

# INFORMATION MEMORANDUM



## SUN HUNG KAI PROPERTIES (CAPITAL MARKET) LIMITED

*(incorporated with limited liability in the Cayman Islands)*

*as Issuer*

*and*

## SUN HUNG KAI PROPERTIES LIMITED

*(incorporated with limited liability in Hong Kong)*

*as Guarantor*

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U.S.\$6,000,000,000

### PROGRAMME FOR THE ISSUANCE OF DEBT INSTRUMENTS

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*Application has been made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for permission to deal in, and for the listing of, debt instruments (the "Instruments") issued under the Programme to professional investors during the 12 month period from the date of this Information Memorandum on the Hong Kong Stock Exchange. Notice of the aggregate nominal amount of Instruments, interest (if any) payable in respect of Instruments, the issue price of Instruments and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Instruments") of Instruments will be set out in a pricing supplement (the "Pricing Supplement") which, with respect to Instruments to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Instruments of such Tranche. However, unlisted Instruments and Instruments to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Instruments will specify whether or not such Instruments will be listed on the Hong Kong Stock Exchange (or listed, traded or quoted on or by any other competent authority, other exchange or quotation system).*

*The Instruments and the Guarantee (as defined under "Summary of the Programme") have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may include Instruments in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, Instruments may not be offered, sold or, in the case of bearer Instruments, delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). Accordingly, the Instruments and the Guarantee will be offered and sold only (i) outside the United States to non-U.S. persons in reliance on Regulation S and (ii) with respect to Instruments in registered form only, within the United States in reliance on Rule 144A to qualified institutional buyers ("QIBs") (as defined in Rule 144A under the Securities Act ("Rule 144A")). For a description of certain restrictions on offers, sales and deliveries of Instruments within the United States, and certain undertakings by the Issuer and the Guarantor in connection therewith, see "Subscription and Sale", "Transfer Restrictions; United States Considerations" and "General Information".*

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*Arranger for the Programme*

**MORGAN STANLEY**

*Dealers*

**ANZ**

**BNP PARIBAS**

**CREDIT SUISSE**

**GOLDMAN SACHS INTERNATIONAL**

**J.P. MORGAN**

**MORGAN STANLEY**

**UBS**

**BANK OF CHINA (HONG KONG) LIMITED**

**CITIGROUP**

**DEUTSCHE BANK**

**HSBC**

**MIZUHO SECURITIES**

**STANDARD CHARTERED BANK  
(HONG KONG) LIMITED**

*15 November 2012*

**Sun Hung Kai Properties (Capital Market) Limited (the “Issuer”) may from time to time issue Instruments in bearer and/or registered form under the Programme. Instruments issued by the Issuer will be unconditionally and irrevocably guaranteed by Sun Hung Kai Properties Limited (“SHKP” or the “Guarantor”).**

**This Information Memorandum includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKSE Rules”) for the purpose of giving information with regard to the Issuer and the Guarantor. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Information Memorandum 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.**

**Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Information Memorandum, 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 Information Memorandum.**

**The Information Memorandum should be read and construed with any amendment or supplement thereto and with any other documents incorporated by reference and, in relation to any Series (as defined herein) of Instruments, should be read and construed together with the relevant Pricing Supplement(s) (as defined herein). References herein to the Information Memorandum are to this document.**

**Each of the Issuer and the Guarantor having made all reasonable enquiries confirms that this Information Memorandum contains all information with respect to the Issuer, the Guarantor, the Guarantor and its subsidiaries and affiliates taken as a whole (the “SHKP Group”) and the Instruments that is material in the context of the issue and offering of the Instruments, the statements contained in it relating to the Issuer, the Guarantor and the SHKP Group and the Instruments are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Information Memorandum with regard to the Issuer, the Guarantor and the SHKP Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer, the Guarantor, the SHKP Group or the Instruments the omission of which would, in the context of the issue and the offering of the Instruments, make any statement in this Information Memorandum misleading in any material respect and 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.**

**No person has been authorised by the Issuer or SHKP to give any information or to make any representation not contained in or not consistent with the Information Memorandum or any other document entered into in relation to the Programme or any information supplied by the Issuer or SHKP or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or SHKP or any Dealer.**

**No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in the Information Memorandum. Neither the delivery of the Information Memorandum or any Pricing Supplement nor the offering, sale or delivery of any Instrument shall, in any circumstances, create any implication that the information contained in the Information Memorandum is true subsequent to the date thereof or the date upon which the Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Issuer or SHKP, as the case may be, since**

the date thereof or, if later, the date upon which the Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of the Information Memorandum and any Pricing Supplement and the offering, sale and delivery of the Instruments in certain jurisdictions may be restricted by law. Persons into whose possession the Information Memorandum or any Pricing Supplement comes are required by the Issuer, SHKP and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Instruments and on the distribution of the Information Memorandum or any Pricing Supplement and other offering material relating to the Instruments, see “Transfer Restrictions; United States Considerations” and “Subscription and Sale”.

The Instruments and the Guarantee have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of the Instruments or Guarantee or the accuracy or adequacy of this Information Memorandum. Any representation to the contrary is a criminal offence in the United States.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

There are restrictions on the offer and sale of the Instruments in the United Kingdom. All applicable provisions of the Financial Services and Market Act 2000 (the “FSMA”) with respect to anything done by any person in relation to the Instruments in, from or otherwise involving the United Kingdom must be complied with. See “Subscription and Sale”.

Neither the Information Memorandum nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Instruments and should not be considered as a recommendation by the Issuer, SHKP, the Dealers or any of them that any recipient of the Information Memorandum or any Pricing Supplement should subscribe for or purchase any Instruments. Each recipient of the Information Memorandum or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and SHKP.

The maximum aggregate principal amount of Instruments outstanding at any one time under the Programme will not exceed U.S.\$6,000,000,000 (and for this purpose, any Instruments denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Instruments calculated in accordance with the provisions of the Dealership Agreement). The maximum aggregate principal amount of Instruments which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement as defined under “Subscription and Sale”. In the event that the maximum aggregate principal amount of Instruments permitted to be outstanding at any one time under the Programme is to be increased, the Issuer and the Guarantor will prepare or procure the preparation of an amendment or supplement to the Information Memorandum reflecting such increased amount.

This Information Memorandum has been prepared on the basis that any offer of Instruments in any Member State of the European Economic Area which has implemented Directive 2003/71/EC (the “Prospectus Directive” and each such Member State, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Instruments. Accordingly, any person making or intending to make an offer in that Relevant Member State of Instruments which are the subject of an offering contemplated in this Information Memorandum as completed by pricing supplements in relation to the offer of those Instruments may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or any relevant implementing measure of that Relevant Member State or if a prospectus has been published, supplement such prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, none of the Issuer, the Guarantor or any Dealer has authorised, nor do any of them authorise, the making of any offer of Instruments in circumstances in which an obligation arises for the Issuer, the Guarantor or any Dealer to publish or supplement a prospectus for such offer.

Unless otherwise indicated, all references in this Information Memorandum to the “PRC”, “Mainland China”, “Mainland” or “China” are to the People’s Republic of China and, for the purpose of this Information Memorandum only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan; all references to “Hong Kong” are to the Hong Kong Special Administrative Region of China.

All references in the Information Memorandum to “HK\$” or “Hong Kong dollars” are to the lawful currency of Hong Kong. All references to “U.S.\$”, “U.S. dollars”, “United States dollars” or “cents” are to the lawful currency of the United States of America. All references to “GBP” or “£” are to the lawful currency of the United Kingdom. All references to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. In addition, all reference to “RMB”, “CNY” and “Renminbi” are to the lawful currency of the PRC.

Certain figures in this Information Memorandum are shown in HK\$ with figures in U.S.\$ in brackets immediately after. The U.S.\$ figures are calculated by converting the HK\$ figures at a rate of HK\$7.8 to U.S.\$1 throughout, this being the approximate current market rate. All translations from HK\$ to U.S.\$ were made for convenience and information purposes only and should not be construed as a representation that the relevant amounts in question have been or could have been converted into U.S.\$ at that particular rate.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, the Information Memorandum:

(1) the most recently published audited consolidated annual financial statements and any unaudited consolidated interim financial statements published subsequently to such annual financial statements, of SHKP from time to time;

(2) all amendments and supplements to the Information Memorandum prepared by the Issuer and SHKP from time to time; and

(3) the press release issued by the Independent Commission Against Corruption on 13 July 2012, available at [http://www.icac.org.hk/en/news\\_and\\_events/pr2/index\\_uid\\_1312.html](http://www.icac.org.hk/en/news_and_events/pr2/index_uid_1312.html) (references therein to “D1” refer to Mr. Hui Si-yan, Rafael; references therein to “D2” refer to Mr. Kwok Ping-kwong, Thomas; references therein to “D3” refer to Mr. Kwok Ping-luen, Raymond; references therein to “D4” refer to Mr. Chan Kui-yuen, Thomas; and references therein to “D5” refer to Mr. Kwan Hung-sang, Francis).

save that any statement contained in the Information Memorandum or in any of the documents incorporated by reference in, and forming part of, the Information Memorandum (other than (3) above) shall be deemed to be modified or superseded for the purpose of the Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

Each of the Issuer and SHKP has undertaken, in connection with the listing of the Instruments on the Hong Kong Stock Exchange, that it will comply with the HKSE Rules in force from time to time and that it will immediately announce any information which (a) is necessary for investors to appraise its position, (b) is necessary to avoid a false market in its securities or (c) may have a material affect on its ability to meet the obligations under the Instruments to be issued under the Programme.

In the event that the maximum aggregate principal amount of Instruments permitted to be outstanding at any one time under the Programme is to be increased, the Issuer and the Guarantor will prepare or procure the preparation of an amendment or supplement to the Information Memorandum reflecting such increased amount.

The Issuer and SHKP will, at the specified offices of the Paying Agents, provide, free of charge, upon oral or written request therefor, a copy of the Information Memorandum (or any document incorporated by reference in the Information Memorandum). Written or oral requests for such documents should be directed to the specified office of any Paying Agent. In addition, such documents will be available free of charge from the specified office of the Paying Agent in Hong Kong for Instruments listed on the Hong Kong Stock Exchange.

## AVAILABLE INFORMATION

For so long as any of the Registered Instruments (as defined in “**Summary of the Programme**”) bearing the Securities Act Legend remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer and the Guarantor covenant and agree that they shall, during any period in which they are not subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Holder in connection with any sale thereof and any prospective purchaser of such Instruments from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144(d)(4) under the Securities Act.

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**IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF INSTRUMENTS, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT INSTRUMENTS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE INSTRUMENTS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF INSTRUMENTS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF INSTRUMENTS AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE RELEVANT TRANCHE OF INSTRUMENTS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## SUMMARY OF THE PROGRAMME

*The following is a brief summary only and should be read in conjunction with the rest of this document and, in relation to any Instruments, in conjunction with the relevant Pricing Supplement and, to the extent applicable, the Terms and Conditions of the Instruments set out herein.*

|                         |  |
|-------------------------|--|
| Issuer:                 | Sun Hung Kai Properties (Capital Market) Limited.  |
| Guarantor:              | Sun Hung Kai Properties Limited.   |
| Arranger:               | Morgan Stanley & Co. International plc.  |
| Dealers:                | Morgan Stanley & Co. International plc, Australia and New Zealand Banking Group Limited, Bank of China (Hong Kong) Limited, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, Singapore Branch, Goldman Sachs International, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, Mizuho Securities Asia Limited, Standard Chartered Bank (Hong Kong) Limited, UBS AG, Hong Kong Branch and any other dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Tranche (as defined below) of Instruments.  |
| Issue and Paying Agent: | HSBC Bank plc.   |
| Hong Kong Paying Agent: | The Hongkong and Shanghai Banking Corporation Limited.   |
| New York Paying Agent:  | HSBC Bank USA, National Association.   |
| Registrar:              | HSBC Bank plc.   |
| Alternative Registrar:  | HSBC Bank USA, National Association.   |
| Programme Amount:       | U.S.\$6,000,000,000 (and, for this purpose, any Instruments denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Instruments using the spot rate of exchange for the purchase of such currency against payment of U.S. dollars being quoted by the Issue and Paying Agent on the date on which the relevant agreement in respect of the relevant Tranche (as defined below) was made or such other rate as the Issuer and the relevant Dealer may agree) in aggregate principal amount of Instruments outstanding at any one time. The maximum aggregate principal amount of Instruments which may be outstanding under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement as defined under "Subscription and Sale". |

Issuance in Series:

Instruments will be issued in series (each, a “**Series**”). Each Series may comprise one or more tranches (“**Tranches**” and each, a “**Tranche**”) issued on different issue dates. The Instruments of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Instruments of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Instruments of different denominations.

Form of Instruments:

Instruments may be issued in bearer form or in registered form. In respect of each Tranche of Instruments issued in bearer form, which will be Instruments offered or sold under Regulation S (the “**Unrestricted Instruments**”) only, the Issuer will deliver a temporary global Instrument (a “**Temporary Global Instrument**”) or (if so specified in the relevant Pricing Supplement in respect of Instruments to which U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) applies (as so specified in such Pricing Supplement)) a permanent global Instrument (a “**Permanent Global Instrument**”). Such bearer global Instrument will be either (i) deposited on or before the relevant issue date therefor with a depository or a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, société anonyme, Luxembourg (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system or (ii) lodged on or before the relevant issue date therefor with a sub-custodian in Hong Kong for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU Service**”). Each Temporary Global Instrument will be exchangeable for a Permanent Global Instrument or, if so specified in the relevant Pricing Supplement, for Instruments in definitive bearer form (“**Definitive Instruments**”) and/or, if so specified in the relevant Pricing Supplement, registered form (“**Registered Instruments**”) in accordance with its terms. Each Permanent Global Instrument will be exchangeable for Definitive Instruments and/or, if so specified in the relevant Pricing Supplement, Registered Instruments in accordance with its terms. (See further under “**Provisions Relating to the Instruments whilst in Global Form**” below.) Definitive Instruments will, if interest-bearing, have interest coupons (“**Coupons**”) attached and, if appropriate, a talon (“**Talon**”) for further Coupons and will, if the principal thereof is repayable by instalments, have payment receipts (“**Receipts**”) attached. Each Instrument issued in registered form shall represent the entire holding of Registered Instruments by the same holder. A Registered Instrument may be registered in the name of a nominee for one or more clearing system(s) and such an Instrument is referred to herein as a “**Global Registered Instrument**”.



In respect of each Tranche of Instruments issued in registered form only, the Issuer may deliver a global Unrestricted Instrument and/or Instruments offered and sold under Rule 144A (the “**Restricted Instruments**”) in global form. Such global Unrestricted Instrument will be either (i) deposited on or before the relevant issue date therefor with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or (ii) lodged on or before the relevant issue date therefor with a sub-custodian in Hong Kong for the CMU Service. Such global Restricted Instrument, if issued, will be deposited on or before the relevant issue date therefor with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“**DTC**”). Interests in such Unrestricted Instrument and/or Restricted Instruments will be exchangeable for Registered Instruments that are not Global Registered Instruments if so specified in the relevant Pricing Supplement and in accordance with their respective terms.

Instruments in registered form may not be exchanged for Instruments in bearer form.

Currencies:

Instruments may be denominated in any currency or currencies including, without limitation, Australian Dollars (“**AUD**”), Canadian Dollars (“**CAD**”), Danish Kroner (“**DKK**”), euro (“**EUR**”), Hong Kong Dollars (“**HKD**”), Japanese Yen (“**JPY**”), New Zealand Dollars (“**NZD**”), Norwegian Kroner (“**NKR**”), Pounds Sterling (“**GBP**”), Renminbi (“**CNY**”), Swedish Kronor (“**SEK**”), Swiss Francs (“**CHF**”) and United States dollars (“**USD**”), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Instruments may, subject to compliance as aforesaid, be made in, and/or linked to, any currency or currencies other than the currency in which such Instruments are denominated.

Status:

The Instruments will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer at all times ranking equally and without any preference among themselves and at least equally with all other unsubordinated and unsecured obligations of the Issuer, present and future (save for certain exceptions provided by mandatory provisions of applicable law).

Guarantee and Status of Guarantee:

Instruments will be guaranteed as to payment of principal and interest by the Guarantor (the “**Guarantee**”). The obligations of the Guarantor under the Guarantee will constitute direct, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor ranking at least equally with all other unsecured and unsubordinated obligations of the Guarantor, present and future (save for certain exceptions provided by mandatory provisions of applicable law).

|   |   |
|---|---|
| Issue Price:  | Instruments may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Pricing Supplement.   |
| Maturities:   | <p>Any maturity between thirty days and thirty years, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>Any Instruments in respect of which the issue proceeds are received by the Issuer in the United Kingdom and having a maturity of less than one year must (a) have a minimum denomination of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer.</p> |
| Redemption:   | Instruments may be redeemable at par or at such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Pricing Supplement.  |
| Early Redemption:                                     | Early redemption will be permitted for taxation reasons as mentioned in “ <b>Terms and Conditions of the Instruments — Early Redemption for Taxation Reasons</b> ”, but will otherwise be permitted only to the extent specified in the relevant Pricing Supplement.  |
| Interest:   | Instruments may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed or floating rate and may vary during the lifetime of the relevant Series.  |
| Denominations:  | Instruments will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.  |
| Redenomination, Renominalisation and Reconventioning: | The relevant Pricing Supplement may provide, in respect of Instruments denominated in a currency of a member state of the European Union whose currency is not the euro, that with effect from the date on which such member state adopts the euro as its lawful currency in accordance with the Treaty on the Functioning of the European Union as amended by the Treaty on European Union, such Instruments: (i) may be redenominated in euro; (ii) may be renominalised; and (iii) the conventions in respect of payments in euro may be adopted in relation to such Instruments.  |

The relevant provisions applicable to any such payments and redenomination, renominatisation and reconventioning are contained in Condition 9D.

**Taxation:**

Payments in respect of Instruments will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong or the Cayman Islands or, in each case, any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor will (subject to certain exceptions) pay such additional amounts as will result in the holders of Instruments or Coupons receiving such amounts as they would have received in respect of such Instruments or Coupons had no such withholding or deduction been required.

**Governing Law:**

The Instruments and all related contractual documentation and any non-contractual obligations arising out of or in connection with the Instruments or such contractual documentation will be governed by, and shall be construed in accordance with, English law.

**Listing:**

Each Series may be listed on the Hong Kong Stock Exchange and/or any other stock exchange as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Pricing Supplement, or may be unlisted.

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

**Terms and Conditions:**

A Pricing Supplement will be prepared in respect of each Tranche of Instruments, a copy of which will, in the case of Instruments to be listed on the Hong Kong Stock Exchange, be delivered to the Hong Kong Stock Exchange on or before the date of issue of such Instruments. The terms and conditions applicable to each Tranche will be those set out herein under “**Terms and Conditions of the Instruments**” as supplemented, modified or replaced by the relevant Pricing Supplement.

**Enforcement of Instruments in Global Form:**

In the case of Instruments in global form, individual investors’ rights will be governed by a Deed of Covenant dated 27 November 2008 (as amended, supplemented or replaced from time to time), copies of which will be available for inspection at the specified office of any Paying Agent.

**Clearing Systems:**

The CMU Service, Euroclear, Clearstream, Luxembourg, with respect to the Restricted Instruments only, DTC and/or, in relation to any Instruments, any other clearing system as may be specified in the relevant Pricing Supplement.

Ratings:

Ratings will be assigned to the Programme, and tranches of Instruments issued under the Programme may be rated or unrated. Where a Tranche of Instruments is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to variation, suspension or withdrawal at any time by the assigning rating organisation.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Instruments and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, the Cayman Islands, Hong Kong, the PRC, Japan and Singapore, see under “**Transfer Restrictions; United States Considerations**” and “**Subscription and Sale**”.

Rule 144A:

Offers and sales in accordance with Rule 144A under the Securities Act will be permitted, if specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory requirements of the United States of America. See “**Transfer Restrictions; United States Considerations**”.

## RISK FACTORS

*This Information Memorandum does not purport to nor does it contain all information that a prospective investor in the Instruments may require in investigating the Issuer, the Guarantor or the SHKP Group prior to making an investment or divestment decision in relation to the Instruments. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling the Instruments should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor, the subsidiaries and affiliates of the Guarantor, the terms and conditions of the Instruments and any other factors relevant to its decision, including the merits and risks involved.*

*This Information Memorandum contains forward-looking statements including, without limitation, statements in relation to future events, the SHKP Group's prospects and expected financial condition and business and strategies, the future development of the SHKP Group's operations and industry and the future development of the general domestic, regional and global economy. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside of the Issuer's and the Guarantor's control. As a consequence the actual results, performance or achievements of each of the Issuer and the Guarantor may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward looking statements speak only as of the date of this Information Memorandum.*

### RISKS RELATING TO THE SHKP GROUP

***Charges made against the Directors of the Guarantor by the Independent Commission Against Corruption (the "ICAC") could reduce the time that they are able to devote to the SHKP Group's business and have an adverse effect on the SHKP Group's business, prospects and reputation***

On 13 July 2012, charges in relation to an alleged offence or offences at common law for conspiracy to commit misconduct in a public office, and/or the Prevention of Bribery Ordinance and/or furnishing false information contrary to the Theft Ordinance were laid against Mr. Thomas Kwok Ping-kwong ("**Mr. Thomas Kwok**") and Mr. Raymond Kwok Ping-luen ("**Mr. Raymond Kwok**"), the joint Chairmen and joint Managing Directors of the Guarantor, and Mr. Chan Kui-yuen ("**Mr. Chan**"), an Executive Director of the Guarantor (together, the "**Relevant Directors**") (the "**Proceedings**"). In addition, on 3 May 2012, the ICAC arrested Mr. Kwok Ping-sheung, Walter ("**Mr. Walter Kwok**"), a Non-Executive Director of the Guarantor, in connection with an investigation into an offence or offences suspected, *inter alia*, to have been committed under the Prevention of Bribery Ordinance. As of the date of this Information Memorandum, no charges have been laid against Mr. Walter Kwok. See "*Sun Hung Kai Properties Limited — Charges Against Directors of the Guarantor*". Neither the Guarantor nor any of its subsidiaries is the subject of any of the Proceedings.

It is not possible to determine with any certainty at this stage the outcome of the Proceedings or when the Proceedings will be concluded. The Relevant Directors could be required to dedicate significant time responding to the charges. The reduction of a Relevant Director's time and attention to the business of the SHKP Group could disrupt the management of the SHKP Group and potentially have an adverse effect on the SHKP Group's business and prospects. In order to mitigate this risk, Mr. Kwok Kai-fai, Adam ("**Mr. Adam Kwok**") and Mr. Kwok Ho-lai, Edward ("**Mr. Edward Kwok**"), the eldest sons of Messrs. Thomas Kwok and Raymond Kwok, respectively, have been appointed by the

Board as Alternate Directors to their respective fathers, and Mr. Wong Chik-wing, Mike (Executive Director) (“**Mr. Wong**”) and Mr. Lui Ting, Victor (“**Mr. Lui**”) have been appointed by the Board as Deputy Managing Directors of the Guarantor to assist Messrs. Thomas Kwok and Raymond Kwok in discharging their duties as joint Chairmen and joint Managing Directors. Messrs. Wong and Lui are both Executive Directors and members of the Executive Committee of the Guarantor with more than 30 years experience of serving the SHKP Group and both are familiar with the day-to-day management and operations of the SHKP Group as well as the development of its goals and strategies. In addition, the Guarantor established a special committee (the “**Special Committee**”) on 19 March 2012 consisting of one Executive Director and two Non-Executive Directors, which has been reconstituted to comprise Mr. Wong, Mr. Wong Yick-kam, Michael (Non-Executive Director) and Prof Wong Yue-chim, Richard (Independent Non-Executive Director), to handle all Guarantor related matters which may arise from and relate to the charges and the investigation of the ICAC.

A long and public judicial process may result in negative publicity and media speculation and have an adverse effect on the reputation of the SHKP Group. There can also be no assurance that further allegations and/or charges will not be made against the Relevant Directors or that accusations of improper behaviour will not be made against other Directors or persons associated with the SHKP Group. There is a risk that these matters could result in volatility in the Guarantor’s share price and the price of its outstanding debt securities, and potentially impact its ability to obtain financing on competitive terms, as well as potentially taking up a significant amount of management time and diverting management attention from the business of the SHKP Group.

