:

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

Save as disclosed above, as at 31 December 2021, 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders' Interests in Securities

As at 31 December 2021, 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 2021**
Cheng Yu Tung Family (Holdings) Limited ("**CYTFH**")[(1)]	—	1,137,528,609	1,137,528,609	45.20
Cheng Yu Tung Family (Holdings II) Limited ("**CYTFH-II**")[(2)].	—	1,137,528,609	1,137,528,609	45.20
Chow Tai Fook Capital Limited ("**CTFC**")[(3)]...................................	—	1,137,528,609	1,137,528,609	45.20
Chow Tai Fook (Holding) Limited ("**CTFHL**")[(4)].................................	—	1,137,528,609	1,137,528,609	45.20
Chow Tai Fook Enterprises Limited ("**CTFE**")[(5)]...................................	1,034,492,823	103,035,786	1,137,528,609	45.20

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 2021.

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	7.7850	7.8351	7.8499	7.7894
2020	7.7498	7.7559	7.7951	7.7534
2021	7.7515	7.7727	7.8034	7.7996
2022				
January	7.7850	7.7917	7.8001	7.7971
February	7.7894	7.7992	7.8137	7.8137
March	7.8129	7.8228	7.8325	7.8325
April	7.8340	7.8414	7.8476	7.8465
May (up to 27 May 2022)	7.8475	7.8492	7.8499	7.8494

Source: Bloomberg

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

Payments of interest and principal on the Securities will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the Securities nor will gains derived from the disposal of the Securities be subject to British Virgin Islands income or corporation tax, provided that the payments are made to persons who are not resident 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.

If neither the Issuer nor any subsidiary holds an interest in real estate in the British Virgin Islands, no stamp duty is payable in respect of the issue of the Securities or on an instrument of transfer in respect of the Securities.

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 8 June 2022 (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 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.$100,000,000
Mizuho Securities Asia Limited	U.S.$100,000,000
Morgan Stanley & Co. International plc...................................	U.S.$100,000,000
Standard Chartered Bank..	U.S.$100,000,000
UBS AG Hong Kong Branch	U.S.$100,000,000
Total	U.S.$500,000,000

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.

Certain private banks will be paid a commission in connection with the distribution of the Securities to their clients. This commission will be based on the principal amount of the Securities so distributed and will be paid by the Joint Lead Managers to the private banks. Neither the Issuer nor the Guarantor is responsible for the payment of any such commission to private banks.

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.

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

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.

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 2001 (2020 Revised Edition) 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)(c)(ii) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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

No offer or invitation may be made to the public, directly or indirectly, in the British Virgin Islands to subscribe for any of the Securities. 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 243561132 and the International Securities Identification Number for the Securities is XS2435611327.

2. **Listing of Securities:** Application will be 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 17 June 2022.

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 6 June 2022. 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 6 June 2022.

4. **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of the Issuer, the Guarantor and the Group since 31 December 2021.

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 reports for each of the years ended 30 June 2020 and 2021, the interim report for the six months ended 31 December 2021 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 years ended 30 June 2020 and 2021 have been audited by PricewaterhouseCoopers, Certified Public Accountants.

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

ISSUER

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

GUARANTOR

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Hong Kong

AUDITOR OF THE GUARANTOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
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Central
Hong Kong

FISCAL AGENT, PAYING AGENT, TRANSFER AGENT AND CALCULATION AGENT

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Hong Kong

REGISTRAR

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