***If any of the charges against the Relevant Directors are upheld, sanctions may be imposed against the Relevant Directors which could have an adverse effect on the SHKP Group’s business and prospects***

If any of the charges against a Relevant Director were to be upheld, such Relevant Director would be liable for sanctions which may result in such Relevant Director not being able to serve as a director of a listed company. The loss of a Relevant Director in the longer term, in particular Messrs. Thomas Kwok and/or Raymond Kwok, could have a short term adverse effect on the Group’s business and prospects.

***The SHKP Group is exposed to economic and real estate market conditions and political and regulatory changes in Hong Kong***

The SHKP Group’s core business is the development of premium-quality residential and commercial property projects for sale and investment. A substantial majority of the SHKP Group’s property portfolio is located in Hong Kong, and a substantial majority of the SHKP Group’s revenue is derived in Hong Kong. As a result, the general state of the Hong Kong economy, the interest rate environment and the political and regulatory situation in Hong Kong have a significant impact on the SHKP Group’s operating results and financial condition. Any disruption to Hong Kong’s economy, such as an increase in interest rates, periods of significant inflation or deflation, attempts by the Central Government in China to slow economic growth or limit travellers to Hong Kong or events such as the 1997 Asian financial crisis, outbreaks of severe acute respiratory syndrome, the “Avian Influenza A”/H5N1 virus, the influenza A/H1N1 virus, the global financial crisis and the Eurozone debt crisis may have an adverse impact on the SHKP Group’s business, financial condition, results of operations and prospects.

In addition, the government of the Hong Kong Special Administrative Region (the “**Hong Kong Government**”) may introduce cooling measures on the Hong Kong property market from time to time, which may have a significant impact on the supply and demand in the property market. For example, on 26 October 2012 the financial secretary of the Hong Kong Government announced that the Stamp Duty Ordinance would be amended to adjust the rates and to extend the holding period in respect of the Special Stamp Duty (“**SSD**”) imposed by the Stamp Duty (Amendment) Ordinance 2011. Under the adjusted regime, 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, will be subject to the new rates of SSD upon the enactment of the relevant legislation. The financial secretary also announced on 26 October 2012 that a Buyer’s Stamp Duty (“**BSD**”) would be introduced with effect from 27 October 2012 on residential properties acquired by any person (including a company incorporated) except a Hong Kong permanent resident. BSD is to be charged at a flat rate of 15% on all residential properties, on top of the existing stamp duty and the SSD, if applicable. As the introduction of these measures are subject to policy changes reflecting domestic political or economic circumstances, there is no assurance that the Hong Kong Government will not introduce further measures in the future that may have a significant impact on the property market, which may in turn affect SHKP Group’s operating results and financial conditions.

Historically Hong Kong property values have been volatile as property values are affected by the supply of, and the demand for, comparable properties, and the amount of new land made available by the Hong Kong Government as well as political and economic developments in the PRC, among other factors. In addition, as leases of Hong Kong commercial properties are usually for a short duration (typically three years) compared to longer terms typical in the United States and other such markets, the SHKP Group’s rental income from property experiences more frequent adjustment than would be the case in other real estate markets. Furthermore, rental levels in Hong Kong are subject to fluctuations in supply and demand, including as a result of competition from the new supply of properties. Any decline in property values or rental yields could have an adverse effect on the SHKP Group’s business, financial condition or results of operations.

#### ***The SHKP Group is exposed to property market risks in China***

The SHKP Group has material interests in residential and commercial property development and property investments in China and is therefore subject to the risks associated with property development and investment in China.

Historically, the property market in China has been cyclical and property prices in general have been volatile in recent years. The rapid expansion of the property markets in certain major cities in China 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 gradually increased in certain major cities as a result of increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major cities such as Beijing, Shanghai, Guangzhou and Shenzhen have experienced rapid and significant growth. In recent years, certain major cities have seen cyclical changes in their property markets. Since 2010, the PRC government at both the central and local levels have implemented austerity measures such as home purchase restrictions, which have dampened the market sentiment and lowered transaction volume in the property market in China. As a result, there is no assurance that the problems of oversupply and falling property prices will not recur to the extent of the mid-1990s or be even worse or that the recurrence of such problems with respect to the property market in China will not adversely affect the SHKP Group’s business, financial condition or results of operations.

The SHKP Group’s operation in China may be subject to the risks of change of policies and intervention imposed by the Central Government in China or the respective local governments or by regulators concerning economic policies or goals from time to time and this could adversely affect its

operating results. In addition, private ownership of property in China is still at an early stage of development. For example, the property market in China 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 China as a result of government interventions.

***Risks associated with property development and the operation of the properties***

The SHKP Group's property development business involves significant risks, which are distinct from those involved in the ownership and operation of properties. Risks associated with property development include, among other things, the risk that financing for development may not be available on favourable terms (or at all), 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 sold on profitable terms and that purchasers will default. In addition, the SHKP Group's business and results of operations are dependent, in part, on the availability of land suitable for development and the SHKP Group's ability to replenish its land bank at favourable cost. The limited supply of land has made it difficult to replenish land in Hong Kong at economical prices for development.

The properties owned by the SHKP Group comprise real estate used for residential and commercial projects and their operations are subject to general and local economic conditions, the performance of the SHKP Group, competition, desirability of their locations and other factors relating to the operation of the properties. The success of such properties is dependent upon their ability to compete on the basis of accessibility, location and quality of tenants.

In particular, the revenue stream and value of the properties owned by the SHKP Group and accordingly, the availability of cash flow is subject to a number of factors including:

- vacancies following expiry or termination of leases that lead to reduced occupancy levels as this reduces rental income and the ability to recover certain operating costs such as service charges;
- increases in the costs of providing adequate management, maintenance or insurance;
- tenants failing to comply with the terms of their leases or commitments to lease;
- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rent payments, or which could hinder or delay the sale of a property, or inability to collect rentals at all or the termination of the tenant's lease;
- the amount and extent to which the SHKP Group is required to revise rental rates due to market pressure and competition; and
- increased legal and regulatory compliance costs.

There can be no assurance that rental rates will not decline at some point during the period from the issue of the Instruments until their redemption and that such decline will not have an adverse effect on the cash flow of the SHKP Group.

***The property investment business of the SHKP Group is affected by local, regional and international economic conditions and changes in market conditions***

The SHKP Group's property investment business is affected by local, regional and international economic conditions including changes to monetary policy, fiscal policy, interest rates, stock market indices, exchange rates, taxation rates and inflation. It may also be affected by changes in market conditions and is exposed to economic cycles and market volatility.



Changes to these economic and financial market conditions may have an effect on the level of activity and demand for the leasing of investment properties of the SHKP Group. This may result in the SHKP Group not being able to negotiate rental lease extensions with some existing tenants as lease terms expire, or replace expiring leases with leases on equivalent terms. The occurrence of such events may have an adverse effect on the income of the SHKP Group, the value of its property portfolio, its financial performance and condition.

***Risks associated with the effect of global credit markets on the economy***

Economic developments outside Hong Kong could also adversely affect the property market in Hong Kong and the SHKP Group's overall business. Since the second half of 2007, global credit markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions which have originated from the liquidity disruptions in the United States and the European Union credit and sub-prime residential mortgage markets. In particular, the sovereign debt crisis in some European countries (including Greece, Ireland, Italy, Spain and Portugal) since early 2010 and the downgrading of the credit rating for the United States' sovereign debt in August 2011 have contributed to an economic slowdown in most economies around the world, substantial volatility in financial markets globally and the tightening of liquidity in global financial markets. These and other related events, such as the collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the global credit and financial markets as a whole including, among other things, the demand for real estate, the availability and cost of credit and consumer sentiment.

The deterioration in the financial markets has affected the economy of the United States and the world, which has led, and may continue to lead, to significant declines in employment, household wealth, consumer demand and lending and as a result may adversely affect economic growth in Hong Kong, China and elsewhere. There can be no assurance that a recession in the United States or global economy will not result in oversupply and reduced property prices and rentals in Hong Kong and China. Hong Kong stock market prices have also experienced significant volatility which may continue to affect the value of the Guarantor's shareholdings in its listed subsidiaries and associated companies.

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

***Risks associated with the illiquidity of real estate developments and investments***

Real estate developments and investments are relatively illiquid in nature. Such illiquidity may affect the SHKP Group's ability to vary its development or investment portfolio or liquidate part of its assets, in each case quickly, in response to changes in economic, financial, real estate market or other conditions. For instance, the SHKP Group may be unable to liquidate its development or investment properties on short notice, or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets if it is under pressure for a quick sale. These factors could have an adverse effect on the SHKP Group's financial condition and profitability.

***The SHKP Group's core property businesses require substantial capital investment***

The SHKP Group has historically required and expects that it will require in the future additional financing to fund its capital expenditures, to support the future growth of its business, particularly with respect to its property development and investment activities, and/or to refinance existing debt obligations. The SHKP Group ability to arrange for external financing and the cost of such financing is dependent on numerous factors, including general economic and capital market conditions, interest

rates, credit availability from banks or other lenders, investor confidence in the SHKP Group, success of the SHKP Group's businesses, provisions of tax and securities laws that may be applicable to the SHKP Group's efforts to raise capital and political and economic conditions in China and Hong Kong. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the SHKP Group.

***The SHKP Group may not always be able to obtain sites that are suitable for development***

The SHKP Group derives a substantial part of its revenue from sales or lease of properties that it has developed. This revenue stream depends on the completion of, and the SHKP Group's ability to sell or lease, its property development projects. In order to maintain and grow its business in the future, the SHKP Group will be required to replenish its land reserve with suitable sites for development. The SHKP Group's ability to identify and acquire suitable sites is subject to a number of factors that are beyond its control. The SHKP Group's business, financial condition and results of operations may be adversely affected if it is unable to obtain sites for development at prices that allow it to achieve reasonable returns upon sale or lease to its customers.

While the Hong Kong Government has expressed its desire to increase land supply, the amount of land offered by the Hong Kong Government by auction is nevertheless still fairly limited. This affects the SHKP Group's ability to replenish its Hong Kong land bank. In addition, the PRC government controls all new land supply in the PRC and regulates land sales in the secondary market. The PRC central and local governments may regulate the means by which property developers, including the SHKP Group, obtain land sites for property development. As a result, the policies of the PRC government towards land supply may adversely affect the SHKP Group's ability to acquire land use rights for sites it seeks to develop and could increase the costs of any acquisition.

***Effects of property revaluations***

In accordance with Hong Kong Financial Reporting Standards, the SHKP Group values its investment properties at every reporting balance sheet 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 SHKP Group's investment properties is likely to fluctuate with political, economic and market conditions and other risks factors in the future, and the SHKP Group's historic results, including the fair value gains should not be regarded as an indicator of its future profit. There is no assurance that the fair value of the SHKP Group's investment properties will not decrease in the future. Any such decrease in the fair value of the SHKP Group's investment properties will reduce its profit.

***Certain SHKP Group's property developments are undertaken through joint ventures***

The SHKP Group has invested in joint venture companies to develop, own and/or manage some of its property developments in Hong Kong and China. Certain corporate actions of these joint venture companies require approval of all joint venture partners. There can be no assurance that disputes between the SHKP Group and its joint venture partners or among the joint venture partners will not arise in the future that could adversely affect such property developments.

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

The SHKP Group maintains insurance coverage on all of its properties under construction, third-party liabilities and employer's liabilities in accordance with what it believes to be industry standards. However, the SHKP Group may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium costs disproportionate to the level of risks concerned or other reasons. In particular, the SHKP 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 large-scale unexpected natural disasters. Any losses may significantly affect the SHKP Group's business operation and the SHKP Group may not have sufficient funds to replace any property destroyed as a result of such hazards. In addition, any payments the SHKP Group makes to cover any losses, damages or liabilities could have an adverse effect on its business, financial condition and results of operations. Further, notwithstanding the SHKP Group's insurance coverage, any damage to the SHKP 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 an adverse effect on the SHKP Group's business, financial condition and results of operations.

Furthermore, whilst every care is taken by the SHKP 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 SHKP Group to liability or other claims by its customers and other third parties. Although the SHKP Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents or incidents could occur which are not covered by these arrangements. The occurrence of any such accidents or incidents which are not covered by insurance could adversely affect the business, financial condition and results of operations of the SHKP Group. It is also possible that litigants may seek to hold the SHKP Group responsible for the actions of its independent contractors.

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

The operations of the SHKP Group are subject to various laws and regulations of Hong Kong and the PRC. The SHKP Group's activities on its investment and development properties are limited by zoning ordinances and other regulations enacted by the authorities in Hong Kong and the PRC. 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 in Hong Kong and the PRC may impose new regulations on landlords such as mandatory retrofitting of upgraded safety and fire systems in all buildings. The SHKP Group's properties are subject to routine inspections by the authorities in Hong Kong and the PRC with regard to various safety and environmental issues. From time to time, changes in law and regulations or the implementation thereof may require the SHKP Group to obtain additional approvals and licences from the relevant authorities for the conduct of its operations in Hong Kong or the PRC. In such event, the SHKP Group may incur additional expenses to comply with such requirements. This will in turn affect the SHKP 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 SHKP Group promptly or at all. If the SHKP Group experiences delays in obtaining, or is unable to obtain, such required approvals or licences, it may have a material adverse impact on the business, financial condition or results of operations of the SHKP Group.

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

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

Each project the SHKP Group develops in Hong Kong or the PRC is required under applicable laws and regulations to undergo environmental assessments. Further, an environmental impact assessment document is required to be submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request the SHKP Group to submit

additional environmental impact documents, issue orders to suspend the construction and/or impose penalties for any projects that have not, prior to the commencement of construction, received approval following the submission of the environmental impact assessment documents. Although the environmental investigations conducted to date have not revealed any environmental liability that the SHKP Group believes would have a material adverse effect on its business, financial condition or results of operations, it is possible that these investigations did not reveal all environmental liabilities, or that there are material environmental liabilities of which the SHKP Group is unaware.

***The SHKP Group's operations are subject to external risks***

A natural disaster, catastrophe or other event could result in severe personal injury, property damage and environmental damage, which may curtail the SHKP Group's operations, cause delays in estimated completion dates for projects and have a material adverse effect on its cash flows and, accordingly, its ability to service debt. The SHKP Group's operations are based in Hong Kong and the PRC, which are exposed to potential natural disasters including, but not limited to, typhoons, storms, floods and earthquakes. If any of the SHKP Group's developments are damaged by severe weather or any other disaster, accident, catastrophe or other event, the SHKP 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 SHKP 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 SHKP 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.

**RISKS ASSOCIATED WITH AN INVESTMENT IN THE INSTRUMENTS**

***An active trading market for the Instruments may not develop***

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

***The rating of the Programme and of any Instruments issued under the Programme may be changed at any time***

Ratings will be assigned to the Programme, and tranches of Instruments to be issued under the Programme may be rated or unrated. Where a Tranche of Instruments is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme or other Tranches of Instruments. Where a Tranche of Instruments is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. The ratings may not reflect the potential impact of all risks relating to structure, market and other factors that may affect the value of the Instruments. A rating is not a recommendation to buy, sell or hold any security, does not address the likelihood or timing of repayment of the Instruments and may be subject to variation, suspension or withdrawal at any time by the assigning rating organisation. There can be no assurance that the ratings assigned to the Programme or any Instruments will remain in effect for any given period or that the ratings will be revised by the rating organisations in the future if, in their judgment, the circumstances so warrant. A downgrade in the ratings of the Programme or any Instruments may affect the market price of the Instruments.

***Holding company structure***

The Guarantor is a holding company that operates through subsidiaries and investments. As a result, the Guarantor's obligations under the Guarantee will be effectively subordinated to all existing

and future obligations of its direct and indirect subsidiaries and associated companies. All claims of creditors of these subsidiaries and associated companies, including trade creditors, lenders and all other creditors, will have priority as to the assets of such entities over claims of the Guarantor and its creditors, including holders of the Instruments as beneficiaries of the Guarantee.

As it is principally a holding company with limited operations of its own, the Guarantor will depend, to a significant extent, upon the receipt of dividends from its subsidiaries and associated companies to meet its overhead expenses and to make payments with respect to its obligations, including its obligations under the Guarantee, and in order to provide funds to its subsidiaries and associated companies. The ability of subsidiaries and associated companies of the Guarantor to pay dividends to their shareholders (including the Guarantor) is subject to the performance and cash flow requirements of such subsidiaries and associated companies and to applicable law and restrictions contained in any debt instruments of such subsidiaries and associated companies. No assurance can be given that the Guarantor will have sufficient cash flow from dividends to satisfy its obligations, including the obligations under the Guarantee or otherwise to enable the Issuer to make payments under the Instruments, or that its subsidiaries and associated companies will pay dividends at all.

## **RISKS ASSOCIATED WITH INSTRUMENTS DENOMINATED IN RENMINBI**

*There are certain special risks associated with investing in any Instruments denominated in Renminbi (“RMB Instruments”).*

***Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC.***

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover all provinces and cities in the PRC and to make Renminbi trade and other current account settlement available in all countries worldwide. PRC regulation on the remittance of Renminbi into the PRC for settlement of capital account items is developing gradually. Generally, remittance of Renminbi by foreign investors into the PRC for capital account purposes such as shareholders’ loan or capital contribution is still subject to specific approvals from the relevant authorities on a case-by-case basis or a strict account monitoring system.

On 7 April 2011, the State Administration of Foreign Exchange (“SAFE”) promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (the “SAFE Circular”), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of non-PRC residents) to make contribution to an onshore enterprise or make payment for the transfer of equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the prior written consent of the relevant Ministry of Commerce (“MOFCOM”) to the relevant local branches of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided, by an onshore entity (including a financial institution) in RMB shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

On 12 October 2011, MOFCOM promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the “MOFCOM RMB FDI Circular”). Pursuant to the MOFCOM RMB FDI Circular, prior written consent from the appropriate office of MOFCOM and/or its local counterparts (depending on the size and the relevant industry of the investment) is required

for Renminbi foreign direct investments (“**RMB FDI**”). The MOFCOM RMB FDI Circular also requires that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic listed companies through private placements or share transfers by agreement.

On 13 October 2011, the People’s Bank of China (the “**PBoC**”) issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (the “**PBoC RMB FDI Measures**”), to roll out the PBoC’s detailed RMB FDI accounts administration system, which cover almost all aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as Renminbi denominated cross-border loans. Under the PBoC RMB FDI Measures, special approval for RMB FDI and shareholder loans from the PBoC which was previously required is no longer necessary. In some cases however, post-event filing with PBoC is still necessary.

As the MOFCOM RMB FDI Circular and the PBoC RMB FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant PRC authorities.

There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outward from the PRC.

Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated outside the PRC in Renminbi, the Issuer will need to source Renminbi offshore to finance its obligation under the Instruments, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

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

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Instruments and the Issuer’s and the Guarantor’s ability to source Renminbi outside the PRC to service such RMB Instruments.***

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong Government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The PBoC, the central bank of China, has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the “**Settlement Agreement**”) between the PBoC and Bank of China (Hong Kong) Limited (the “**RMB Clearing Bank**”) to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong, there is no longer any limit on the ability of corporations to convert Renminbi, and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. As of 30 September 2012, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately CNY545.7 billion according to data published by the Hong Kong Monetary Authority (the “HKMA”). In addition, participating banks are also required by the HKMA to maintain a Renminbi liquidity ratio of not less than 25 per cent. (computed on the same basis as the statutory liquidity ratio), which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. They are only allowed to square their open positions with the RMB Clearing Bank after consolidating the Renminbi trade position of banks outside Hong Kong that are in the same bank group of the participating banks concerned with their own trade position, and the RMB Clearing Bank only has access to onshore liquidity support from the PBoC only for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement, for Hong Kong residents of up to RMB20,000 per person per day and for the designated business customers relating to the Renminbi received in providing their services. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

On 14 June 2012, the HKMA introduced a facility for providing Renminbi liquidity to authorized institutions participating in Renminbi business (“**Participating AIs**”) in Hong Kong. The facility will make use of the currency swap arrangement between the PBoC and the HKMA. With effect from 15 June 2012, the HKMA will, in response to requests from individual Participating AIs, provide Renminbi term funds to the Participating AIs against eligible collateral acceptable to the HKMA. The facility is intended to address short-term Renminbi liquidity tightness which may arise from time to time, for example due to capital market activities or a sudden need for Renminbi liquidity by the Participating AIs’ overseas bank customers.

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

***Investment in RMB Instruments is subject to exchange rate risks.***

The value of Renminbi against the US dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to the Instruments in Renminbi. As a result, the value of these Renminbi payments in US dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the US dollar or other foreign currencies, the value of investment in US dollar or other applicable foreign currency terms will decline.

***Payments in respect of the RMB Instruments will only be made to investors in the manner specified in the RMB Instruments.***

Investors may be required to provide certifications and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

All payments to investors in respect of the RMB Instruments will be made solely by (i) whilst the Instruments are represented by global certificates deposited with a sub-custodian for CMU, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when the RMB Instruments are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations.

The Issuer cannot be required to make payment by any other means (including in any other currency (unless this is specified in the relevant Pricing Supplement) or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).



## TERMS AND CONDITIONS OF THE INSTRUMENTS

*The following are the Terms and Conditions of the Instruments which as supplemented, modified or replaced in relation to any Instruments by the relevant Pricing Supplement, will be applicable to each Series of Instruments:*

The Instruments are issued pursuant to and in accordance with an amended and restated issue and paying agency agreement (as amended, supplemented or replaced, the “**Issue and Paying Agency Agreement**”) dated 27 November 2008 and made between Sun Hung Kai Properties (Capital Market) Limited (the “**Issuer**”), Sun Hung Kai Properties Limited (the “**Guarantor**”), HSBC Bank plc in its capacities as issue and paying agent (the “**Issue and Paying Agent**”, which expression shall include any successor to HSBC Bank plc in its capacity as such) and as registrar (the “**Registrar**”, which expression shall include any successor to HSBC Bank plc in its capacity as such), HSBC Bank USA, National Association in its capacity as alternative registrar (the “**Alternative Registrar**”, which expression shall include any successor to HSBC Bank USA, National Association in its capacity as such) and the paying agents named therein (the “**Paying Agents**”, which expression shall include the Issue and Paying Agent and any substitute or additional paying agents appointed in accordance with the Issue and Paying Agency Agreement).

For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series of Instruments (as defined below), the Issuer may appoint a calculation agent (the “**Calculation Agent**”) for the purposes of such Instruments, in accordance with the provisions of the Issue and Paying Agency Agreement, and such Calculation Agent shall be specified in the applicable Pricing Supplement.

The Instruments have the benefit of a deed of covenant (as amended, supplemented or replaced, the “**Deed of Covenant**”) dated 27 November 2008 executed by the Issuer in relation to the Instruments. Instruments have the benefit of a deed of guarantee (as amended, supplemented or replaced, the “**Guarantee**”) dated 27 November 2008 executed by the Guarantor under which it has guaranteed the due and punctual payment of all amounts due by the Issuer under the Instruments and the Deed of Covenant as and when the same shall become due and payable.

Copies of the Issue and Paying Agency Agreement, the Deed of Covenant and the Guarantee are available for inspection during normal business hours at the specified office of each of the Paying Agents, the Registrar and the Alternative Registrar. All persons from time to time entitled to the benefit of obligations under any Instruments shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement, the Deed of Covenant and the Guarantee insofar as they relate to the relevant Instruments.

The Instruments are issued in series (each, a “**Series**”), and each Series may comprise one or more tranches (“**Tranches**” and each, a “**Tranche**”) of Instruments. Each Tranche will be the subject of a pricing supplement (each, a “**Pricing Supplement**”), a copy of which will be available during normal business hours at the specified office of the Issue and Paying Agent and/or, as the case may be, the Registrar (as defined in Condition 2.02). In the case of a Tranche of Instruments in relation to which application has not been made for listing on any stock exchange, copies of the Pricing Supplement will only be available for inspection by a Holder of or, as the case may be, an Accountholder (as defined in the Deed of Covenant) in respect of, such Instruments.

For the purposes of these Terms and Conditions, “**Issue and Paying Agent**” means the Paying Agent specified as such in the Pricing Supplement, *provided always that* if not so specified, where a Series of Instruments is to be held in the CMU Service, “**Issue and Paying Agent**” shall mean The Hongkong and Shanghai Banking Corporation Limited and in all other cases, “**Issue and Paying Agent**” shall mean HSBC Bank plc.

References in these Terms and Conditions to Instruments are to Instruments of the relevant Series and any references to Coupons or Talons (each as defined in Condition 1.06) and Receipts (as defined in Condition 1.07) are to Coupons, Talons and Receipts relating to Instruments of the relevant Series.

References in these Terms and Conditions to the Pricing Supplement are to the Pricing Supplement or Pricing Supplement(s) prepared in relation to the Instruments of the relevant Tranche or Series.

In respect of any Instruments, references herein to these Terms and Conditions are to these terms and conditions as supplemented or modified or (to the extent thereof) replaced by the Pricing Supplement.

## 1. FORM AND DENOMINATION

### *Form of Instruments*

1.01 Instruments are issued in bearer form (“**Bearer Instruments**”) or in registered form (“**Registered Instruments**”), as specified in the Pricing Supplement and are serially numbered. Registered Instruments are not exchangeable for Bearer Instruments.

### *Bearer Instruments*

1.02 The Pricing Supplement shall specify whether U.S. Treasury Regulation 1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) or U.S. Treasury Regulation 1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) shall apply. Unless the Pricing Supplement so specifies and the TEFRA C Rules apply, each Tranche of Bearer Instruments is represented upon issue by a temporary global instrument (a “**Temporary Global Instrument**”).

Where the Pricing Supplement applicable to a Tranche of Bearer Instruments specifies that the TEFRA C Rules apply, such Tranche is (unless otherwise specified in the Pricing Supplement) represented upon issue by a Permanent Global Instrument.

Interests in the Temporary Global Instrument may be exchanged for:

- (a) interests in a permanent global Instrument (a “**Permanent Global Instrument**”); or
- (b) if so specified in the Pricing Supplement, definitive instruments (“**Definitive Instruments**”) and/or (in the case of a Series comprising both Bearer Instruments and Registered Instruments and if so specified in the Pricing Supplement) Registered Instruments.

Exchanges of interests in a Temporary Global Instrument for Definitive Instruments or, as the case may be, a Permanent Global Instrument will be made only on or after the Exchange Date (as specified in the Pricing Supplement) and (unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Instruments) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received. An exchange for Registered Instruments will be made at any time or from such date as may be specified in the Pricing Supplement, in each case, without any requirement for certification.

1.03 The bearer of any Temporary Global Instrument shall not (unless, upon due presentation of such Temporary Instrument for exchange (in whole or in part) for a Permanent Global Instrument or for delivery of Definitive Instruments and/or Registered Instruments, such exchange or delivery is

improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Instruments represented by such Temporary Global Instrument which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

1.04 Unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Instruments and subject to Condition 1.03 above, if any date on which a payment of interest is due on the Instruments of a Tranche occurs whilst any of the Instruments of that Tranche are represented by a Temporary Global Instrument, the related interest payment will be made on the Temporary Global Instrument only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by Euroclear Bank SA/NV (“**Euroclear**”) or Clearstream Banking, société anonyme, Luxembourg (“**Clearstream, Luxembourg**”), the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU Service**”) or any other relevant clearing system) has been received by the Issue and Paying Agent. Payments of amounts due in respect of a Permanent Global Instrument or (subject to Condition 1.03 above) a Temporary Global Instrument (if the Pricing Supplement specifies that the TEFRA D Rules are applicable to the Instruments) will be made through (or in accordance with the procedures of) the CMU Service or Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.

1.05 Interests in a Permanent Global Instrument will be exchanged by the Issuer in whole but not in part only at the option of the Holder of such Permanent Global Instrument, for Definitive Instruments and/or (in the case of a Series comprising both Bearer and Registered Instruments and if so specified in the Pricing Supplement) Individual Registered Instruments, (a) if an Event of Default occurs in respect of any Instrument of the relevant Series; or (b) if either the CMU Service or Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so; or (c) if so specified in the Pricing Supplement, at the option of the Holder of such Permanent Global Instrument upon such Holder’s request, in all cases, at the cost and expense of the Issuer. In order to exercise the option contained in paragraph (c) of the preceding sentence, the Holder must, not less than 45 days before the date upon which the delivery of such Definitive Instruments and/or Individual Registered Instruments is required, deposit the relevant Permanent Global Instrument with the Issue and Paying Agent at its specified office with the form of exchange notice endorsed thereon duly completed. If (i) the Issuer does not make the required delivery of Definitive Instruments and/or Individual Registered Instruments by 5.00 p.m. (specified office time) on the day on which the relevant notice period expires or, as the case may be, the thirtieth day after the day on which such Permanent Global Instrument becomes due to be exchanged or (ii) in the case of (a) above, such Instrument is not duly redeemed (or the funds required for such redemption are not available to the Issue and Paying Agent for the purposes of effecting such redemption and remain available for such purpose) by 5.00 p.m. (specified office time) on the day at which such Instrument became immediately redeemable, such Permanent Global Instrument will become void in accordance with its terms but without prejudice to the rights conferred by the Deed of Covenant. For the purposes of these Conditions “specified office time” shall mean the relevant time in the location of the specified office of the relevant Paying Agent.

1.06 Interest-bearing Definitive Instruments have endorsed thereon a grid for recording the payment of interest or, if so specified in the Pricing Supplement, have attached thereto at the time of their initial delivery coupons (“**Coupons**”), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. Interest-bearing Definitive Instruments, if so specified in the Pricing Supplement, have attached thereto at the time of their initial delivery a talon (“**Talon**”) for further coupons and the expression “**Coupons**” shall, where the context so requires, include Talons.

1.07 Definitive Instruments the principal amount of which is repayable by instalments (“**Instalment Instruments**”) have endorsed thereon a grid for recording the repayment of principal or, if so specified in the Pricing Supplement, have attached thereto at the time of their initial delivery payment receipts (“**Receipts**”) in respect of the instalments of principal.

### *Global Registered Instruments*

1.08 Registered Instruments of each Tranche may be represented by one or more global Instrument in registered form without Coupons or Talons. Unless specified otherwise in the applicable Pricing Supplement, Registered Instruments sold outside the United States in reliance on Regulation S (“**Regulation S**”) under the United States Securities Act of 1933, as amended (the “**Securities Act**”), (“**Unrestricted Instrument**”) in global form will be either (i) deposited on or before the relevant issue date therefor with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or (ii) lodged on or before the relevant issue date therefor with a sub-custodian in Hong Kong for the CMU Service. Unless specified otherwise in the applicable Pricing Supplement, Registered Instruments sold within the United States in reliance on Rule 144A (“**Rule 144A**”) under the Securities Act (“**Restricted Instruments**”) in global form will be deposited on or before the relevant issue date therefor with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“**DTC**”). Interests in such global Unrestricted Instruments and/or Restricted Instruments will be exchangeable for individual Instruments in registered form (“**Individual Registered Instruments**”) if so specified in the relevant Pricing Supplement and in accordance with their respective terms.

### *Denomination*

#### *Denomination of Bearer Instruments*

1.09 Bearer Instruments are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Pricing Supplement. Bearer Instruments of one denomination may not be exchanged for Bearer Instruments of any other denomination.

#### *Denomination of Registered Instruments*

1.10 Registered Instruments are in the minimum denomination specified in the Pricing Supplement or integral multiples thereof.

#### *Currency of Instruments*

1.11 The Instruments are denominated in such currency as may be specified in the Pricing Supplement. Any currency may be so specified (including, without limitation, Australian Dollars (“**AUD**”), Canadian Dollars (“**CAD**”), Danish Kroner (“**DKK**”), euro (“**EUR**”), Hong Kong Dollars (“**HKD**”), Japanese Yen (“**JPY**”), New Zealand Dollars (“**NZD**”), Norwegian Kroner (“**NKR**”), Pounds Sterling (“**GBP**”), Renminbi (“**CNY**”), Swedish Kronor (“**SEK**”), Swiss Francs (“**CHF**”) and United States dollars (“**USD**”), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

#### *Partly Paid Instruments*

1.12 Instruments may be issued on a partly paid basis (“**Partly Paid Instruments**”) if so specified in the Pricing Supplement. The subscription moneys therefor shall be paid in such number of instalments (“**Partly Paid Instalments**”), in such amounts, on such dates and in such manner as may be specified in the Pricing Supplement. The first such instalment shall be due and payable on the

date of issue of the Instruments. For the purposes of these Terms and Conditions, in respect of any Partly Paid Instrument, “**Paid Up Amount**” means the aggregate amount of all Partly Paid Instalments in respect thereof as shall have fallen due and been paid up in full in accordance with the Terms and Conditions.

Not less than 14 days nor more than 30 days prior to the due date for payment of any Partly Paid Instalment (other than the first such instalment) the Issuer shall publish a notice in accordance with Condition 14 stating the due date for payment thereof and stating that failure to pay any such Partly Paid Instalment on or prior to such date will entitle the Issuer to forfeit the Instruments with effect from such date (the “**Forfeiture Date**”) as may be specified in such notice (not being less than 14 days after the due date for payment of such Partly Paid Instalment), unless payment of the relevant Partly Paid Instalment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly Paid Instalments paid in respect of any Instruments subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly Paid Instalment so returned.

Interest shall accrue on any Partly Paid Instalment which is not paid on or prior to the due date for payment thereof at the Interest Rate (as defined in Condition 5.09) (in the case of non-interest bearing Instruments, at the rate applicable to overdue payments) and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Instruments for the period from and including the due date for payment of the relevant Partly Paid Instalment up to but excluding the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly Paid Instalment made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day as defined in Condition 5.09).

Unless an Event of Default (or an event which with the giving of notice, the lapse of time or the making or giving of any determination or certification would constitute an Event of Default) shall have occurred and be continuing, on the Forfeiture Date, the Issuer shall forfeit all of the relevant Instruments in respect of which any Partly Paid Instalment shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly Paid Instalments previously paid in respect of such Instruments and shall be discharged from any obligation to repay such amount or to pay interest thereon, or (where such Instruments are represented by a Temporary Global Instrument or a Permanent Global Instrument) to exchange any interests in such Instrument for interests in a Permanent Global Instrument or to deliver Definitive Instruments or Registered Instruments in respect thereof, but shall have no other rights against any person entitled to the Instruments which have been so forfeited.

Until such time as all the subscription moneys in respect of Partly Paid Unrestricted Instruments shall have been paid in full and except in the case where an Event of Default shall have occurred and be continuing or if any of the CMU Service or Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so, no interests in a Temporary Global Instrument or a Permanent Global Instrument may be exchanged for Definitive Instruments or Registered Instruments.

Until such time as all the subscription moneys in respect of Partly Paid Restricted Instruments shall have been paid in full and except in the case where an Event of Default shall have occurred and be continuing or if DTC notifies the Issuer and Guarantor that it is unwilling or unable to continue as depository for such Global Registered Instrument, or DTC ceases to be a “**Clearing Agency**” registered under the Exchange Act, and a successor depository is not appointed by the Issuer and the Guarantor within 90 days, no interests in a Temporary Global Instrument or a Permanent Global Instrument may be exchanged for Definitive Instruments or Registered Instruments.

Without prejudice to the right of the Issuer to forfeit any Instruments, for so long as any Partly Paid Instalment remains due but unpaid, and except in the case where an Event of Default shall have occurred and be continuing (a) no interests in a Temporary Global Instrument may be exchanged for interests in a Permanent Global Instrument and (b) no transfers of Registered Instruments or exchanges of Bearer Instruments for Registered Instruments may be requested or effected.

## 2. TITLE AND TRANSFER

2.01 Title to Bearer Instruments, Receipts and Coupons passes by delivery. References herein to the “**Holders**” of Bearer Instruments or of Receipts or Coupons are to the bearers of such Bearer Instruments or such Receipts or Coupons.

2.02 Title to Registered Instruments passes by registration in the register which the Issuer shall procure to be kept by the Registrar. For the purposes of these Terms and Conditions, “**Registrar**” means, in relation to any Series comprising Registered Instruments, the Registrar or the Alternative Registrar, as specified in the Pricing Supplement, provided always that with respect to any Tranche of a Series which is comprised of Restricted Instruments, “**Registrar**” shall mean the Alternative Registrar. References herein to the “**Holders**” of Registered Instruments are to the persons in whose names such Registered Instruments are so registered in the relevant register.

2.03 The Holder of any Bearer Instrument, Coupon or Registered Instrument will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

### *Transfer of Registered Instruments and exchange of Bearer Instruments for Registered Instruments; Exchange of Unrestricted Instruments for Restricted Instruments and vice versa*

2.04 A Registered Instrument may, upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Pricing Supplement) upon the surrender of the Registered Instrument to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Instrument will be issued to the transferee and, in the case of a transfer of part only of a Registered Instrument, a new Registered Instrument in respect of the balance not transferred will be issued to the transferor.

2.05 If so specified in the Pricing Supplement, the Holder of Bearer Instruments may exchange the same for the same aggregate principal amount of Registered Instruments upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement. In order to exchange a Bearer Instrument for a Registered Instrument, the Holder thereof shall surrender such Bearer Instrument at the specified office outside the United States of the Issue and Paying Agent or of the Registrar together with a written request for the exchange. Each Bearer Instrument so surrendered must be accompanied by all unmaturing Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.06) where the exchange date would, but for the provisions of Condition 2.06, occur between the Record Date (as defined in Condition 9B.03) for such payment of interest and the date on which such payment of interest falls due.

2.06 Each new Registered Instrument to be issued upon the transfer of a Registered Instrument or the exchange of a Bearer Instrument for a Registered Instrument will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or the Issue and Paying Agent after the Record Date in respect of any payment due in respect of Registered Instruments shall be deemed not to be effectively received by the Registrar or the Issue and Paying Agent until the day following the due date for such payment. For the purposes of these Terms and Conditions,

(a) “**Relevant Banking Day**” means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Instrument for a Registered Instrument where such request for exchange is made to the Issue and Paying Agent, in the place where the specified office of the Issue and Paying Agent is located;

(b) the “**exchange date**” shall be the Relevant Banking Day following the day on which the relevant Bearer Instrument shall have been surrendered for exchange in accordance with Condition 2.05; and

(c) the “**transfer date**” shall be the Relevant Banking Day following the day on which the relevant Registered Instrument shall have been surrendered for transfer in accordance with Condition 2.04.

2.07 The issue of new Registered Instruments on transfer or on the exchange of Bearer Instruments for Registered Instruments will be effected without charge by or on behalf of the Issuer, the Guarantor, the Issue and Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Guarantor, the Issue and Paying Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

2.08 Beneficial interests in Unrestricted Instruments may be exchanged for beneficial interests in Restricted Instruments, and vice versa, subject to compliance with the provisions of the applicable legends set out in such instruments or other restrictions imposed by the terms of the documents relating to the Instruments of that Series or the Programme.

2.09 Upon the transfer, exchange or replacement of Registered Instruments bearing the legend (the “**Securities Act Legend**”) set forth in the form of Restricted Instrument scheduled to the Issue and Paying Agency Agreement, the Registrar shall deliver only Registered Instruments that also bear such legend unless there is delivered to the Registrar an opinion reasonably satisfactory to the Issuer and the Guarantor of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The Issuer and the Guarantor covenant and agree that they will not acquire any beneficial interest, and will cause their “affiliates” (as defined in Rule 144(a)(1) under the Securities Act) not to acquire any beneficial interest, in any Registered Instrument bearing the Securities Act Legend unless they notify the Registrar of such acquisition. The Registrar and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

2.10 For so long as any of the Registered Instruments bearing the Securities Act Legend remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer and the Guarantor covenant and agree that they shall, during any period in which they are not subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Holder in connection with any sale thereof and any prospective purchaser of such Instruments from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144(d)(4) under the Securities Act.

### 3. STATUS OF THE INSTRUMENTS

#### *Status — Instruments*

3.01 The Instruments constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank equally without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer, present and future (save for certain mandatory exceptions provided by law).

#### *Status — Guarantee*

3.02 Pursuant to the Guarantee, the Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Instruments. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor ranking equally with all other unsecured and unsubordinated obligations of the Guarantor, present and future (save for certain mandatory exceptions provided by law).

### 4. NEGATIVE PLEDGE

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

4.02 In these Conditions:

(a) “**outstanding**” has the meaning ascribed to it in the Issue and Paying Agency Agreement;

(b) any reference to an “**encumbrance**” is to a mortgage, charge, pledge, lien or other encumbrance;

(c) any reference to a “**Security**” is to any indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or on any other securities market (whether or not initially distributed by way of private placement) having a maturity of more than one year;



(d) any reference to an “**Euro-Security**” is to a Security issued by the Issuer or the Guarantor or a Material Subsidiary which is denominated, or at the option of any person payable in whole or in part, in any currency other than the lawful currency of the country of which the Issuer or the Guarantor or the Material Subsidiary thereof is resident (provided that in the case of Hong Kong the lawful currency shall be deemed to be both the currency of the Hong Kong Special Administrative Region (currently Hong Kong dollars) and the People’s Republic of China (currently Renminbi)) and which is initially offered primarily to persons resident outside such country; and

(e) “**Listed Material Subsidiary**” means any Material Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited or any other recognised stock exchange provided that any Material Subsidiary shall become a Listed Material Subsidiary when its shares become so listed.

(f) “**Material Subsidiary**” means at any time a Subsidiary of the Guarantor except a Listed Material Subsidiary, or any of its Subsidiaries:

(1) as to which one or more of the following conditions is satisfied:

(a) its net profits or (in the case of a Subsidiary of the Guarantor which has one or more Subsidiaries) consolidated net profits attributable to the Guarantor (in each case before taxation and extraordinary items) are at least 5 per cent. of the consolidated net profits of the Guarantor and its Subsidiaries (in each case before taxation and extraordinary items); or

(b) its net assets or (in the case of a Subsidiary of the Guarantor which has one or more Subsidiaries) consolidated net assets attributable to the Guarantor represent 5 per cent. or more of the consolidated net assets (after deducting minority interests in Subsidiaries) of the Guarantor and its Subsidiaries;

all as calculated by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest consolidated audited accounts of the Guarantor and its Subsidiaries, provided that:

(i) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the then latest relevant audited accounts relate, the reference to the then latest audited accounts for the purposes of the calculation above shall, until audited accounts for the financial period in which the acquisition is made are published, be deemed to be a reference to the accounts adjusted to consolidate the latest audited accounts of the Subsidiary in the accounts;

(ii) if, in the case of a Subsidiary of the Guarantor which itself has one or more Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose by its auditors;

(iii) if the accounts of a Subsidiary of the Guarantor (not being a subsidiary referred to in (i) above) are not consolidated with those of the Guarantor then, the determination of whether or not the Subsidiary of the Guarantor is a Material Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts of the Guarantor and its Subsidiaries; or

(2) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to the transfer was a Material Subsidiary, provided that the Subsidiary of the Guarantor which so transfers its assets and undertaking shall forthwith upon the transfer cease to be a Material Subsidiary (but without prejudice to clause (1) above) and the Subsidiary of the Guarantor to which the assets and undertaking are so transferred shall become a Material Subsidiary; and for this purpose a certificate by the auditors of the Guarantor or any other relevant auditor as to whether or not a Subsidiary is a Material Subsidiary shall be conclusive and binding on all parties in the absence of manifest error. The Guarantor shall upon request of a Holder of an Instrument provide such certificate or pro forma accounts to the Holder as soon as practicable.

(g) “**Subsidiary**” means in relation to any person and at any particular time any entity of which more than 50 per cent. of the issued share capital is then beneficially owned by such person and/or one or more of its Subsidiaries.

## 5. INTEREST

### *Interest*

5.01 Instruments may be interest-bearing or non-interest-bearing, as specified in the Pricing Supplement. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the Pricing Supplement shall have the meanings given to them in Condition 5.09.

### *Interest-bearing Instruments*

5.02 Instruments which are specified in the Pricing Supplement as being interest-bearing shall bear interest from their Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Date.

### *Floating Rate Instruments*

5.03 If the Pricing Supplement specifies the Interest Rate applicable to the Instruments as being Floating Rate it shall also specify which page (the “**Relevant Screen Page**”) on the Reuters Screen or any other information vending service shall be applicable. If such a page is so specified, the Interest Rate applicable to the relevant Instruments for each Interest Accrual Period shall be determined by the Calculation Agent on the following basis:

(a) the Calculation Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Accrual Period on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(b) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the Relevant Market, selected by the Calculation Agent, at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Market for a period of the duration of the relevant Interest Accrual Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;

(c) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or

(d) if fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre selected by the Calculation Agent, at approximately 11.00 a.m. (Relevant Financial Centre time (or local time at such other financial centre or centres as aforesaid)) on the first day of the relevant Interest Accrual Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Accrual Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

and the Interest Rate applicable to such Instruments during each Interest Accrual Period will be the sum of the relevant margin (the “**Relevant Margin**”) specified in the Pricing Supplement and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) so determined provided, however, that, if the Calculation Agent is unable to determine a rate (or, as the case may be, an arithmetic mean of rates) in accordance with the above provisions in relation to any Interest Accrual Period, the Interest Rate applicable to such Instruments during such Interest Accrual Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) determined in relation to such Instruments in respect of the last preceding Interest Accrual Period.

### *ISDA Rate Instruments*

5.04 If the Pricing Supplement specifies the Interest Rate applicable to the Instruments as being ISDA Rate, each Instrument shall bear interest as from such date, and at such rate or in such amounts, and such interest will be payable on such dates, as would have applied (regardless of any event of default or termination event or tax event thereunder) if the Issuer had entered into an interest rate swap transaction with the Holder of such Instrument under the terms of an agreement to which the ISDA Definitions applied and for the purpose of such agreement:

- the “Fixed Rate Payer”, “Fixed Amount Payer”, “Fixed Price Payer”, “Floating Rate Payer”, “Floating Amount Payer” or, as the case may be, the “Floating Price Payer” is the Issuer;
- the “Effective Date” is the Interest Commencement Date;
- the “Termination Date” is the Maturity Date;
- the “Calculation Agent” is the Calculation Agent as specified in the Pricing Supplement;
- the “Calculation Periods” are the Interest Accrual Periods;
- the “Period End Dates” are the Interest Period End Dates;
- the “Payment Dates” are the Interest Payment Dates;
- the “Reset Dates” are the Interest Period End Dates;
- the “Calculation Amount” is the principal amount of such Instrument;
- the “Day Count Fraction” applicable to the calculation of any amount is that specified in the Pricing Supplement or, if none is so specified, as may be determined in accordance with the ISDA Definitions;

— the “Applicable Business Day Convention” applicable to any date is that specified in the Pricing Supplement or, if none is so specified, as may be determined in accordance with the ISDA Definitions; and

— the other terms are as specified in the Pricing Supplement.

***Maximum or Minimum Interest Rate***

5.05 If any Maximum or Minimum Interest Rate is specified in the Pricing Supplement, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

***Accrual of Interest***

5.06 Interest shall accrue on the Outstanding Principal Amount of each Instrument during each Interest Accrual Period from the Interest Commencement Date. Interest will cease to accrue as from the due date for redemption therefor (or, in the case of an Instalment Instrument, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 6.10) or the relevant Instalment Amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Pricing Supplement until the date on which, upon due presentation or surrender of the relevant Instrument (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Instrument is not required as a precondition of payment), the seventh day after the date on which, the Issue and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Instruments in accordance with Condition 14 that the Issue and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

***Interest Amount(s), Calculation Agent and Reference Banks***

5.07 If a Calculation Agent is specified in the Pricing Supplement, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation) will determine the Interest Rate and calculate the amount(s) of interest payable (the “**Interest Amount(s)**”) in respect of each denomination of the Instruments (in the case of Bearer Instruments) and the minimum denomination (in the case of Registered Instruments) for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or, as the case may be, the Redemption Amount or any Instalment Amount to be notified to the Issue and Paying Agent, the Registrar (in the case of Registered Instruments), the Issuer, the Guarantor, the Holders in accordance with Condition 14 and, if the Instruments are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination or calculation but in no event later than the fourth Hong Kong Banking Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of an Interest Accrual Period or the Interest Period. If the Instruments become due and payable under Condition 7, the Interest Rate and the accrued interest payable in respect of the Instruments shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination

of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer, the Guarantor and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it. As used herein, the “**Calculation Agent**” means such agent as may be specified as such in the Pricing Supplement.

The Issuer and the Guarantor will procure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Interest Rate applicable to the Instruments and a Calculation Agent, if provision is made for one in the Terms and Conditions.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the Issuer and the Guarantor will appoint a leading bank engaged in the Relevant Market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

### *Calculations and Adjustments*

5.08 The amount of interest payable in respect of any Instrument for any period shall be calculated by applying the Interest Rate to:

- (A) in the case of Instruments which are represented by a Global Instrument, the aggregate Outstanding Principal Amount of the Instruments represented by such Global Instrument (or, if they are Partly Paid Instruments, the aggregate amount paid up); or
- (B) in the case of Instruments in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction (and rounded in the manner provided below) save that (i) if the Pricing Supplement specifies a specific amount in respect of such period, the amount of interest payable in respect of such Instrument for such period will be equal to such specified amount and (ii) in the case of Instruments where the Interest Rate is fixed, the interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. Where the Specified Denomination of an Instrument in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Instrument shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

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

## **Definitions**

5.09 In these Conditions:

**“Applicable Business Day Convention”** means the “Business Day Convention” which may be specified in the Pricing Supplement as applicable to any date in respect of the Instruments. Where the Pricing Supplement specifies “No Adjustment” in relation to any date, such date shall not be adjusted in accordance with any Business Day Convention. Where the Pricing Supplement fails either to specify an applicable Business Day Convention or “No Adjustment” for the purposes of an Interest Payment Date or an Interest Period End Date, then in the case of Instruments which bear interest at a fixed rate, “No Adjustment” shall be deemed to have been so specified and in the case of Instruments which bear interest at a floating rate, the Modified Following Business Day Convention shall be deemed to have been so specified. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any Instruments.

**“Business Day”** means (i) in relation to Instruments denominated or payable in a currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in the Relevant Financial Centre in respect of the relevant Instruments and/or in any other place or any other days as may be specified in the Pricing Supplement, (ii) in relation to Instruments denominated or redenominated or payable in euro, a day on which the TARGET2 system (as defined in Condition 9D) is operating or (iii) in relation to Instruments denominated or payable in Renminbi, a day (other than a Saturday or Sunday) on which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

**“Business Day Convention”** means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Pricing Supplement in relation to any date applicable to any Instruments, shall have the following meanings:

(a) **“Following Business Day Convention”** means that such date shall be postponed to the first following day that is a Business Day;

(b) **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) **“Preceding Business Day Convention”** means that such date shall be brought forward to the first preceding day that is a Business Day; and

(d) **“FRN Convention”** or **“Eurodollar Convention”** means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Pricing Supplement after the calendar month in which the preceding such date occurred *provided, however, that:*

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

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

(a) if **“Actual/Actual”** or **“Actual/Actual (ISDA)”** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(b) if **“Actual/365 (Fixed)”** is so specified, means the actual number of days in the Calculation Period divided by 365;

(c) if **“Actual/360”** is so specified, means the actual number of days in the Calculation Period divided by 360;

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

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

where:

**“Y<sub>1</sub>”** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**“Y<sub>2</sub>”** is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**“M<sub>1</sub>”** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**“M<sub>2</sub>”** is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**“D<sub>1</sub>”** is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

**“D<sub>2</sub>”** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and



“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

“**Hong Kong Banking Day**” means a day on which commercial banks are open for business and foreign exchange markets are open for trading in Hong Kong.

“**Interest Accrual Period**” means, in respect of an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on but excluding the next succeeding Interest Period End Date during that Interest Period *provided always that* the first Interest Accrual Period shall commence on and include the Interest Commencement Date and the final Interest Accrual Period shall end on but exclude the date of final maturity.

“**Interest Commencement Date**” means the date of issue of the Instruments (as specified in the Pricing Supplement) or such other date as may be specified as such in the Pricing Supplement.

“**Interest Determination Date**” means, in respect of any Interest Accrual Period, the date falling such number (if any) of Banking Days in such city(ies) as may be specified in the Pricing Supplement prior to the first day of such Interest Accrual Period, or if none is specified:

(a) in the case of Instruments denominated in Hong Kong dollars, Renminbi or Pounds Sterling, the first day of such Interest Accrual Period; or

(b) in the case of Instruments denominated in euro, the date falling two TARGET Business Days prior to the first day of such Interest Accrual Period; or

(c) in the case of Instruments not denominated in Hong Kong Dollars, Renminbi, Pounds Sterling or euro, the date falling two London Banking Days prior to the first day of such Interest Accrual Period.

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, if an Applicable Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the Applicable Business Day Convention or if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as being the Interest Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the date of issue of the Instruments (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

“**Interest Period**” means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date *provided always that* the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the date of final maturity.

“**Interest Period End Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the Pricing Supplement and, if an Applicable Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the Applicable Business Day Convention or, if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Interest Commencement

Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or, if none of the foregoing is specified in the Pricing Supplement, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Instruments.

“**Interest Rate**” means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Instruments specified in, or calculated or determined in accordance with the provisions of, the Pricing Supplement.

“**ISDA Definitions**” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Instruments of the relevant Series (as specified in the Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc. (formerly the International Swap Dealers Association, Inc.)).

“**Outstanding Principal Amount**” means, in respect of an Instrument, its principal amount less, in respect of any Instalment Instrument, any principal amount on which interest shall have ceased to accrue in accordance with Condition 5.06 or, in the case of a Partly Paid Instrument, the Paid Up Amount of such Instrument or otherwise as indicated in the Pricing Supplement except that the Paid Up Amount shall be deemed to be nil for Instruments which have been forfeited by the Issuer on or after the Forfeiture Date as provided for in Condition 1.12.

“**Reference Banks**” means such banks as may be specified in the Pricing Supplement as the Reference Banks or, if none are specified, “**Reference Banks**” has the meaning given in the ISDA Definitions, *mutatis mutandis*.

“**Relevant Financial Centre**” means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of “Business Day” in the ISDA Definitions, as modified or supplemented in the Pricing Supplement and in the case of Instruments denominated in euro and where no centre is specified in the Pricing Supplement, the Relevant Financial Centre for the purposes of Condition 5.03(d) shall be London.

“**Relevant Market**” means the London interbank market or such other market as may be specified in the Pricing Supplement.

“**Relevant Time**” means the time as of which any rate is to be determined as specified in the Pricing Supplement or, if none is specified, at which it is customary to determine such rate.

“**Reuters Screen**” means, when used in connection with a designated page and any designated information, the display page so designated on the Reuter Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying such information).

“**TARGET2 Business Day**” means a day on which TARGET2 (as defined in Condition 9D) is operating.

#### ***Non-Interest Bearing Instruments***

5.10 If any Redemption Amount (as defined in Condition 6.10) or Instalment Amount in respect of any Instrument which is non-interest bearing is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortisation Yield defined in, or determined in accordance with the provisions of, the Pricing Supplement or at such other rate as may be specified for this purpose in the Pricing Supplement until the date on which, upon due presentation or surrender of the relevant Instrument (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Instrument is not required

as a precondition of payment), the seventh day after the date on which, the Issue and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Instruments in accordance with Condition 14 that the Issue and Paying Agent or, as the case may be, the Registrar has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.08 as if the Interest Rate was the Amortisation Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Pricing Supplement or, if not so specified, 30E/360.

## 6. REDEMPTION AND PURCHASE

### *Redemption at Maturity*

6.01 Unless previously redeemed, or purchased and cancelled, each Instrument shall be redeemed at its maturity redemption amount (the “**Maturity Redemption Amount**”) (which shall be its Outstanding Principal Amount or such other redemption amount as may be specified in or determined in accordance with the Pricing Supplement) (or, in the case of Instalment Instruments, in such number of instalments and in such amounts (“**Instalment Amounts**”) as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement) on the date or dates (or, in the case of Instruments which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Pricing Supplement.

### *Early Redemption for Taxation Reasons*

6.02 If, in relation to any Series of Instruments:

(i) as a result of any change in the laws, regulations or rulings of Hong Kong or the Cayman Islands or, in each case, of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of such Instruments or any other date specified in the Pricing Supplement, the Issuer or, if the Guarantee were called, the Guarantor would be required to pay additional amounts as provided in Condition 8 or, as the case may be, the Guarantee;

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

(iii) such circumstances are evidenced by the delivery by the Issuer or the Guarantor, as the case may be, to the Issue and Paying Agent of a certificate signed by two directors of the Issuer or the Guarantor, as the case may be, stating that the said circumstances prevail and describing the facts leading thereto and an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail,

the Issuer may, at its option and having given no less than thirty nor more than sixty days’ notice (ending, in the case of Instruments which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Instruments in accordance with Condition 14 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Instruments comprising the relevant Series at their early tax redemption amount (the “**Early Redemption Amount (Tax)**”) (which shall be their Outstanding Principal Amount or, in the case of Instruments which are non-interest bearing, their Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with accrued interest (if any) thereon *provided, however*, that no such notice of redemption may be given earlier than 90 days (or, in the case of Instruments which bear interest at a floating rate a number of days which

is equal to the aggregate of the number of days falling within the then current interest period applicable to the Instruments plus 60 days) prior to the earliest date on which the Issuer or as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Instruments then due.

The Issuer may not exercise such option in respect of any Instrument which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Instrument under Condition 6.06.

#### ***Optional Early Redemption (Call)***

6.03 If this Condition 6.03 is specified in the Pricing Supplement as being applicable, then the Issuer may, having given the appropriate notice and subject to such conditions as may be specified in the Pricing Supplement, redeem all (but not, unless and to the extent that the Pricing Supplement specifies otherwise, some only) of the Instruments of the relevant Series at their call early redemption amount (the “**Early Redemption Amount (Call)**”) (which shall be their Outstanding Principal Amount or, in the case of Instruments which are non-interest bearing, their Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with accrued interest (if any) thereon on the date specified in such notice.

The Issuer may not exercise such option in respect of any Instrument which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Instrument under Condition 6.06.

6.04 The appropriate notice referred to in Condition 6.03 is a notice given by the Issuer to the Holders of the Instruments of the relevant Series in accordance with Condition 14, which notice shall be irrevocable and shall specify:

— the Series of Instruments subject to redemption;

— whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Instrument or Permanent Global Instrument) the serial numbers of the Instruments of the relevant Series which are to be redeemed;

— the due date for such redemption, which shall be not less than thirty days nor more than sixty days after the date on which such notice is given and which shall be such date or the next of such dates (“**Call Option Date(s)**”) or a day falling within such period (“**Call Option Period**”), as may be specified in the Pricing Supplement and which is, in the case of Instruments which bear interest at a floating rate, a date upon which interest is payable; and

— the Early Redemption Amount (Call) at which such Instruments are to be redeemed.

#### ***Partial Redemption***

6.05 If the Instruments of a Series are to be redeemed in part only on any date in accordance with Condition 6.03:

— in the case of Bearer Instruments (other than a Temporary Global Instrument or Permanent Global Instrument), the Instruments to be redeemed shall be drawn by lot in such European city as the Issue and Paying Agent may specify, or identified in such other manner or in such other place as the Issue and Paying Agent may approve and deem appropriate and fair; and

— in the case of a Temporary Global Instrument or a Permanent Global Instrument, the Instruments to be redeemed shall be selected in accordance with the rules of the CMU Service and/or Euroclear and/ or Clearstream, Luxembourg and/or any other relevant clearing system.

— in the case of Registered Instruments, the Instruments shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, *provided always that* the amount redeemed in respect of each Instrument shall be equal to the minimum denomination thereof or an integral multiple thereof,

subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Instruments may be listed.

In the case of the redemption of part only of a Registered Instrument, a new Registered Instrument in respect of the unredeemed balance shall be issued in accordance with Conditions 2.04 to 2.10 which shall apply as in the case of a transfer of Registered Instruments as if such new Registered Instrument were in respect of the untransferred balance.

#### ***Optional Early Redemption (Put)***

6.06 If this Condition 6.06 is specified in the Pricing Supplement as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Instrument of the relevant Series, redeem such Instrument on the date specified in the relevant Put Notice (as defined below) at its put early redemption amount (the “**Early Redemption Amount (Put)**”) (which shall be its Outstanding Principal Amount or, if such Instrument is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date on which such redemption is required to be made as specified in the Put Notice (which date shall be such date or the next of the dates (“**Put Date(s)**”) or a day falling within such period (“**Put Period**”) as may be specified in the Pricing Supplement), deposit the relevant Instrument (together, in the case of an interest-bearing Definitive Instrument in bearer form, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the date of redemption (failing which the provisions of Condition 9A.06 apply)) during normal business hours at the specified office of, in the case of a Bearer Instrument, any Paying Agent or, in the case of a Registered Instrument, the Registrar together with a duly completed early redemption notice (“**Put Notice**”) in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar specifying, in the case of a Temporary Global Instrument or Permanent Global Instrument or Registered Instrument, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the Pricing Supplement or an integral multiple thereof). No Instrument so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement).

In the case of the redemption of part only of a Registered Instrument, a new Registered Instrument in respect of the unredeemed balance shall be issued in accordance with Conditions 2.04 to 2.10 which shall apply as in the case of a transfer of Registered Instruments as if such new Registered Instrument were in respect of the untransferred balance.

The holder of an Instrument may not exercise such option in respect of any Instrument which is the subject of an exercise by the Issuer of its option to redeem such Instrument under either Condition 6.02 or 6.03.

#### ***Purchase of Instruments***

6.07 The Issuer or the Guarantor or any of their subsidiaries may at any time purchase and resell Instruments in the open market or otherwise and at any price provided that all unmatured Receipts and Coupons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of Instruments alike.

### *Cancellation of Redeemed and Purchased Instruments*

6.08 All unmatured Instruments and Coupons and unexchanged Talons redeemed or purchased, otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with this Condition 6 will be cancelled forthwith and may not be reissued or resold.

### *Further Provisions applicable to Redemption Amount and Instalment Amounts*

6.09 The provisions of Condition 5.07 and the last paragraph of Condition 5.08 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Pricing Supplement to be made by the Calculation Agent (as defined in Condition 5.09).

6.10 References herein to “**Redemption Amount**” shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement.

6.11 In the case of any Instrument which is non-interest bearing, the “**Amortised Face Amount**” shall be an amount equal to the sum of:

(a) the Issue Price specified in the Pricing Supplement; and

(b) the product of the Amortisation Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Pricing Supplement to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Instrument becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 5.09) specified in the Pricing Supplement for the purposes of this Condition 6.11.

6.12 In the case of any Instrument which is non-interest bearing, if any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 6.11 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Instrument becomes due and repayable were replaced by references to the earlier of:

(a) the date on which, upon due presentation or surrender of the relevant Instrument (if required), the relevant payment is made; and

(b) (except where presentation or surrender of the relevant Instrument is not required as a precondition of payment), the seventh day after the date on which, the Issue and Paying Agent or, as the case may be, the Registrar having received the funds required to make such payment, notice is given to the Holders of the Instruments in accordance with Condition 14 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

## 7. EVENTS OF DEFAULT

7.01 The following events or circumstances as modified by, and/or such other events as may be specified in, the Pricing Supplement (each an “**Event of Default**”) shall be acceleration events in relation to the Instruments of any Series, namely:

(a) *Non-payment*: default is made in the payment of any amount (including principal, interest or other amounts) due in respect of the Instruments of the relevant Series or any of them on the due date for payment thereof and such default continues for a period of ten days; or

(b) *Breach of other obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Instruments of the relevant Series, the Issue and Paying Agency Agreement or the Guarantee which has an adverse effect on the interests of the Holders of the Instruments and (except in any case where such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for sixty days after written notice requiring such default to be remedied has been delivered to the Issuer or the Guarantor at the specified office of the Issue and Paying Agent by the Holder of any such Instrument; or

(c) *Cross-default*: (1) any Indebtedness having an aggregate amount in excess of U.S.\$30,000,000 (or the equivalent thereof in one or more other currencies) of the Issuer, the Guarantor and/or one or more Material Subsidiaries is not paid when due or, as the case may be, within any originally applicable grace period, (2) any Indebtedness having an aggregate amount as aforesaid becomes due and payable prior to its stated maturity by reason of an event of default, howsoever described, in relation to the Issuer, the Guarantor and/or one or more Material Subsidiaries or (3) the Issuer, the Guarantor and/or one or more Material Subsidiaries fails to pay when due any amount in excess of U.S.\$30,000,000 (or the equivalent thereof in one or more other currencies) payable by it under any guarantee or indemnity; or

(d) *Distress etc*: a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out upon or against any of the material assets or revenues of the Issuer, the Guarantor or any Material Subsidiary and is not discharged or stayed within sixty days; or

(e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any material part of the undertaking, assets and revenues of the Issuer or the Guarantor or any Material Subsidiary and such possession or appointment is not discharged within sixty days; or

(f) *Insolvency*: (1) the Issuer, the Guarantor or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (2) a liquidator of the Issuer, the Guarantor or any Material Subsidiary is appointed, (3) the Issuer, the Guarantor or any Material Subsidiary takes any proceeding under any applicable law for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee or indemnity given by it or (4) the Issuer, the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business; or

(g) *Winding Up*: an order is made or an effective resolution is passed for the winding up of the Issuer, the Guarantor or any Material Subsidiary except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, provided that if the Issuer, the Guarantor or any Material Subsidiary consolidates or amalgamates with, or merges with or into, another entity or is otherwise subject to a reconstruction or reorganisation which in each case involves the winding up of the Issuer, the Guarantor or that Material Subsidiary (each a “**Reorganisation Event**”), such Reorganisation Event shall constitute an Event of

Default if (i) in the case of a Reorganisation Event involving the Issuer or the Guarantor, the creditworthiness of the resulting or surviving entity is materially weaker than that of the Issuer or, as the case may be, of the Guarantor prior to the occurrence of such event or (ii) in the case of a Reorganisation Event involving a Material Subsidiary, the creditworthiness of the Guarantor and its subsidiaries as a whole is materially weaker than that prior to the occurrence of such event; or

(h) *Analogous event*: any event occurs which under the laws of the Cayman Islands or Hong Kong has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or

(i) *Controlling shareholder*: the Issuer ceases to be a Subsidiary of the Guarantor.

In these Conditions:

(A) “**Indebtedness**” means any obligation (whether present or future, actual or contingent) for the payment or repayment of money which has been borrowed or raised (including money raised by way of acceptances or leasing or for the deferred purchase price of goods or services) excluding any Project Finance Indebtedness;

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

(C) “**Project Subsidiary**” means any Subsidiary of the Issuer or the Guarantor:

(a) which is a single purpose company whose principal assets and activities are constituted by, or relate to, a project;

(b) none of whose monetary obligations in respect of the project is subject to any recourse whatsoever in respect thereof to the Issuer or the Guarantor or any of its other Subsidiaries (other than another Project Subsidiary), except (i) in connection with an enforcement of an encumbrance given by the Issuer or the Guarantor or any of its other Subsidiaries over the Issuer’s or the Guarantor’s or such other Subsidiary’s shares or the like in the capital of such single purpose company or (ii) as expressly referred to in paragraph (c) of the definition of Project Finance Indebtedness; and

(c) which has been designated as such by the Issuer or the Guarantor by written notice to the Issue and Paying Agent, provided that the Issuer or the Guarantor may give written notice to the Issue and Paying Agent at any time that any Project Subsidiary is no longer a Project Subsidiary, whereupon it shall cease to be a Project Subsidiary.

(D) “**Project Finance Indebtedness**” means any indebtedness (not being indebtedness incurred by the Issuer or Guarantor) to provide finance for, or in relation to, a project in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant person (the “**borrower**”) has or have no recourse whatsoever to the Issuer or the Guarantor or any other Subsidiary (other than a Project Subsidiary) for the repayment thereof other than, if such borrower is not a Project Subsidiary:—

(a) recourse to the borrower for amounts limited to cash flow or net cash flow from such project; and/or

(b) recourse to the borrower for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given by such borrower over any asset comprised in a project or the income, cash flow or other proceeds deriving from the project (or given by any shareholder or the like in the borrower over its



shares or the like in the capital of the borrower) to secure such indebtedness. Provided that (i) the extent of such recourse to such borrower is limited solely to the amount of any recoveries made on any such enforcement, and (ii) such person or persons are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding-up or dissolution of the borrower or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the borrower or any of its assets (save for the assets the subject of such encumbrance); and/or

(c) recourse to such borrower generally, or directly or indirectly to the Issuer or the Guarantor or any other Subsidiary, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of any obligation (not being a payment obligation or any obligation to procure payment by another or any indemnity in respect thereof or an obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the person against whom such recourse is available.

7.02 If any Event of Default shall occur in relation to any Series of Instruments, any Holder of an Instrument of the relevant Series may, by written notice to the Issuer, at the specified office of the Issue and Paying Agent, declare that such Instrument and (if the Instrument is interest-bearing) all interest then accrued on such Instrument shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the “**Early Termination Amount**”) (which shall be its Outstanding Principal Amount or, if such Instrument is non-interest bearing, its Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Pricing Supplement), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Instruments to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Instruments of the relevant Series shall have been cured.

## 8. TAXATION

8.01 All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Instruments or under the Guarantee will 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 or levied by or on behalf of Hong Kong or, as the case may be, the Cayman Islands or, in any such case, any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by the laws of the aforesaid jurisdictions. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts receivable by the Holder after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Instrument, Receipt or Coupon:

(a) to, or to a third party on behalf of, a person who is liable to such taxes, duties, assessments or governmental charges in respect of such Instrument, Receipt or Coupon by reason of his having some connection with Hong Kong or, as the case may be, the Cayman Islands other than (a) the mere holding of such Instrument, Receipt or Coupon or (b) the receipt of principal, interest or other amount in respect of such Instrument, Receipt or Coupon; or

(b) to, or to a third party on behalf of, a Holder who is legally entitled and competent to avoid such taxes, duties, assessments or government charges in respect of such Instrument or Coupon by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to the appropriate fiscal authority but who fails to do so; or

(c) presented for payment more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on or before the expiry of such period of thirty days; or

(d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) presented (or in respect of which the Certificate representing it is presented) for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Instrument (or the Certificate representing it), Receipt or Coupon to another Paying Agent in a Member State of the EU.

8.02 For the purposes of these Terms and Conditions, the “**Relevant Date**” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Issue and Paying Agent, or as the case may be, the Registrar on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of the Instruments of the relevant Series in accordance with Condition 14.

8.03 If the Issuer or the Guarantor becomes subject generally at any time to any taxing jurisdiction other than or in addition to Hong Kong or, as the case may be, the Cayman Islands references in Condition 6.02 and Condition 8.01 to Hong Kong or, as the case may be, the Cayman Islands shall be read and construed as references to Hong Kong or, as the case may be, the Cayman Islands and/or to such other jurisdiction(s).

8.04 Any reference in these Terms and Conditions to “**principal**” and/or “**interest**” in respect of the Instruments shall be deemed also to refer to any additional amounts which may be payable under this Condition 8. Unless the context otherwise requires, any reference in these Terms and Conditions to “principal” shall include any premium payable in respect of an Instrument, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and “interest” shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

## 9. PAYMENTS

### 9A *Payments — Bearer Instruments*

9A.01 This Condition 9A is applicable in relation to Instruments in bearer form.

9A.02 Payment of amounts (other than interest) due in respect of Bearer Instruments will be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Bearer Instruments at the specified office of any of the Paying Agents.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Instrument which is a Definitive Instrument with Receipts will be made against presentation of the Instrument together with (where applicable) the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Instrument to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of an Instrument without the relative Receipt or the presentation of a Receipt without the Instrument to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

9A.03 Payment of amounts in respect of interest on Bearer Instruments will be made:

(a) in the case of a Temporary Global Instrument or Permanent Global Instrument, against presentation of the relevant Temporary Global Instrument or Permanent Global Instrument at the specified office of any of the Paying Agents outside (unless Condition 9A.04 applies) the United States and, in the case of a Temporary Global Instrument, upon due certification as required therein.

(b) in the case of Definitive Instruments without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Instruments at the specified office of any of the Paying Agents outside (unless Condition 9A.04 applies) the United States; and

(c) in the case of Definitive Instruments delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Instruments, in either case at the specified office of any of the Paying Agents outside (unless Condition 9A.04 applies) the United States.

9A.04 Payments of amounts due in respect of interest on the Bearer Instruments and exchanges of Talons for Coupon sheets in accordance with Condition 9A.07 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Instruments when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law. If paragraphs (a) and (b) of the previous sentence apply, the Issuer and the Guarantor shall forthwith appoint a further Paying Agent with a specified office in New York City.

9A.05 If the due date for payment of any amount due in respect of any Instrument is not a Relevant Financial Centre Day and a Local Banking Day (each as defined in Condition 9C.03), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, (or as otherwise specified in the Pricing Supplement) and from such day and thereafter will be entitled to receive payment by cheque on any Local Banking Day, and will be entitled to payment by transfer to a designated account on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.06 or, if appropriate, Condition 5.10.

9A.06 Each Definitive Instrument initially delivered with Coupons, Talons or Receipts attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:

(a) if the Pricing Supplement specifies that this paragraph (a) of Condition 9A.06 is applicable (and, in the absence of specification, this paragraph (a) shall apply to Definitive Instruments which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;

(b) if the Pricing Supplement specifies that this paragraph (b) of Condition 9A.06 is applicable (and, in the absence of specification, this paragraph (b) shall apply to Instruments which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (c) below, Talons) relating to such Definitive Instruments (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;

(c) in the case of Definitive Instruments initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and

(d) in the case of Definitive Instruments initially delivered with Receipts attached thereto, all Receipts relating to such Instruments in respect of a payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (a) of this Condition 9A.06 notwithstanding, if any Definitive Instruments should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Definitive Instrument without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Instrument, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Instrument to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

9A.07 In relation to Definitive Instruments initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 9A.04 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## 9B *Payments — Registered Instruments*

9B.01 This Condition 9B is applicable in relation to Instruments in registered form.

9B.02 Payment of the Redemption Amount (together with accrued interest) due in respect of Registered Instruments will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Instruments at the specified office of the Registrar. If the due date for payment of the Redemption Amount of any Registered Instrument is not a Relevant Financial Centre Day (as defined in Condition 9C.03), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, and from such day and thereafter will be entitled (in the case of payment in a currency other than Renminbi) to receive payment by cheque on any Local Banking Day, or will be entitled to payment by transfer to a designated account (which, in the case of payment in Renminbi, means a Renminbi account maintained with a bank in Hong Kong designated by the payee) on any day which is a Local Banking Day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.06 or, as appropriate, Condition 5.10.

9B.03 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Instruments will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar (i) where in global form, at the close of the business day (being for this purpose a day on which the CMU Service, Euroclear, Clearstream, Luxembourg and DTC are open for business) before the Relevant Banking Day (as defined in Condition 2.06), and (ii) where in definitive form, as at opening of business (local time in the place of the specified office of the Registrar) on the fifth day (being a day on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong) (in the case of Renminbi) or the fifteenth Relevant Banking Day (as defined in Condition 2.06) (in the case of a currency other than Renminbi) before the due date for such payment (the “**Record Date**”).

9B.04 Notwithstanding the provisions of Condition 9C.02, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Instruments (in the case of a currency other than Renminbi) will be made in the currency in which such amount is due by cheque (in the case of payment in Japanese Yen to a non-resident of Japan, drawn on an authorised foreign exchange bank and, in the case of payment in sterling, drawn on a branch of a bank in the city of London) and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 2.06) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in Renminbi will be made in Renminbi on the relevant due date for payment by transfer to a Renminbi account maintained with a bank in Hong Kong designated by the payee. In the case of payment by transfer to an account, if the due date for any such payment is not a Relevant Financial Centre Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment

on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.06 or, as appropriate, Condition 5.10.

#### **9C Payments — General Provisions**

9C.01 Save as otherwise specified in these Terms and Conditions, this Condition 9C is applicable in relation to Instruments whether in bearer or in registered form.

9C.02 Payments of amounts (other than amounts in Renminbi) due (whether principal, interest or otherwise) in respect of Instruments will be made in the currency in which such amount is due (a) by cheque (in the case of payment in sterling, a branch of a bank in the city of London) or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee. Payments of amounts due in Renminbi (whether principal interest or otherwise) will be made in Renminbi by transfer to a Renminbi account maintained with a bank in Hong Kong specified by the payee). Payments will, without prejudice to the provisions of Condition 8, be subject in all cases to any applicable fiscal or other laws and regulations.

9C.03 For the purposes of these Terms and Conditions:

(a) “**Relevant Financial Centre Day**” means (i) in the case of any currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre and in any other Relevant Financial Centre specified in the Pricing Supplement; (ii) in the case of euro, a day on which the TARGET system (as defined in Condition 9D) is operating and (iii) in the case of Renminbi, a day on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and

(b) “**Local Banking Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Instrument or, as the case may be, Coupon.

9C.04 No commissions or expenses shall be charged to the holders of Instruments or Coupons in respect of such payments.

#### **9D Payments — Redenomination, Renominalisation and Reconventioning in respect of the euro**

Where any of Redenomination, Renominalisation or Reconventioning is specified in the relevant Pricing Supplement as being applicable in relation to Instruments denominated in a Relevant Currency:

(a) the Issuer may, without the consent of the Holders of the Instruments or the Coupons, on giving not less than 30 days’ prior notice (a “**Redenomination Notice**”) to the Holders of the Instruments (by publication in accordance with Condition 14), the CMU Service, Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be), the Guarantor, the Paying Agents and the Registrar (in the case of Registered Instruments), with effect from (and including) the Redenomination Date, elect that the aggregate principal amount of each Holder’s holding of Instruments (represented by his interest in the Global Instrument) shall be redenominated into euro with an aggregate principal amount equal to their aggregate principal amount in the Relevant Currency and the amount of such payment shall be rounded to the nearest euro 0.01. The rate for the

conversion of the Relevant Currency into euro shall be the rate established by the Council of the European Union pursuant to relevant EMU Legislation (including compliance with rules relating to rounding in accordance with applicable European Community regulations).

For the purposes of these Conditions:

(i) “**EMU Legislation**” means any legislative measures of the European Council for the introduction of, changeover to or operation of the euro other than Council Regulation (EC) No 974/98 (the “**Article 109L (4) Regulation**”)

(ii) “**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

(iii) “**Participating Member State**” means a member state of the European Communities who adopts the euro as its lawful currency in accordance with the Treaty and EMU Legislation.

(iv) “**Treaty**” means the Treaty of Rome of 25 March 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht on 7 February 1992 and came into force on 1 November 1993).

(v) “**Redenomination Date**” means any Interest Payment Date falling on or after the date on which the relevant member state becomes a Participating Member State as specified in the Redenomination Notice.

(vi) “**Relevant Currency**” means the currency of denomination of the Instruments shown on such Instruments and which is specified in the Pricing Supplement being the currency of a member state who at the date of issue of the Instruments was not a Participating Member State.

On or after the Redenomination Date, notwithstanding the other provisions of the Conditions, all payments in respect of the Instruments will be made solely in euro, including payments of interest in respect of a period before the Redenomination Date. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee. Neither the Issuer, the Guarantor nor any Paying Agent shall be liable to any holder of Instruments or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of euro or any currency conversion or rounding effected in connection therewith;

(b) provided that the Instruments are in Global form, the Issuer may, without the consent of the Holders of the Instruments or the Coupons, on giving at least 30 days’ prior notice to the Holders of the Instruments (by publication in accordance with Condition 14), the CMU Service, Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be), the Guarantor, the Paying Agents, with effect from the Redenomination Date or such later date as it may specify in that notice, procure that the denomination of the Instruments shall be euro 0.01 and integral multiples thereof.

(c) the Issuer may, without the consent of the Holders of the Instruments or the Coupons, on giving at least 30 days’ prior notice to the Holders of the Instruments (by publication in accordance with Condition 14), the CMU Service, Euroclear, Clearstream, Luxembourg or any other relevant clearing system (as the case may be), the Guarantor, the Paying Agents and in the case of Registered Instruments, the Registrar, with effect from the Redenomination Date or such later Interest Payment Date as it may specify in that notice, elect the conventions then applicable in respect of the Instruments denominated in euro. In

particular, the Issuer may procure that the definition of “**Business Day**” and “**Relevant Financial Centre**” in Condition 5.09 shall be amended so as to be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (“**TARGET2**”) is operating, and that, if interest is required to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (A) the number of those days falling in a leap year divided by 366 and (B) the number of those days falling in a non-leap year divided by 365).

## **10. PRESCRIPTION**

10.01 Claims against the Issuer for payment of principal and interest in respect of Instruments will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date (as defined in Condition 8.02) for payment thereof.

10.02 In relation to Definitive Instruments initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 9A.06 or the due date for the payment of which would fall after the due date for the redemption of the relevant Instrument or which would be void pursuant to this Condition 10 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Instrument.

## **11. THE PAYING AGENTS, THE REGISTRARS AND THE CALCULATION AGENT**

11.01 The initial Paying Agents and Registrars and their respective initial specified offices are specified below. The Calculation Agent in respect of any Instruments shall be specified in the Pricing Supplement. The Issuer and the Guarantor reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issue and Paying Agent) or the Registrar or the Calculation Agent and to appoint additional or other Paying Agents or another Registrar or another Calculation Agent provided that they will at all times maintain (i) an Issue and Paying Agent, (ii) in the case of Registered Instruments, a Registrar (iii) a Paying Agent (which may be the Issue and Paying Agent) with a specified office in a continental European city, (iv) so long as the Instruments are listed on any stock exchange, a Paying Agent (which may be the Issue and Paying Agent) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority); (v) in the circumstances described in Condition 9A.04, a Paying Agent with a specified office in New York City, (vi) a Calculation Agent where required by the Terms and Conditions applicable to any Instruments and (vii) a Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive provided that it remains the case that at least one Member State does not require a paying agent located in that Member State so to withhold or deduct tax (in the case of (i), (ii), (iii) and (vi) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Paying Agents, the Registrar and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar or the Calculation Agent will be given promptly by the Issuer and the Guarantor to the Holders in accordance with Condition 14.

11.02 The Paying Agents, the Registrar and the Calculation Agent act solely as agents of the Issuer and the Guarantor and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Instrument, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.



## 12. REPLACEMENT OF INSTRUMENTS

If any Instrument, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the Pricing Supplement (in the case of Bearer Instruments and Coupons) or of the Registrar (in the case of Registered Instruments) (“**Replacement Agent**”), subject to all applicable laws and the requirements of any stock exchange on which the Instruments are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Guarantor and the Replacement Agent may require. Mutilated or defaced Instruments, Receipts and Coupons must be surrendered before replacements will be delivered therefor.

## 13. MEETINGS OF HOLDERS AND MODIFICATION

The Issue and Paying Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Instruments of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement) of these Terms and Conditions, the Deed of Covenant and the Guarantee insofar as the same may apply to such Instruments. An Extraordinary Resolution passed at any meeting of the Holders of Instruments of any Series will be binding on all Holders of the Instruments of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Instruments of such Series.

The Issuer or the Guarantor may, with the consent of the Issue and Paying Agent, but without the consent of the Holders of the Instruments of any Series or Coupons, amend these Terms and Conditions and the Deed of Covenant, the Guarantee insofar as they may apply to such Instruments to correct a manifest error. Subject as aforesaid, no other modification may be made to these Terms and Conditions or the Deed of Covenant and the Guarantee except with the sanction of an Extraordinary Resolution.

## 14. NOTICES

### *To Holders of Bearer Instruments*

14.01 Notices to Holders of Bearer Instruments will, save where another means of effective communication has been specified herein or in the Pricing Supplement, be deemed to be validly given if (i) published in a leading daily newspaper having general circulation in Hong Kong (which is expected to be the *South China Morning Post*) or, in the case of (i), if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Asia (or, if permitted by the rules of the relevant stock exchange, in the case of Instruments represented by a Temporary Global Instrument or Permanent Global Instrument, if delivered to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein or, in the case of Instruments represented by a Temporary Global Instrument or a Permanent Global Instrument which is held in the CMU Service, if given to the persons shown, in a “**CMU Instrument Position Report**” issued by the CMU Service on the business day immediately before the preceding Interest Payment Date, as holding interests in the relevant Temporary Global Instrument or Permanent Global Instrument, as the case may be). The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Instruments are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers), or, as the case may be, on the fourth weekday after the date of such delivery to Euroclear and Clearstream, Luxembourg and/or such other clearing system or the persons shown in the “**CMU Instrument Position Report**”. Holders of Coupons will be deemed

for all purposes to have notice of the contents of any notice given to Holders of Bearer Instruments in accordance with this Condition. A copy of each notice given pursuant to this Condition will in any event be delivered to the CMU Service, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system.

#### ***To Holders of Registered Instruments***

14.02 Notices to Holders of Registered Instruments will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the second weekday after the date of such mailing or, if posted from another country, on the fifth such day.

### **15. FURTHER ISSUES**

The Issuer may from time to time, without the consent of the Holders of any Instruments or Coupons, create and issue further instruments, bonds or debentures having the same terms and conditions as such Instruments in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Instruments of any particular Series and references in these Conditions to Instruments shall be construed accordingly.

### **16. CURRENCY INDEMNITY**

The currency in which the Instruments are denominated or, if different, payable, as specified in the Pricing Supplement (the “**Contractual Currency**”), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Instruments, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of an Instrument or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of an Instrument or Coupon in respect of such Instrument or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of an Instrument or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Instruments or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of an Instrument or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

### **17. WAIVER AND REMEDIES**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Instrument, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

## 18. LAW AND JURISDICTION

18.01 The Instruments, the Issue and Paying Agency Agreement, the Deed of Covenant, the Guarantee, all matters arising from or connected with the Instruments and any non-contractual obligations arising out of or in connection with any of the foregoing are governed by, and shall be construed in accordance with, English law.

18.02 The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”), arising from or connected with the Instruments (including a dispute relating to any non-contractual obligations arising out of or in connection with any of the foregoing).

18.03 The Issuer and the Guarantor have agreed that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

18.04 Condition 18.02 is for the benefit of the Holders of the Instruments only. As a result, nothing in this Condition 18 prevents any Holder of an Instrument from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Holders of the Instruments may take concurrent Proceedings in any number of jurisdictions.

18.05 The Issuer agrees and the Guarantor has irrevocably agreed in the Guarantee, that the process by which any Proceedings in England are begun may be served on it by being delivered to Clifford Chance Secretaries Limited at 10 Upper Bank Street, London E14 5JJ or if different, its registered office for the time being or any address of the Issuer or the Guarantor, as the case may be, in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985 (as modified or re-enacted from time to time). If any such person is not or ceases to be effectively appointed to accept service of process on behalf of either or both of the Issuer or the Guarantor, the Issuer or, as the case may be, the Guarantor shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and, failing such appointment and notification within fifteen days, any Holder of an Instrument shall be entitled to appoint such a person by written notice addressed to the Issuer or, as the case may be, the Guarantor and delivered to the Issuer or, as the case may be, the Guarantor or to the specified office of the Issue and Paying Agent. Nothing contained herein shall affect the right of any Holder of an Instrument to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

## 19. RIGHT OF THIRD PARTIES

No person shall have any right to enforce any term or condition of the Instruments under the Contracts (Rights of Third Parties) Act 1999.

## PROVISIONS RELATING TO THE INSTRUMENTS WHILST IN GLOBAL FORM

### (A) Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of the CMU Service, Euroclear, Clearstream, Luxembourg, DTC or any other clearing system as the holder of an Instrument represented by a Global Instrument (which expression includes a Temporary Global Instrument, a Permanent Global Instrument and a Global Registered Instrument) must look solely to the CMU Service, Euroclear, Clearstream, Luxembourg, DTC or such other clearing system (as the case may be) for such person's share of each payment made by the Issuer or, as the case may be, the Guarantor to the bearer of such Global Instrument or (as the case may be) the registered holder of such Global Registered Instrument, and in relation to all other rights arising under the Global Instruments, subject to and in accordance with the respective rules and procedures of the CMU Service, Euroclear, Clearstream, Luxembourg, DTC or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer or the Guarantor in respect of payments due on the Instruments for so long as the Instruments are represented by such Global Instrument or Global Registered Instrument and such obligations of the Issuer or the Guarantor will be discharged by payment to the bearer of such Global Instrument or (as the case may be) the registered holder of the Global Registered Instrument, in respect of each amount so paid. References in these provisions relating to the Instruments in global form to “holder” or “accountholder” are to those persons shown in the records of the relevant clearing system as a holder of an Instrument.

### (B) Form and Exchange — Bearer Global Instruments

(1) *TEFRA D or TEFRA C*: The Pricing Supplement shall specify whether the TEFRA D Rules or the TEFRA C Rules shall apply. Each Tranche of Bearer Instruments is represented upon issue by a Temporary Global Instrument, unless the Pricing Supplement specifies otherwise and the TEFRA C Rules apply.

Where the Pricing Supplement applicable to a Tranche of Bearer Instruments specifies that the TEFRA C Rules apply, such Tranche is (unless otherwise specified in the Pricing Supplement) represented upon issue by a Permanent Global Instrument.

Interests in a Temporary Global Instrument may be exchanged for:

- (a) interests in a Permanent Global Instrument; or
- (b) if so specified in the Pricing Supplement, Definitive Instruments and/or (if so specified in the Pricing Supplement) Registered Instruments.

Exchanges of interests in a Temporary Global Instrument for Definitive Instruments or, as the case may be, interests in a Permanent Global Instrument will be made only on or after the Exchange Date (as specified in the Pricing Supplement) and (unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Instruments) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received. An exchange for Registered Instruments will be made at any time or from such date as may be specified in the Pricing Supplement, in each case, without any requirement for certification.

(2) *Limitation on entitlement under a Temporary Global Instrument after Exchange Date*: Holders of interests in any Temporary Global Instrument shall not (unless, upon due presentation of such Temporary Global Instrument for exchange (in whole but not in part only) for a Permanent Global Instrument or for delivery of Definitive Instruments and/or Registered Instruments, such exchange or

delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Instruments represented by such Temporary Global Instrument which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

(3) *Certification of non-U.S. beneficial ownership:* Unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Instruments and subject to paragraph (2) above, if any date on which a payment of interest is due on the Instruments of a Tranche occurs whilst any of the Instruments of that Tranche are represented by a Temporary Global Instrument, the related interest payment will be made on the Temporary Global Instrument only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in such form as is customarily issued in such circumstances by the relevant clearing system) has been received by the CMU Service, Euroclear, Clearstream, Luxembourg or any other relevant clearing system which may be specified in the Pricing Supplement. Payments of amounts due in respect of a Permanent Global Instrument or (subject to paragraph (2) above) a Temporary Global Instrument (if the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Instruments) will be made through the CMU Service, Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.

(4) *Exchange for Definitive Instruments and/or Registered Instruments:* Interests in a Permanent Global Instrument will be exchanged (subject to the period allowed for delivery as set out in (i) below), in whole but not in part only and at the request of the Holder of such Global Instrument (or if the Permanent Global Instrument is held in the CMU Service, the relevant account holders therein), for Definitive Instruments and/or (if so specified in the Pricing Supplement) Registered Instruments, (a) if the CMU Service, Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so or (b) any of the events described in Condition 7 occurs or (c) at any time on the request of the bearer, if so specified in the Pricing Supplement. Whenever a Permanent Global Instrument is to be exchanged for Definitive Instruments and/or Registered Instruments, the Issuer shall procure the prompt delivery of such Definitive Instruments and/or Registered Instruments, duly authenticated and, to the extent applicable, with Receipts, Coupons and Talons attached (each as defined in Condition 1.2 and Condition 1.3), in an aggregate principal amount equal to the principal amount of such Permanent Global Instrument to the Holder of the Permanent Global Instrument against its surrender at the specified office of the Issue and Paying Agent within 30 days of the Holder requesting such exchange. Furthermore, if,

(a) Definitive Instruments have not been delivered in accordance with the foregoing by 5.00 p.m. (specified office time) (specified office time means the relevant time in the location of the relevant specified office) on the thirtieth day after the Holder has requested exchange, or

(b) the Permanent Global Instrument (or any part thereof) has become due and payable in accordance with the Conditions or the date for final redemption of the Permanent Global Instrument has occurred and, in either case, payment in full of the amount of the Redemption Amount (as defined in Condition 6.10) together with all accrued interest thereon has not been made to the Holder in accordance with the Conditions on the due date for payment,

then such Permanent Global Instrument (including the obligation to deliver Definitive and/or Registered Instruments) will become void at 5.00 p.m. (specified office time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (specified office time) on such due date (in the case of (ii) above) and the Holder of the Permanent Global Instrument will have no further rights thereunder (but without prejudice to the rights which such Holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of the CMU Service, Euroclear and/or Clearstream, Luxembourg (or any other relevant clearing system) as being entitled to interests in the Instruments will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global

Instrument became void, they had been the Holders of Definitive Instruments in an aggregate principal amount equal to the principal amount of Instruments they were shown as holding in the records of the CMU Service, Euroclear and/or Clearstream, Luxembourg or other relevant clearing system (as the case may be).

**(C) Form and Exchange — Global Registered Instruments**

(1) *Global Registered Instrument*: Unrestricted Instruments held in the CMU Service and/or Euroclear and/or Clearstream, Luxembourg (or other clearing system) will be represented by a Global Registered Instrument which will be registered in the name of a nominee for, and deposited with, a common depository for Euroclear and Clearstream, Luxembourg (or such other relevant clearing system) or a sub-custodian for the CMU Service. Restricted Instruments held in DTC will be represented by a Global Registered Instrument which will be registered in the name of a nominee for, and deposited with custodian for, DTC.

(2) *Exchange*: Unrestricted Instruments will become exchangeable in whole, but not in part, for Individual Registered Instruments if (a) the CMU Service, Euroclear or Clearstream, Luxembourg or any other relevant clearing system 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 in fact does so or (b) any of the events described in Condition 7 occurs or (c) at any time at the request of the registered Holder if so specified in the Pricing Supplement. Restricted Instruments will become exchangeable in whole, but not in part, for Individual Registered Instruments if (a) DTC notifies the Issuer and Guarantor that it is unwilling or unable to continue as depository for such Global Registered Instrument, or DTC ceases to be a “Clearing Agency” registered under the Exchange Act, or is at any time no longer eligible to act as such and a successor depository is not appointed by the Issuer and the Guarantor within 90 days, or (b) any of the circumstances described in Condition 7 occurs or (c) at any time at the request of the registered Holder if so specified in the Pricing Supplement.

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

(i) Individual Registered Instruments have not been issued and delivered by 5.00 p.m. (specified office time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Registered Instrument or

(ii) any of the Instruments evidenced by the Global Registered Instrument has become due and payable in accordance with the Conditions or the date for final redemption of the Instruments has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Registered Instrument on the due date for payment in accordance with the terms of the Global Registered Instrument, then the Global Registered Instrument (including the obligation to deliver Individual Registered Instruments) will become void at 5.00 p.m. (specified office time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (specified office time) on such due date (in the case of (b)

above) and the Holder will have no further rights thereunder (but without prejudice to the rights which the Holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of the CMU Service, Euroclear, Clearstream, Luxembourg and/or DTC (or other relevant clearing system) as being entitled to interests in the Instruments will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Instrument became void, they had been the registered Holders of Instruments in an aggregate principal amount equal to the principal amount of Instruments they were shown as holding in the records of the CMU Service, Euroclear, Clearstream, Luxembourg and/or DTC or other relevant clearing system (as the case may be). If an Instrument is held in DTC, references above to 5.00 p.m. (specified office time) shall be replaced by references to 1.00 p.m. New York time.

#### **(D) Amendment to Conditions**

The Temporary Global Instruments, Permanent Global Instruments and Global Registered Instruments contain provisions that apply to the Instruments that they represent, some of which modify the effect of the Terms and Conditions of the Instruments set out in this Information Memorandum. The following is a summary of certain of those provisions:

(1) *Meetings*: The holder of a Temporary or Permanent Global Instrument or of the Instruments represented by a Global Registered Instrument shall (unless such Permanent Global Instrument or Global Registered Instrument represents only one Instrument) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, the holder of a Permanent Global Instrument shall be treated as having one vote in respect of each minimum denomination of Instruments for which such Global Instrument may be exchanged. (All holders of Registered Instruments are entitled to one vote in respect of each Instrument comprising such holder's holding, whether or not represented by a Global Registered Instrument.)

(2) *Cancellation*: Cancellation of any Instrument represented by a Permanent Global Instrument that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Instrument.

(3) *Purchase*: Instruments represented by a Temporary or Permanent Global Instrument may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

(4) *Issuer's Options*: Any option of the Issuer provided for in the Conditions of the Instruments while such Instruments are represented by a Permanent Global Instrument or a Global Registered Instrument shall be exercised by the Issuer giving notice to the holders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Instruments drawn in the case of a partial exercise of an option and accordingly no drawing of Instruments shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Instruments of any Series, the rights of account holders with a clearing system in respect of the Instruments will be governed by the standard procedures of the CMU Service, Euroclear, Clearstream, Luxembourg or other relevant clearing system (as the case may be).

(5) *Holder's Options*: Any option of the holders provided for in the Conditions of any Instruments while such Instruments are represented by a Permanent Global Instrument or a Global Registered Instrument may be exercised by the Holder of such Permanent Global Instrument or Global Registered Instrument giving notice to the Issue and Paying Agent within the time limits relating to the deposit of Instruments with a Paying Agent, or the Registrar in the case of a Global Registered Instrument, substantially in the form of the notice available from any Paying Agent, or the Registrar in the case of a Global Registered Instrument, except that the notice shall not be required to contain the serial numbers of the Instruments in respect of which the option has been exercised, and stating

the principal amount of Instruments in respect of which the option is exercised and at the same time presenting for notation the Permanent Global Instrument or the Global Registered Instrument to the Issue and Paying Agent or to a Paying Agent acting on behalf of the Issue and Paying Agent, or the Registrar in the case of a Global Registered Instrument.

(6) *Notices:* So long as any Instruments are represented by a Temporary or Permanent Global Instrument or Registered Global Instrument and such Temporary or Permanent Global Instrument or Global Registered Instrument is held on behalf of a clearing system, notices to the holders of Instruments of that Series may be given by delivery of the relevant notice to the clearing system for communication by it to entitled accountholders (or in the case of the CMU Service by delivery by the Issue and Paying Agent to entitled accountholders having received from the CMU Service a CMU Instrument Position Report) in substitution for publication as required by the Conditions or by delivery of the relevant notice to the Holder of the Permanent Global Instrument or Global Registered Instrument.

#### **(E) Partly Paid Instruments**

While any Partly Paid Instalments due from the holder of Partly Paid Instruments are overdue, no interest in a Permanent Global Instrument or Registered Global Instrument representing such Instruments may be exchanged for an interest in a Permanent Global Instrument or for Definitive Instruments or a Registered Instrument (as the case may be). If any holder fails to pay any instalment due on any Partly Paid Instruments within the time specified, the Issuer may forfeit such Instruments and shall have no further obligation to such holder in respect of them.



## **USE OF PROCEEDS**

The net proceeds of the issue of each Tranche of Instruments will be lent to one or more subsidiaries of the Guarantor for general corporate purposes of the SHKP Group.

## THE DEPOSITORY TRUST COMPANY

Ownership of beneficial interests in a Global Registered Instrument, transfers of which are to be cleared and settled in DTC, will be limited to persons who have accounts with DTC (“**DTC Participants**”) or persons who hold interests through DTC Participants. Upon the issuance of the Global Registered Instruments, DTC or its custodian will credit, in its internal system, the respective principal amount of the individual beneficial interests represented by such Global Registered Instruments to the accounts of DTC Participants. Such accounts initially will be designated by or on behalf of the Dealers. Ownership of beneficial interests in a Global Registered Instrument will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants). Payments, transfers, exchanges and other matters relating to beneficial interests in a Global Registered Instrument may be subject to various policies and procedures adopted by DTC from time to time.

If (i) DTC advises the Issuer that it is no longer willing or able to discharge its responsibilities as depository for a Global Registered Instrument, or ceases to be a “**clearing agency**” registered under the U.S. Securities Exchange Act (the “**Exchange Act**”) or is at any time no longer eligible to act as such and a successor depository is not appointed by the Issuer within 90 days of receiving such notice of ineligibility on the part of DTC, or (ii) an Event of Default shall have occurred and be continuing under Condition 7, or (iii) at any time at the request of the registered Holder if so specified in the Pricing Supplement, the Issuer will register Individual Registered Instruments in the names of owners of interests in the Global Registered Instrument and issue Individual Registered Instruments with respect thereto in exchange for the Global Registered Instrument. Upon the occurrence of such an event, specified in clause (i), (ii) or (iii) above, owners of beneficial interests in Global Registered Instruments will receive physical delivery of Individual Registered Instruments. All Individual Registered Instruments issued in exchange for a Global Registered Instrument or any portion thereof will be registered in such names as DTC shall direct. Except as described in this paragraph, owners of interests in a Global Registered Instrument will not be entitled to have any portion of such Global Registered Instrument registered in their names and will not receive or be entitled to receive physical delivery of Individual Registered Instruments.

As long as DTC, or its nominee, is the registered holder of a Global Registered Instrument, DTC or such nominee, as the case may be, will be considered the sole owner and holder of such Global Registered Instrument (and of the Instruments represented thereby) for all purposes under the Issue and Paying Agency Agreement and the Instruments. Except as described herein, owners of beneficial interests in a Global Registered Instrument will not be considered the owners or holders of such Global Registered Instruments (or any Instruments represented thereby) for any purpose under the Issue and Paying Agency Agreement or the Instruments. In addition, no beneficial owner of an interest in a Global Registered Instrument will be able to transfer that interest except in accordance with DTC’s applicable procedures (in addition to those under the Issue and Paying Agency Agreement and, if applicable, those of Euroclear and Clearstream, Luxembourg) referred to herein.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Consequently, the ability to transfer beneficial interests in a Global Registered Instrument to such persons may be limited. Because DTC acts only on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a Global Registered Instrument to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate evidencing such interest.

Payments of the principal of, premium (if any) and interest on Global Registered Instruments will be made to DTC or its nominee as the registered owner and holder thereof.

None of the Issuer, the Issue and Paying Agent or any of the paying agents will have any responsibility or liability for any aspect of DTC’s or any DTC Participant’s records relating to, or for payments made on account of, beneficial interests in a Global Registered Instrument, or for

maintaining, supervising or reviewing any records relating to such beneficial interests or for any notice permitted or required to be given to holders of Instruments or any consent given or actions taken by DTC as holder of Instruments. The Issuer expects that DTC or its nominee, upon receipt of any payment of principal, premium (if any) or interest in respect of a Global Registered Instrument held by it or its nominee, will immediately credit the accounts of the DTC Participants with payments in amounts proportionate to the respective interests in the principal amount of such Global Registered Instrument as shown on the records of DTC or its nominee. The Issuer also expects that payments by DTC Participants to owners of beneficial interests in such Global Registered Instrument held through DTC Participants will be governed by standing instructions and customary practices as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in DTC's Same-Day Funds Settlement System. Conversion through participants in DTC will be effected in accordance with DTC's procedures.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Instruments (including the presentation of Instruments for exchange as described below) only at the direction of one or more DTC Participants to whose account with DTC interests in the Global Registered Instruments are credited and only in respect of such portion of the aggregate principal amount of the Instruments as to which such DTC Participant or DTC Participants has or have given such direction. However, in the circumstances described in this section and under "**Terms and Conditions of the Instruments**" DTC will exchange the Global Registered Instruments for Certificated Instruments, which it will distribute to its participants and which, if representing interests in a Restricted Global Registered Instrument, will bear the legend set forth under "**Transfer Restrictions; United States Considerations**".

The giving of notices and other communications by DTC to DTC Participants, by DTC Participants to persons who hold accounts with them and by such persons to holders of beneficial interests in a Global Registered Instrument will be governed by arrangements between them, subject to any statutory or regulatory requirements as may exist from time to time.

DTC has advised as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a member of the Federal Reserve System, a "**clearing corporation**" within the meaning of the Uniform Commercial Code and a "**Clearing Agency**" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between the participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organisations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("**indirect participants**").

### **Same-Day Settlement and Payment**

**Settlement for the Instruments will be made by the Dealers in immediately available funds. So long as DTC continues to make its Same-Day Funds Settlement System available to the Issuer, all payments of principal of, premium (if any) and interest on the Instruments will be made by the Issuer in immediately available funds.**

**So long as Instruments are represented by a Global Registered Instrument registered in the name of DTC or its nominee, the Instruments will trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in the Instruments will be required by DTC to settle in immediately available.**

## TRANSFER RESTRICTIONS; UNITED STATES CONSIDERATIONS

### Offers and Sales by the Purchasers

The Instruments and the Guarantee provided with respect thereto have not been and will not be registered under the Securities Act and may not be offered or sold in the United States except pursuant to an effective registration statement or in a transaction not subject to the registration requirements under the Securities Act or in accordance with an applicable exemption from the registration requirements thereof. Accordingly, the Instruments and the Guarantee are being offered and sold hereunder only (i) with respect to Instruments in registered form only, in the United States or to U.S. persons (as defined in Regulation S), to qualified institutional buyers pursuant to Rule 144A and (ii) outside the United States to persons other than U.S. persons in offshore transactions in reliance upon Regulation S.

### Restricted Instruments

Each purchaser of the Restricted Instruments, by accepting delivery of this Information Memorandum and the Registered Instruments will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(1) it is acquiring such Restricted Instruments for its own account or an account or accounts with respect to which it exercises sole investment discretion and that it and each such account is a qualified institutional buyer within the meaning of Rule 144A and is aware, and each beneficial owner of such Restricted Instruments has been advised, that the sale to it is being made in reliance on Rule 144A;

(2) it understands and agrees that such Restricted Instruments and the Guarantee have not been and will not be registered under the Securities Act, and that any resale, re-offer, pledge or transfer of such Restricted Instruments, may be made only (i) to the Issuer, (ii) to a person who the seller and any person acting on its behalf reasonably believes is a qualified institutional buyer (as defined in Rule 144A) purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction meeting the requirements of Rule 904 of Regulation S under the Securities Act, (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available), or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States;

(3) the Dealers will, and each subsequent Holder is required to, notify any purchaser of such Restricted Instruments from it of the resale restrictions referred to in (2) above, if then applicable;

(4) it understands and agrees that (A) the Restricted Instruments initially offered to qualified institutional buyers in reliance on Rule 144A will be represented by Global Registered Instruments, (B) with respect to any transfer of any interest in global Restricted Instruments to transferees that take delivery in the form of interests in such global Restricted Instruments, the Issue and Paying Agent and the Registrar will not require any written certification from the transferor or the transferee, and (C) with respect to any transfer of any interest in global Restricted Instruments to transferees that take delivery in the form of interests in global Unrestricted Instruments, the Registrar will require written certification from the transferor or the transferee as to compliance with the applicable securities laws;

(5) it understands that the Restricted Instruments will bear a legend to the following effect unless otherwise agreed by the Issuer:

“THE INSTRUMENTS EVIDENCED HEREBY AND THE GUARANTEE PROVIDED WITH RESPECT THERETO HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF AGREES FOR THE BENEFIT OF THE ISSUER THAT THE INSTRUMENTS EVIDENCED HEREBY AND THE GUARANTEE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, (2) TO A PERSON WHO THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.”

(6) the Issuer, the Guarantor, the Dealers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.

**Prospective purchasers are hereby notified that the sellers of the Instruments may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

### **Unrestricted Instruments**

Each purchaser of Instruments outside the United States pursuant to Regulation S and each subsequent purchaser of such Instruments in resales prior to the expiration of the distribution compliance period (defined as forty days after the completion of the distribution of the Instruments comprising the relevant tranche), by accepting delivery of this Information Memorandum and the Instruments, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time Instruments are purchased will be, the beneficial owner of such Instruments and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

(2) It understands that such Instruments and the Guarantee have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not reoffer, resell, pledge or otherwise transfer such Instruments except in an offshore transaction in accordance with Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any state of the United States.

(3) It understands that such Instruments, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following:

“THIS INSTRUMENT AND THE GUARANTEE IN RESPECT HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES AND THEREAFTER MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.”

(4) It understands that such Instruments will be represented by an Unrestricted Instrument. Prior to the expiration of the distribution compliance period, before any interest in the global Unrestricted Instrument may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of a global Restricted Instrument, it will be required to provide the Registrar with written certification as to compliance with the applicable securities laws.

(5) The Issuer, the Guarantor, the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

The Issuer recognises that none of DTC, Euroclear nor Clearstream, Luxembourg in any way undertakes to, and none of DTC, Euroclear nor Clearstream, Luxembourg shall have any responsibility to, monitor or ascertain the compliance of any transactions in the Instruments with any exemptions from registration under the Securities Act or of any other state or federal securities law.

## ENFORCEMENT OF CIVIL LIABILITIES

### Cayman Islands

The Issuer is duly incorporated as a limited liability company under the laws of the Cayman Islands. All or a substantial portion of the assets of the Issuer and of such directors and officers are located outside of the United States. As a result, it may be difficult for investors to effect service of process within the United States upon the Issuer or such persons or to enforce, in United States courts, judgments against the Issuer or such persons or judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. In addition, under the Instruments, the Issuer will consent to the jurisdiction of the courts of England and will appoint an agent for service of process in England.

The Issuer has been advised by its Cayman Islands legal advisers, Maples and Calder, that the courts of the Cayman Islands are unlikely (i) to recognise or enforce against the Issuer judgment of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State and (ii) in original actions brought in the Cayman Islands, to impose liabilities against the Issuer predicated upon the civil liability provisions of the securities laws of the United States or any State, on the grounds that such provisions are penal in nature. However, in the case of laws that are not penal in nature, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognise and enforce a judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided that such judgment is final and conclusive, for a liquidated sum, not in respect of taxes or a fine or penalty, is not inconsistent with the Cayman Islands judgment in respect of the same matter, and was not obtained in a manner, and is not of a kind the enforcement of which is, contrary to the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands court may stay proceedings if concurrent proceedings are being brought elsewhere.

### Hong Kong

The Guarantor is a Hong Kong company, and its executive offices and administrative activities and all or a substantial portion of its assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Guarantor or to enforce judgments against the Guarantor obtained in the United States in any action, including actions predicated upon civil liability provisions of the securities laws of the United States or any state within the United States. In addition, all or a substantial portion of the directors and officers of the Guarantor are residents of jurisdictions other than the United States, and all or a substantial portion of the assets of such non-resident persons are or may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against them judgments obtained in United States courts, including judgments predicated upon civil liability provisions of the securities laws of the United States or any state within the United States.

The Guarantor has been advised by its Hong Kong counsel, Linklaters, that there is doubt as to whether the courts of Hong Kong would (i) enforce judgments of United States courts obtained against the Guarantor or such persons predicated solely upon civil liability provisions of the securities laws of the United States or any state within the United States or (ii) entertain original actions brought in Hong Kong courts, against the Guarantor or such persons predicated solely upon the securities laws, respectively, of the United States or any state within the United States.

## SUN HUNG KAI PROPERTIES (CAPITAL MARKET) LIMITED

Sun Hung Kai Properties (Capital Market) Limited (the “**Issuer**”) was incorporated as an exempted company under the laws of the Cayman Islands on 29 December 1998 with an unlimited duration. As at the date of this document, it has an authorised share capital of U.S.\$10,000 divided into 10,000 shares of U.S.\$1 each, of which 10 shares have been issued. The Issuer is a direct wholly-owned subsidiary of the Guarantor and, as at the date of this document, carries on and has carried on no business other than entering into arrangements for the establishment of the Programme and the lending of the proceeds thereof to one or more other subsidiaries of the Guarantor. As at the date hereof, the Issuer has no subsidiaries.

The directors of the Issuer as at the date of this document were as follows:

Chan Kui-yuen, Thomas

Chan Kwok-wai, Patrick

The registered office of the Issuer is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The business address of each of the directors of the Issuer for the purposes of his directorship is at 45th Floor, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong.

The Issuer has no employees.

The Issuer had outstanding borrowings equivalent to HK\$28,961.94 million (U.S.\$3,713.07 million)<sup>(1)</sup> as at 30 September 2012. No financial statements have been produced by the Issuer.

The directors of the Issuer do not have any interest in the Issuer. They have interests or deemed interests in the Guarantor’s shares.

Details of interests in the Guarantor’s shares held by Mr. Chan Kui-yuen, Thomas and Mr. Chan Kwok-wai, Patrick, respectively, are disclosed in the section “Directors and Senior Management of the Guarantor — Directors’ and Chief Executives’ Interests” of this Information Memorandum.

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(1) U.S.\$1.0 = HK\$7.80



## HONG KONG AND THE HONG KONG PROPERTY MARKET

The Hong Kong property market has been growing in tandem with the city's real economy over the years but it has exhibited greater volatility in terms of the length of the cycles as well as the magnitude of the price movements.

After a lengthy boom since mid-1980s, the property market entered into a major downturn in the third quarter of 1997. Grade-A office capital values and rentals fell by about 70 per cent. for the period between the third quarter of 1997 and mid-2003 (*Source: Jones Lang LaSalle*), and residential prices had also declined by a similar magnitude (*Source: Rating and Valuation Department, Government of the HKSAR*). Various sectors of the property market regained upward momentum in mid-2003, thanks to a number of initiatives by the Hong Kong Government and the Central People's Government of the People's Republic of China (the "**Central Government**") to revive the local economy. Those initiatives included Closer Economic Partnership Arrangement ("**CEPA**") and the Individual Visit Scheme ("**IVS**"). The uptrend was temporarily halted in 2008 when the global financial tsunami set in. The financial tsunami had triggered a 27 per cent. drop in the capital value of Grade-A offices and a 39 per cent. fall in the rental value of Grade-A offices (*Source: Jones Lang LaSalle*), as well as a 17 per cent. decline in residential property prices (*Source: Rating and Valuation Department, Government of the HKSAR*). However, aggressive monetary easing and fiscal stimulus by governments of major economies resulted in a swift and significant rebound since 2009.

The capital value of Grade-A offices is now close to the peak level recorded in mid-2011. In the first eight months of 2012, average price of offices had recouped nearly all its losses recorded during the second half of 2011 amid worries over the European debt crisis (*Source: Jones Lang LaSalle*). The rental value of Grade-A offices showed divergent performance recently. While market rent in Central has fallen by around 13 per cent. from the recent peak in the second quarter of 2011 (*Source: Jones Lang LaSalle*), the leasing market in decentralised areas such as Kowloon East continued to perform well. The rental value of retail space has been rising steadily since the economic downturn in late 2008, benefiting from higher domestic consumption and tourist arrivals.

Hong Kong's residential market continued to do well in the first nine months of this year. The average monthly registered residential transactions in the secondary market picked up to about 5,400 registrations during the period, compared with 3,700 registrations in the second half of 2011 (*Source: Land Registry, Government of the HKSAR*). Sales in the primary market remained at a relatively health level of about 1,000 residential registrations per month during the first nine months this year, up modestly from 800 registrations in the second half of 2011. Prices of second-hand residential properties have risen by about 20 per cent. so far in 2012, after a mild correction of 4 per cent. in the second half of 2011. (*Source: Rating and Valuation Department, Government of HKSAR and Financial Secretary's Speech on 26 October 2012*)

Against growing public concerns over rising residential prices, the Hong Kong Government has introduced various measures to stabilise the market in the past few months. Supply-side measures include launching 1,800 subsidised housing units for sale in 2013, government-initiated land sales in the fourth quarter this year that can produce 2,650 units, re-zoning certain Government Institution Community sites and speeding up approvals of pre-sale consents. On top of the existing demand-side measures such as tightened lending criteria as recommended by the HKMA, the Hong Kong Government introduced additional measures to restrain demand in late October 2012. These additional measures include (1) a BSD of 15 per cent. on the consideration of a residential property transaction except where the property concerned is acquired by Hong Kong permanent residents, on top of all existing stamp duty; and (2) the regressive rates with respect to different holding periods for the existing SSD are revised upward. For example, for any re-selling of residential properties with a holding period of over 1 year but below 3 years is subject to a 10 per cent. levy on the consideration, in contrast to a 5 per cent. levy for those with holding periods of over 1 year but less than 2 years and no surcharge on those with holding periods of over 2 years before the latest revision.

In the near term, because of these further demand-side tightening measures, residential transaction volume is likely to decrease with mild softening in prices, particularly for those of luxury-end properties. Over the medium term, continuing income growth, a low interest rate environment and relatively high residential rental yields should support the residential market in general.

## CAPITALISATION OF THE GUARANTOR

The following table sets out the audited consolidated capitalisation and indebtedness of the Guarantor as at 30 June 2012, which has been extracted without material adjustment from the audited consolidated financial statements of the Guarantor as of the same date:

|   | <b>30 June 2012</b>   | <b>30 June 2012<sup>#</sup></b> |
|---|-----------------------|---------------------------------|
|   | <b>(HK\$ million)</b> | <b>(US\$ million)</b>           |
| <b>Short term debt</b>  |                       |                                 |
| Bank loans and overdrafts .....   | 6,658                 | 854                             |
| Other loans .....   | 3,143                 | 403                             |
|   | 9,801                 | 1,257                           |
| <b>Long term debt</b>   |                       |                                 |
| Bank loans .....  | 34,408                | 4,411                           |
| Other loans .....   | 27,057                | 3,469                           |
|   | 61,465                | 7,880                           |
| <b>Total loan capital</b> .....   | <b>71,266</b>         | <b>9,137</b>                    |
| <b>Equity</b>   |                       |                                 |
| Share capital 2,615,736,044 (2011: 2,570,039,181) shares issued and fully paid (authorised 2,900,000,000 shares of HK\$0.50 each) ..... | 1,308                 | 168                             |
| Share premium .....   | 40,782                | 5,228                           |
| Other reserves .....  | 8,833                 | 1,132                           |
| Retained profits .....  | 295,636               | 37,902                          |
| Non-controlling interests .....   | 4,400                 | 564                             |
| <b>Total equity</b> .....   | <b>350,959</b>        | <b>44,994</b>                   |
| <b>Total capitalisation</b> .....   | <b>422,225</b>        | <b>54,131</b>                   |

- 
- (1) Total loan capital includes secured bank borrowing of HK\$5,957 million.
  - (2) The figures of total loan capital and equity are extracted from the audited consolidated financial statements of the SHKP Group for the year ended 30 June 2012.
  - (3) There has been no material change in the consolidated capitalisation and indebtedness of the Guarantor since 30 June 2012.

*Note:# Based on the foreign exchange rate of U.S.\$1.00 = HK\$7.80*

## SUN HUNG KAI PROPERTIES LIMITED

### Introduction

Sun Hung Kai Properties Limited (“SHKP” or the “Guarantor”) was formed by its late Chairman, Mr. Kwok Tak Seng, who first became involved in property development in 1958. SHKP was incorporated as a limited liability company in Hong Kong in July 1972 under the name of Sun Hung Kai (Holdings) Limited and was listed on the Hong Kong Stock Exchange in August 1972. It adopted its present name in March 1973.

SHKP is one of the largest property companies in Hong Kong with a market capitalisation of approximately HK\$282.50 billion (U.S.\$36.22 billion) based on the closing price of its shares listed on the Hong Kong Stock Exchange as at 19 October 2012. SHKP is a constituent stock of the Hang Seng Index.

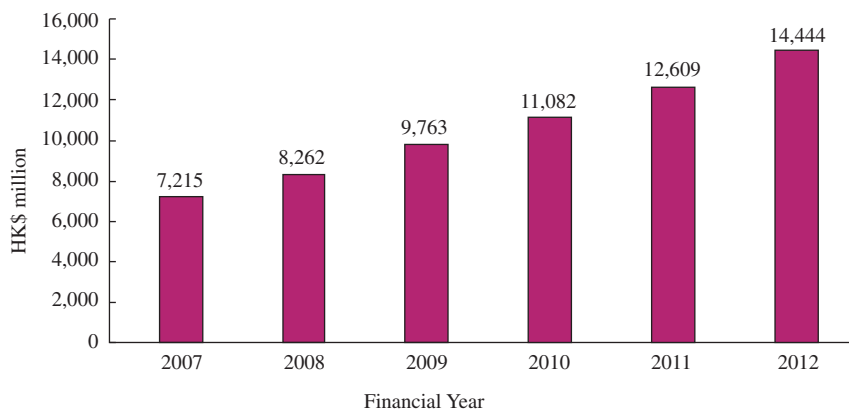
The principal activity of SHKP is to hold investments in various subsidiaries. The principal business of SHKP and its subsidiaries (together, the “SHKP Group”) is the development of properties for sale and investment in Hong Kong and Mainland China. The SHKP Group’s major non-property investments as at 30 June 2012 included:

- (i) a 66.51 per cent. stake in SmarTone Telecommunications Holdings Limited, one of Hong Kong’s cellular telephone companies;
- (ii) a 33.28 per cent. stake in Transport International Holdings Limited, whose subsidiary operates franchised and non-franchised bus services in Kowloon and the New Territories; and
- (iii) a 74.04 per cent. stake in SUNeVision Holdings Ltd., the technology infrastructure flagship of the SHKP Group.

All of the above companies are listed on the Hong Kong Stock Exchange. The SHKP Group also has operations in construction, property management, hotel management and hotel ownership, insurance, transport, infrastructure, logistics and car park management.

The SHKP Group’s recurrent income base is mainly generated from its rental income. For the financial year ended 30 June 2012, the SHKP Group’s total gross rental income amounted to HK\$14,444 million (U.S.\$1,852 million).

Gross Rental Income\*  
(Financial year ended 30 June)



\* Including contributions from jointly controlled entities and associates

## **Business Strategy**

The SHKP Group's business strategy is:

- (1) to continue focusing on property development in Hong Kong, both for sale and investment, by:
  - maintaining a well-diversified land bank for development and investment;
  - strengthening its brand name by focusing on the development of high quality products and offering premium customer services;
  - focusing on both asset turnover and growing recurrent income;
  - maintaining a vertically integrated structure to facilitate control of product quality, timing and costs; and
  - enhancing property value through sophisticated planning, better designs and the use of the latest technology;
- (2) to expand the property business in Mainland China by:
  - maintaining selective and focused approach to investments;
  - developing landmark and high quality projects for sale and investment in the major cities of Mainland China; and
  - extending its strong brand name in Hong Kong to Mainland China.
- (3) in relation to other businesses:
  - maintaining a core portfolio of infrastructure and other businesses; and
  - capturing business opportunities that provide synergy with the SHKP Group's core business; and
- (4) to maintain a prudent policy on financial management including high liquidity and low gearing.

## **Recent Developments**

The underlying profit attributable to the Guarantor's shareholders, excluding the effect of fair value changes on investment properties, for the financial year ended 30 June 2012 was HK\$21,678 million (U.S.\$2,779 million), an increase of approximately one per cent., compared with the previous financial year's profit of HK\$21,479 million (U.S.\$2,754 million).

As at 30 June 2012, the SHKP Group's net debt amounted to HK\$56,928 million (U.S.\$7,298 million), an increase of HK\$4,391 million (U.S.\$563 million) from 30 June 2011. Net debt to shareholders' funds ratio was 16.4 per cent. Interest cover measured by the ratio of operating profit to total net interest expenses including those capitalised was 13.0 times.

## Ownership and Capital Structure

As at 19 October 2012, the Guarantor had an authorised share capital of HK\$1,450 million (approximately U.S.\$186 million) consisting of 2,900 million ordinary shares of HK\$0.50 each, and an issued and fully paid-up share capital of HK\$1,307,868,022 (approximately U.S.\$167,675,387.44) consisting of 2,615,736,044 ordinary shares of HK\$0.50 each.

As at 19 October 2012, persons (other than Directors or chief executives of the Guarantor) who had interests or short positions in the shares or underlying shares of the Guarantor which would fall to be disclosed to the Guarantor under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”), or which were recorded in the register required to be kept by the Guarantor under Section 336 of the SFO were as follows:

| Name   | Number of shares held                         |  |                            | Total                      | % of shares in issue |
|--|---|--|----------------------------|----------------------------|----------------------|
|  | Personal interests (held as beneficial owner) | Corporate interests (interest of controlled corporation) | Other interests            |                            |                      |
| Kwong Siu-hing                               | 21,685  | —  | 1,121,360,720 <sup>1</sup> | 1,121,382,405              | 42.87                |
| HSBC Trustee (C.I.) Limited (“HSBC Trustee”) | —   | —  | 1,121,364,763              | 1,121,364,763 <sup>2</sup> | 42.86                |
| Adolfa Limited (“Adolfa”)                    | 200,309,286                                   | 28,764,614   | —                          | 229,073,900 <sup>3</sup>   | 8.75                 |
| Bertana Limited (“Bertana”)                  | 200,309,286                                   | 28,764,614   | —                          | 229,073,900 <sup>3</sup>   | 8.75                 |
| Cyric Limited (“Cyric”)                      | 200,309,286                                   | 28,764,614   | —                          | 229,073,900 <sup>3</sup>   | 8.75                 |
| Asporto Limited (“Asporto”)                  | 163,889,416                                   | —  | —                          | 163,889,416 <sup>3</sup>   | 6.26                 |
| Rosy Result Limited (“Rosy Result”)          | 163,889,416                                   | —  | —                          | 163,889,416 <sup>3</sup>   | 6.26                 |
| Thriving Talent Limited (“Thriving Talent”)  | 163,889,416                                   | —  | —                          | 163,889,416 <sup>3</sup>   | 6.26                 |

### Notes:

- Madam Kwong Siu-hing was deemed to be interested in 1,121,360,720 shares in the Guarantor by virtue of her being a founder and/or a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. These shares were the same shares in which HSBC Trustee was deemed to be interested and were therefore duplicated between these two substantial shareholders.
- On 30 September 2010, HSBC Trustee, as trustee of certain discretionary trusts which was then indirectly interested in a total of 1,081,739,328 shares in the Guarantor, informed the Guarantor that consequent upon a re-organisation of such trusts, the “interests” as deemed under the provisions of the SFO of the various Kwok family members who are and one of them was Director(s) of the Guarantor in the said 1,081,739,328 shares in the Guarantor with effect from 29 September 2010 were as follows:
  - Madam Kwong Siu Hing continues to be interested in all the said 1,081,739,328 shares in SHKP.
  - Each of Mr. Kwok Ping Kwong Thomas and Mr. Kwok Ping Luen Raymond is interested in 371,286,430 shares out of the said 1,081,739,328 shares in SHKP.
  - Mr. Kwok Ping Sheung Walter is not interested in any of the said 1,081,739,328 shares in SHKP.”
- Of the shares held respectively by Adolfa, Bertana and Cyric, 28,764,614 shares were held through corporations of which each of Adolfa, Bertana and Cyric was interested in one-third of their entire issued share capital. These 28,764,614 shares represented the same interests and were therefore duplicated amongst these companies. Further, the shares held respectively by Adolfa, Bertana, Cyric, Asporto, Rosy Result and Thriving Talent formed part of the shares in which HSBC Trustee was deemed to be interested.

## Financial Summary

SHKP's consolidated financial performance over the last two financial years is summarised below (the summary being unaudited but having been prepared based on information extracted from audited consolidated financial statements for the financial years ended 30 June 2012 and 2011):

### Income Statement

|   | Fiscal Year ended 30 June |                |                   |                   |
|---|---------------------------|----------------|-------------------|-------------------|
|   | 2012                      | 2011           | 2012 <sup>#</sup> | 2011 <sup>#</sup> |
|   | (HK\$ million)            |                | (US\$ million)    |                   |
| <b>Revenue</b> .....  | <u>68,400</u>             | <u>62,553</u>  | <u>8,769</u>      | <u>8,020</u>      |
| Operating profit before change in fair value of investment properties ..... | 24,988                    | 21,366         | 3,203             | 2,739             |
| Increase in fair value of investment properties .....                       | 19,482                    | 25,070         | 2,498             | 3,214             |
| Net finance costs .....   | (1,532)                   | (1,033)        | (196)             | (132)             |
| Share of results of associates* .....                                       | 256                       | 171            | 33                | 22                |
| Share of results of jointly controlled entities* .....                      | <u>5,899</u>              | <u>10,573</u>  | <u>756</u>        | <u>1,355</u>      |
| <b>Profit before taxation</b> .....   | 49,093                    | 56,147         | 6,294             | 7,198             |
| Taxation .....  | <u>(5,284)</u>            | <u>(7,359)</u> | <u>(677)</u>      | <u>(943)</u>      |
| <b>Profit for the year</b> .....  | 43,809                    | 48,788         | 5,617             | 6,255             |
| Non-controlling interests .....   | <u>(729)</u>              | <u>(691)</u>   | <u>(94)</u>       | <u>(89)</u>       |
| <b>Profit attributable to the Company's shareholders</b> .....              | <u>43,080</u>             | <u>48,097</u>  | <u>5,523</u>      | <u>6,166</u>      |
| <b>Underlying profit attributable to the Company's shareholders</b> .....   | <u>21,678</u>             | <u>21,479</u>  | <u>2,779</u>      | <u>2,754</u>      |

|  | Financial Year ended 30 June |      |                   |                   |
|--|------------------------------|------|-------------------|-------------------|
|  | 2012                         | 2011 | 2012 <sup>#</sup> | 2011 <sup>#</sup> |
|  | (HK\$)                       |      | (US\$)            |                   |
| <b>Earnings per share (underlying)</b> |                              |      |                   |                   |
| Basic and diluted .....                | 8.37                         | 8.36 | 1.07              | 1.07              |
| <b>Dividends per share</b> .....       | 3.35                         | 3.35 | 0.43              | 0.43              |

Note : \* Including increase in fair value of investment properties net of deferred tax HK\$3,816 million (2011 : HK\$4,696 million)

# Based on the foreign exchange rate of U.S.\$1.00 = HK\$7.80

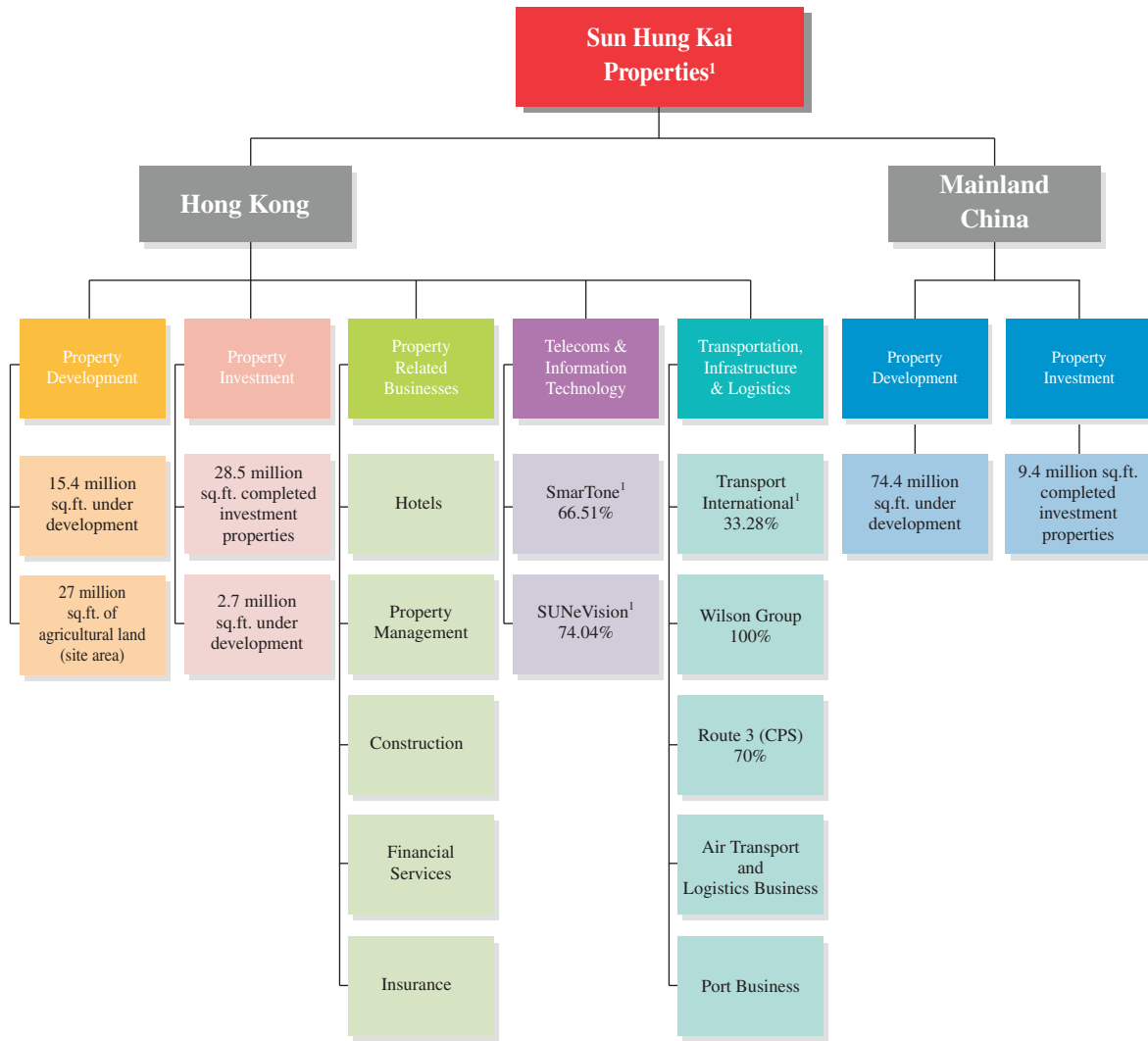
## Statement of Financial Position

|                                  | As at 30 June         |                       |                      |                      |
|----------------------------------|-----------------------|-----------------------|----------------------|----------------------|
|                                  | 2012                  | 2011                  | 2012 <sup>#</sup>    | 2011 <sup>#</sup>    |
|                                  | (HK\$ million)        |                       | (US\$ million)       |                      |
| Investment properties .....      | 233,867               | 212,863               | 29,983               | 27,290               |
| Fixed assets .....               | 18,591                | 17,896                | 2,384                | 2,294                |
| Investments and loans .....      | 53,624                | 45,572                | 6,875                | 5,843                |
| Intangible assets .....          | 4,699                 | 5,049                 | 602                  | 647                  |
| Net current assets .....         | <u>114,862</u>        | <u>93,017</u>         | <u>14,726</u>        | <u>11,925</u>        |
|                                  | 425,643               | 374,397               | 54,570               | 47,999               |
| Deduct:                          |                       |                       |                      |                      |
| Non-current liabilities .....    | <u>74,684</u>         | <u>62,202</u>         | <u>9,575</u>         | <u>7,974</u>         |
| <b>Total net assets</b> .....    | <u><u>350,959</u></u> | <u><u>312,195</u></u> | <u><u>44,995</u></u> | <u><u>40,025</u></u> |
| Representing:                    |                       |                       |                      |                      |
| Share capital .....              | 1,308                 | 1,285                 | 168                  | 165                  |
| Share premium and reserves ..... | 345,251               | 305,680               | 44,263               | 39,190               |
| Non-controlling interests .....  | <u>4,400</u>          | <u>5,230</u>          | <u>564</u>           | <u>670</u>           |
| <b>Total equity</b> .....        | <u><u>350,959</u></u> | <u><u>312,195</u></u> | <u><u>44,995</u></u> | <u><u>40,025</u></u> |

Note : # Based on the foreign exchange rate of U.S.\$1.00 = HK\$7.80



Corporate Structure (as at 30 June 2012)



Note:

1 Listed on the Hong Kong Stock Exchange.

## **Business**

The SHKP Group is engaged principally in property development and investment in Hong Kong and Mainland China and develops high quality and large-scale properties for sale and investment in the residential, retail, office, hotel and industrial sectors. The SHKP Group also has non-property interests in Hong Kong, principally in the information technology, telecommunications, transportation, infrastructure and logistics sectors. Other business activities in Hong Kong include construction, property management, hotels, insurance and car park management.

The SHKP Group had total assets of HK\$467,570 million (U.S.\$59,945 million) as at 30 June 2012 and recorded underlying profit attributable to shareholders excluding the effect of fair value changes on investment properties of HK\$21,678 million (U.S.\$2,779 million) for the financial year then ended.

The tables below show an analysis of the revenue and results of the Guarantor and its subsidiaries and its share of associates and jointly controlled entities for each of the two financial years ended 30 June 2012 and 2011 by reportable and operating segments.

**For the year ended 30 June 2012**

|   | The Guarantor and its subsidiaries |                | Associates and jointly controlled entities |                  | Combined Revenue | Consolidated Results |
|---|------------------------------------|----------------|--|------------------|------------------|----------------------|
|   | Revenue                            | Results        | Share of Revenue                           | Share of Results |                  |                      |
|   | (HK\$ Million)                     | (HK\$ Million) | (HK\$ Million)                             | (HK\$ Million)   |                  |                      |
| Property sales  |                                    |                |  |                  |                  |                      |
| Hong Kong .....   | 35,044                             | 12,504         | 209  | 114              | 35,253           | 12,618               |
| Mainland China .....  | 878                                | 293            | 820  | 118              | 1,698            | 411                  |
| Singapore .....   | —                                  | —              | 81   | 45               | 81               | 45                   |
|   | <u>35,922</u>                      | <u>12,797</u>  | <u>1,110</u>                               | <u>277</u>       | <u>37,032</u>    | <u>13,074</u>        |
| Property rental   |                                    |                |  |                  |                  |                      |
| Hong Kong .....   | 9,925                              | 7,625          | 2,260                                      | 1,881            | 12,185           | 9,506                |
| Mainland China .....  | 1,496                              | 1,007          | 118  | 96               | 1,614            | 1,103                |
| Singapore .....   | —                                  | —              | 645  | 460              | 645              | 460                  |
|   | <u>11,421</u>                      | <u>8,632</u>   | <u>3,023</u>                               | <u>2,437</u>     | <u>14,444</u>    | <u>11,069</u>        |
| Hotel operation .....   | 3,089                              | 827            | 631  | 205              | 3,720            | 1,032                |
| Telecommunications .....  | 9,952                              | 1,385          | —  | —                | 9,952            | 1,385                |
| Transportation, infrastructure and logistics .....                          | 3,275                              | 936            | 2,619                                      | 161              | 5,894            | 1,097                |
| Other businesses .....  | 4,741                              | 984            | 278  | 20               | 5,019            | 1,004                |
|   | <u>68,400</u>                      | <u>25,561</u>  | <u>7,661</u>                               | <u>3,100</u>     | <u>76,061</u>    | <u>28,661</u>        |
| Other net income .....  |                                    | 532            |  | —                |                  | 532                  |
| Unallocated administrative expenses .....                                   |                                    | <u>(1,105)</u> |  | <u>—</u>         |                  | <u>(1,105)</u>       |
| Operating profit before change in fair value of investment properties ..... |                                    | 24,988         |  | 3,100            |                  | 28,088               |
| Increase in fair value of investment properties .....                       |                                    | <u>19,482</u>  |  | <u>3,873</u>     |                  | <u>23,355</u>        |
| Operating profit after change in fair value of investment properties .....  |                                    | 44,470         |  | 6,973            |                  | 51,443               |
| Net finance costs .....   |                                    | <u>(1,532)</u> |  | <u>(206)</u>     |                  | <u>(1,738)</u>       |
| Profit before taxation .....  |                                    | 42,938         |  | 6,767            |                  | 49,705               |
| Taxation  |                                    |                |  |                  |                  |                      |
| - Group .....   |                                    | (5,284)        |  | —                |                  | (5,284)              |
| - Associates .....  |                                    | —              |  | (21)             |                  | (21)                 |
| - Jointly controlled entities .....   |                                    | —              |  | (591)            |                  | (591)                |
| Profit for the year .....   |                                    | <u>37,654</u>  |  | <u>6,155</u>     |                  | <u>43,809</u>        |

The tables below show an analysis of the revenue and results of the Guarantor and its subsidiaries and its share of associates and jointly controlled entities for each of the two financial years ended 30 June 2012 and 2011 by reportable and operating segments.

**For the year ended 30 June 2012<sup>#</sup>**

|   | The Guarantor and its subsidiaries |                | Associates and jointly controlled entities |                  | Combined Revenue | Consolidated Results |
|---|------------------------------------|----------------|--|------------------|------------------|----------------------|
|   | Revenue                            | Results        | Share of Revenue                           | Share of Results |                  |                      |
|   | (US\$ Million)                     | (US\$ Million) | (US\$ Million)                             | (US\$ Million)   |                  |                      |
| Property sales  |                                    |                |  |                  |                  |                      |
| Hong Kong .....   | 4,493                              | 1,603          | 27   | 15               | 4,520            | 1,618                |
| Mainland China .....  | 112                                | 38             | 105  | 15               | 217              | 53                   |
| Singapore .....   | —                                  | —              | 10   | 6                | 10               | 6                    |
|   | <u>4,605</u>                       | <u>1,641</u>   | <u>142</u>                                 | <u>36</u>        | <u>4,747</u>     | <u>1,677</u>         |
| Property rental   |                                    |                |  |                  |                  |                      |
| Hong Kong .....   | 1,272                              | 978            | 290  | 241              | 1,562            | 1,219                |
| Mainland China .....  | 192                                | 129            | 15   | 12               | 207              | 141                  |
| Singapore .....   | —                                  | —              | 83   | 59               | 83               | 59                   |
|   | <u>1,464</u>                       | <u>1,107</u>   | <u>388</u>                                 | <u>312</u>       | <u>1,852</u>     | <u>1,419</u>         |
| Hotel operation .....   | 396                                | 106            | 81   | 26               | 477              | 132                  |
| Telecommunications .....  | 1,276                              | 177            | —  | —                | 1,276            | 177                  |
| Transportation, infrastructure and logistics .....                          | 420                                | 120            | 336  | 21               | 756              | 141                  |
| Other businesses .....  | 608                                | 126            | 35   | 2                | 643              | 128                  |
|   | <u>8,769</u>                       | <u>3,277</u>   | <u>982</u>                                 | <u>397</u>       | <u>9,751</u>     | <u>3,674</u>         |
| Other net income .....  |                                    | 68             |  | —                |                  | 68                   |
| Unallocated administrative expenses .....                                   |                                    | (142)          |  | —                |                  | (142)                |
| Operating profit before change in fair value of investment properties ..... |                                    | 3,203          |  | 397              |                  | 3,600                |
| Increase in fair value of investment properties .....                       |                                    | 2,498          |  | 497              |                  | 2,995                |
| Operating profit after change in fair value of investment properties .....  |                                    | 5,701          |  | 894              |                  | 6,595                |
| Net finance costs .....   |                                    | (196)          |  | (26)             |                  | (222)                |
| Profit before taxation .....  |                                    | 5,505          |  | 868              |                  | 6,373                |
| Taxation .....  |                                    |                |  |                  |                  |                      |
| - Group .....   |                                    | (677)          |  | —                |                  | (677)                |
| - Associates .....  |                                    | —              |  | (3)              |                  | (3)                  |
| - Jointly controlled entities .....   |                                    | —              |  | (76)             |                  | (76)                 |
| Profit for the year .....   |                                    | <u>4,828</u>   |  | <u>789</u>       |                  | <u>5,617</u>         |

Note : <sup>#</sup> Based on the foreign exchange rate of U.S.\$1.00 = HK\$7.80

The tables below show an analysis of the revenue and results of the Guarantor and its subsidiaries and its share of associates and jointly controlled entities for each of the two financial years ended 30 June 2012 and 2011 by reportable and operating segments.

**For the year ended 30 June 2011**

|   | The Guarantor and its subsidiaries |                | Associates and jointly controlled entities |                  | Combined Revenue | Consolidated Results |
|---|------------------------------------|----------------|--|------------------|------------------|----------------------|
|   | Revenue                            | Results        | Share of Revenue                           | Share of Results |                  |                      |
|   | (HK\$ Million)                     | (HK\$ Million) | (HK\$ Million)                             | (HK\$ Million)   |                  |                      |
| Property sales  |                                    |                |  |                  |                  |                      |
| Hong Kong .....   | 32,245                             | 10,756         | 5,752                                      | 2,882            | 37,997           | 13,638               |
| Mainland China .....  | 3,985                              | 888            | 524  | 100              | 4,509            | 988                  |
| Singapore .....   | —                                  | —              | 3,972                                      | 2,021            | 3,972            | 2,021                |
|   | <u>36,230</u>                      | <u>11,644</u>  | <u>10,248</u>                              | <u>5,003</u>     | <u>46,478</u>    | <u>16,647</u>        |
| Property rental   |                                    |                |  |                  |                  |                      |
| Hong Kong .....   | 8,824                              | 6,680          | 1,988                                      | 1,599            | 10,812           | 8,279                |
| Mainland China .....  | 1,054                              | 725            | 104  | 72               | 1,158            | 797                  |
| Singapore .....   | —                                  | —              | 639  | 435              | 639              | 435                  |
|   | <u>9,878</u>                       | <u>7,405</u>   | <u>2,731</u>                               | <u>2,106</u>     | <u>12,609</u>    | <u>9,511</u>         |
| Hotel operation .....   | 2,055                              | 362            | 539  | 191              | 2,594            | 553                  |
| Telecommunications .....  | 6,631                              | 967            | —  | —                | 6,631            | 967                  |
| Transportation, infrastructure and logistics .....                          | 3,194                              | 830            | 2,532                                      | 115              | 5,726            | 945                  |
| Other businesses .....  | 4,565                              | 868            | 214  | 38               | 4,779            | 906                  |
|   | <u>62,553</u>                      | <u>22,076</u>  | <u>16,264</u>                              | <u>7,453</u>     | <u>78,817</u>    | <u>29,529</u>        |
| Other net income .....  |                                    | 574            |  | —                |                  | 574                  |
| Unallocated administrative expenses .....                                   |                                    | (1,284)        |  | —                |                  | (1,284)              |
| Operating profit before change in fair value of investment properties ..... |                                    | 21,366         |  | 7,453            |                  | 28,819               |
| Increase in fair value of investment properties .....                       |                                    | <u>25,070</u>  |  | <u>4,795</u>     |                  | <u>29,865</u>        |
| Operating profit after change in fair value of investment properties .....  |                                    | 46,436         |  | 12,248           |                  | 58,684               |
| Net finance costs .....   |                                    | (1,033)        |  | (166)            |                  | (1,199)              |
| Profit before taxation .....  |                                    | 45,403         |  | 12,082           |                  | 57,485               |
| Taxation .....  |                                    | (7,359)        |  | —                |                  | (7,359)              |
| - Group .....   |                                    | —              |  | (28)             |                  | (28)                 |
| - Associates .....  |                                    | —              |  | (1,310)          |                  | (1,310)              |
| - Jointly controlled entities .....   |                                    | —              |  | —                |                  | —                    |
| Profit for the year .....   |                                    | <u>38,044</u>  |  | <u>10,744</u>    |                  | <u>48,788</u>        |

The tables below show an analysis of the revenue and results of the Guarantor and its subsidiaries and its share of associates and jointly controlled entities for each of the two financial years ended 30 June 2012 and 2011 by reportable and operating segments.

**For the year ended 30 June 2011<sup>#</sup>**

|   | The Guarantor and its subsidiaries |                | Associates and jointly controlled entities |                  | Combined Revenue | Consolidated Results |
|---|------------------------------------|----------------|--|------------------|------------------|----------------------|
|   | Revenue                            | Results        | Share of Revenue                           | Share of Results |                  |                      |
|   | (US\$ Million)                     | (US\$ Million) | (US\$ Million)                             | (US\$ Million)   |                  |                      |
| Property sales  |                                    |                |  |                  |                  |                      |
| Hong Kong .....   | 4,134                              | 1,379          | 737  | 369              | 4,871            | 1,748                |
| Mainland China .....  | 511                                | 114            | 67   | 13               | 578              | 127                  |
| Singapore .....   | —                                  | —              | 509  | 259              | 509              | 259                  |
|   | 4,645                              | 1,493          | 1,313                                      | 641              | 5,958            | 2,134                |
| Property rental   |                                    |                |  |                  |                  |                      |
| Hong Kong .....   | 1,131                              | 856            | 255  | 205              | 1,386            | 1,061                |
| Mainland China .....  | 135                                | 93             | 13   | 9                | 148              | 102                  |
| Singapore .....   | —                                  | —              | 82   | 56               | 82               | 56                   |
|   | 1,266                              | 949            | 350  | 270              | 1,616            | 1,219                |
| Hotel operation .....   | 264                                | 47             | 69   | 24               | 333              | 71                   |
| Telecommunications .....  | 850                                | 124            | —  | —                | 850              | 124                  |
| Transportation, infrastructure and logistics .....                          | 410                                | 106            | 325  | 15               | 735              | 121                  |
| Other businesses .....  | 585                                | 111            | 27   | 5                | 612              | 116                  |
|   | <u>8,020</u>                       | <u>2,830</u>   | <u>2,084</u>                               | <u>955</u>       | <u>10,104</u>    | <u>3,785</u>         |
| Other net income .....  |                                    | 74             |  | —                |                  | 74                   |
| Unallocated administrative expenses .....                                   |                                    | (165)          |  | —                |                  | (165)                |
| Operating profit before change in fair value of investment properties ..... |                                    | 2,739          |  | 955              |                  | 3,694                |
| Increase in fair value of investment properties .....                       |                                    | <u>3,214</u>   |  | <u>615</u>       |                  | <u>3,829</u>         |
| Operating profit after change in fair value of investment properties .....  |                                    | 5,953          |  | 1,570            |                  | 7,523                |
| Net finance costs .....   |                                    | (132)          |  | (21)             |                  | (153)                |
| Profit before taxation .....  |                                    | 5,821          |  | 1,549            |                  | 7,370                |
| Taxation .....  |                                    | (943)          |  | —                |                  | (943)                |
| - Group .....   |                                    | —              |  | (4)              |                  | (4)                  |
| - Associates .....  |                                    | —              |  | (168)            |                  | (168)                |
| - Jointly controlled entities .....   |                                    | —              |  | —                |                  | —                    |
| Profit for the year .....   |                                    | <u>4,878</u>   |  | <u>1,377</u>     |                  | <u>6,255</u>         |

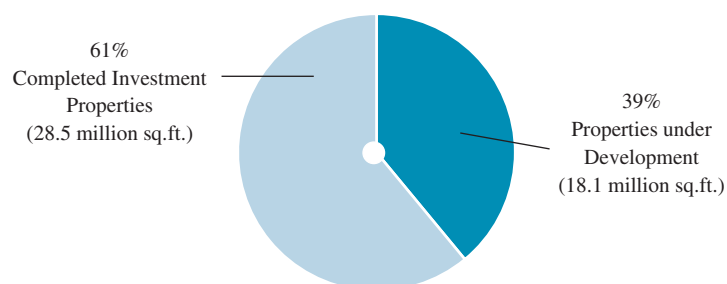
Note : <sup>#</sup> Based on the foreign exchange rate of U.S.\$1.00 = HK\$7.80

## ***Land Bank***

The SHKP Group adopts a diversified policy in its property development and investment activities in Hong Kong and Mainland China.

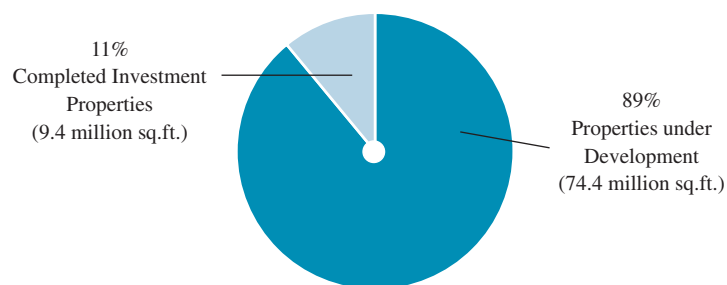
As of 30 June 2012, the SHKP Group owned a land bank in Hong Kong totalling 46.6 million square feet in terms of attributable gross floor area. This consisted of 28.5 million square feet of completed investment properties and 18.1 million square feet of properties under development. In addition, the SHKP Group owned 27 million square feet of agricultural land in terms of site area in the New Territories, the majority of which is in the process of land use conversion principally for residential development.

**Composition of Land Bank in Hong Kong  
(As of 30 June 2012)**



The SHKP Group's Mainland China land bank amounts to 83.8 million square feet in terms of attributable gross floor area as at 30 June 2012. This comprises 9.4 million square feet of completed investment properties and 74.4 million square feet of properties under development.

**Composition of Mainland Land Bank  
(As of 30 June 2012)**



## ***Property Development in Hong Kong***

The SHKP Group's property development operations are vertically integrated, with in-house capabilities in architectural design, construction, project management, engineering, sales and marketing and property management. In-house skills and services are used to the extent possible for the SHKP Group's activities.

The SHKP Group believes that vertical integration enables it effectively to complete quality projects within budget and according to development schedules. The SHKP Group also provides quality after-sales services such as property management and car park management which form part of the SHKP Group's recurrent income source.

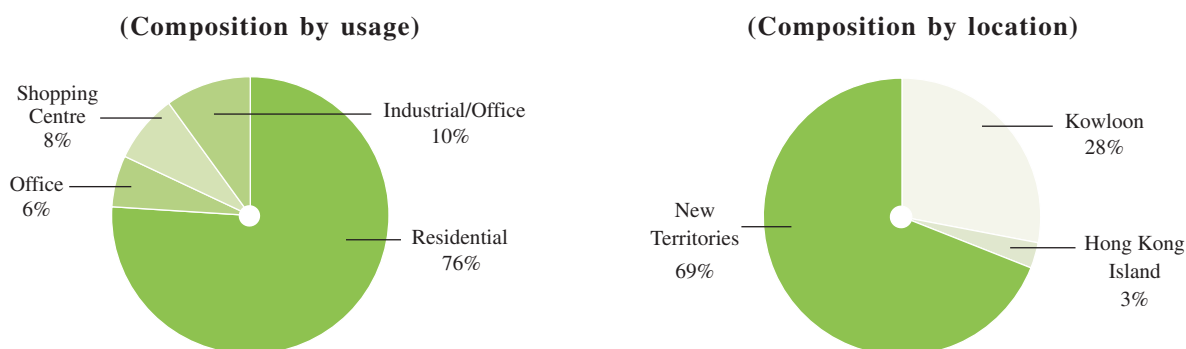
Properties sold and presold by the SHKP Group in the financial year ended 30 June 2012 amounted to HK\$38,217 million (U.S.\$4,900 million).

In the financial year ended 30 June 2012, the SHKP Group completed eight projects with a total attributable gross floor area of 3.6 million square feet in Hong Kong.

In the financial year ending 30 June 2013, the SHKP Group expects to complete residential projects with an aggregate attributable gross floor area of 1.7 million square feet as well as 1.1 million square feet of investment properties. During the financial year ending 30 June 2014, the SHKP Group expects to complete a total attributable gross floor area of 2.1 million square feet of which 1.8 million square feet will be residential properties.

Of the 18.1 million square feet of property under development as at 30 June 2012, residential properties represented 76 per cent. of the gross floor area, offices 6 per cent., industrial/office space 10 per cent. and shopping centres 8 per cent. In terms of geographical location, the SHKP Group's developments (by gross floor area) are predominantly located in the New Territories (69 per cent.) and Kowloon (28 per cent.), with the remaining being on Hong Kong Island (3 per cent.).

**Properties Under Development in Hong Kong  
(As at 30 June 2012)**

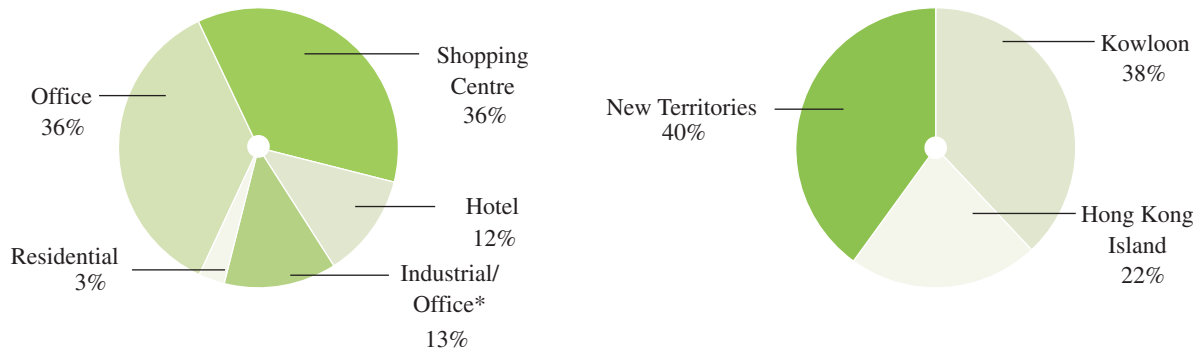


***Property Investments in Hong Kong***

The SHKP Group owns 28.5 million square feet of completed investment properties in Hong Kong. The completed investment properties are diversified in terms of location and usage, including shopping centres (representing 36 per cent. of the gross floor area of the investment property portfolio at 30 June 2012), offices (36 per cent.), residential properties (3 per cent.), industrial/office space (13 per cent.) and hotels (12 per cent.). In terms of geographical location, the SHKP Group's investment properties (by attributable gross floor area) are located in the New Territories (40 per cent.) with the remaining being on Hong Kong Island (22 per cent.) and in Kowloon (38 per cent.). The balance sheet value of the investment properties as at 30 June 2012 was HK\$233,867 million (U.S.\$29,983 million).



**Completed Investment Properties in Hong Kong  
(As of 30 June 2012)**

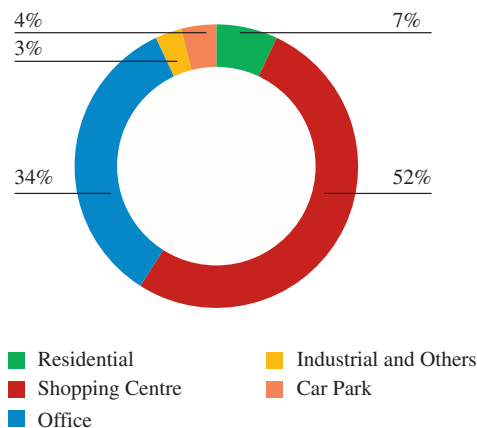


\* Industrial/office properties including industrial properties and warehouses.

Occupancy rates of the SHKP Group's investment portfolio in Hong Kong during financial year 2011/2012 remained high at 95 per cent. Gross rental income from the SHKP Group's investment property portfolio (including jointly controlled entities and associates) was HK\$14,444 million (U.S.\$1,852 million) for financial year 2011/12 compared to HK\$12,609 million (U.S.\$1,617 million) for financial year 2010/11. Net rental income increased to HK\$11,069 million (U.S.\$1,419 million) from HK\$9,511 million (U.S.\$1,219 million) for financial year 2010/11.

The SHKP Group undertakes regular upgrades and renovations for its investment properties to enhance their rental value, and its emphasis on tenant care helps to build customer loyalty and keep occupancy high. To further strengthen its recurrent income base, the SHKP Group plans to build about 2.7 million square feet of new investment properties in the next few years.

**Gross Rental Income in Hong Kong by Sector\*  
(As of 30 June 2012)**



\* Including contributions from jointly controlled entities and associates

The SHKP Group's strategy is to review constantly the mix of its investment properties in order to maintain an optimal, well-balanced portfolio and provide a solid base for long-term growth. The SHKP Group will keep considering different options to enhance the composition of its investment property portfolio.

### *Shopping Centres*

Gross rental income from the SHKP Group's well diversified shopping centres showed reasonable growth for the financial year ended 30 June 2012, with occupancy of major malls remaining high. IFC Mall is almost fully let, and the SHKP Group's other major malls like Metroplaza in Kwai Chung, APM in Kwun Tong and Landmark North in Sheung Shui recorded nearly full occupancies. The SHKP Group has taken steps to attract more traffic to its malls with innovative marketing and promotions.

The opening of new shopping centres is expected to boost the SHKP Group's retail network in Hong Kong. The first will be V City above MTR Tuen Mun Station and a major transportation hub with easy and rapid access to the border. This 270,000-square-foot mall is expected to open in the second quarter of 2013 with full occupancy and the majority of its tenants opening shops in Tuen Mun for the first time.

Another upcoming addition to the SHKP Group's retail network will be a million-square-foot regional shopping hub, YOHO Mall next to MTR Yuen Long Station, comprising a new shopping centre under development of over 470,000 square feet and two existing malls. This will be the largest shopping and entertainment hub in the northwest New Territories. There will also be a 300,000-square-foot premium mall above MTR Nam Cheong Station, which will further strengthen the SHKP Group's retail network along the West Rail when it opens.

### *Offices*

The SHKP Group owns more than ten million square feet of quality office space throughout Hong Kong. Gross rental income from the office portfolio remained stable for the financial year ended 30 June 2012, with relatively high occupancy. Market rents of office space in International Commerce Centre rose over the year and vacancy rate was low. The average occupancy of the two office towers of International Finance Centre remained high. Other premium office developments like Millennium City in Kowloon East, Sun Hung Kai Centre and Central Plaza in Wan Chai, and Grand Century Place in Mong Kok recorded high occupancies.

### *Residential & Suites*

Gross rental income from the leasing of the SHKP Group's premium residential investment properties and serviced suites showed reasonable growth for the financial year ended 30 June 2012. Overall occupancy was satisfactory with increased rents. The SHKP Group's portfolio of serviced suites, including those at The HarbourView Place at Kowloon Station and the 50-per-cent-owned Four Seasons Place at Hong Kong Station which, taken together, provide over 500 high-end suites in attributable terms, offers premium accommodation to guests from all over the globe. The new wholly-owned Vega Suites, scheduled to open in the fall of this year, will provide 176 serviced units in Kowloon East, making the portfolio more diversified and extensive. In addition, the SHKP Group owned close to a million square feet of luxury residential units for lease under Signature Homes.

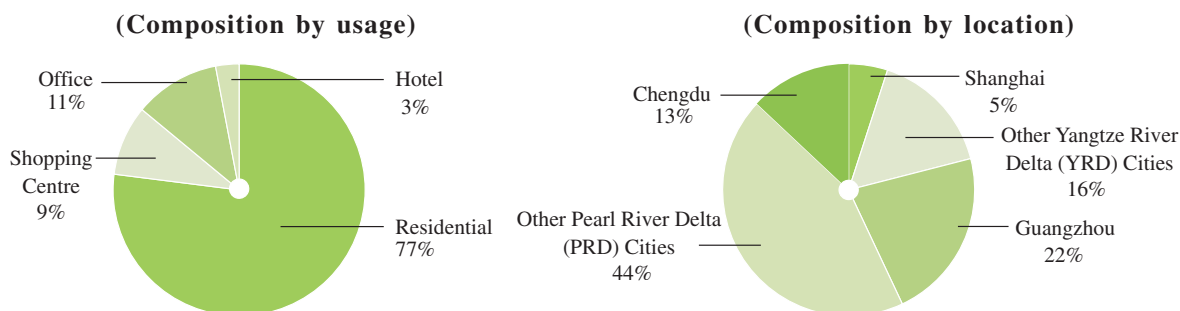
### *Mainland China Business*

The SHKP Group is optimistic about the long-term prospects for its Mainland China investments, and is expanding its Mainland China land bank with a focus on major cities such as Beijing, Shanghai, Guangzhou and Shenzhen.

**Property Development in the Mainland**

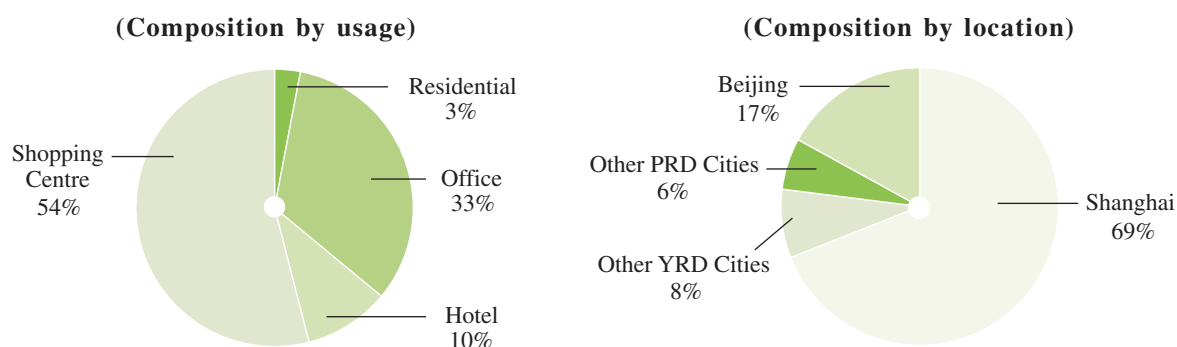
Of the 74.4 million square feet of property under development as at 30 June 2012, residential properties represented 77 per cent. of the gross floor area, offices 11 per cent., shopping centres 9 per cent. and hotels 3 per cent.

**Properties Under Development in China  
(as at 30 June 2012)**



**Property Investments in the Mainland**

**Completed Investment Properties in Mainland China  
(as at 30 June 2012)**



The SHKP Group’s 9.4 million square feet portfolio of completed investment property in Mainland China is made up of shopping centres representing 54 per cent. of the gross floor area, offices representing 33 per cent., hotels representing 10 per cent. and residential properties representing 3 per cent. Driven by both higher rents and increased contributions from new investment properties, the SHKP Group continued to see rental income growth in its mainland investment property portfolio.

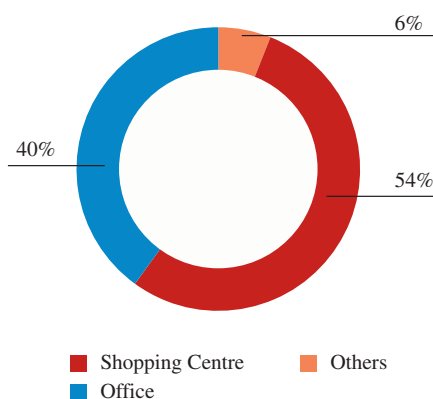
The latest milestone in the SHKP Group’s growing mainland presence is the full completion of Shanghai IFC. The final part — the deluxe IFC Residence — offering close to 300 first-class serviced suites has commenced in the first half this year. The first office tower is fully occupied and leasing of the second office tower is progressing well. Traffic in the first phase of Shanghai IFC Mall has been increasing since the opening in April 2010 and it is fully let. The recently-completed second phase has a gross floor area of 180,000 square feet. It is fully pre-let and scheduled to open by the end of 2012.

Shanghai ICC is another mainland integrated project by the SHKP Group. The first office tower with high occupancy is home to many multinational and mainland corporates. Completion of the second office tower is expected in the first half of 2015. International APM shopping centre was recently completed and is scheduled to open in the second quarter of 2013. Response to leasing has been impressive with over 90 per cent. of the retail space already pre-leased.

The SHKP Group will continue to expand its investment portfolio on the mainland. The Guangzhou Hong Cheng project is located in the Tianhe business circle and along the central axis of Guangzhou. The nearly 900,000-square-foot joint-venture shopping mall is currently under construction and is scheduled to be completed in 2014. Tianhui Plaza — a joint-venture mega integrated complex — is also coming in Zhujiang Xincheng, a business area at the heart of Guangzhou. The four-million-square-foot Minhang project above Xinzhuang Station in Shanghai is another integrated project by the SHKP Group in the pipeline.

The mainland rental portfolio will make a more notable contribution to the SHKP Group's recurring income as those integrated projects are gradually completed.

**Gross Rental Income on the Mainland by Sector\***  
(As of 30 June 2012)



\* Including contributions from jointly controlled entities and associates

***Property Related Business Activities***

For the financial year ended 30 June 2012, the average occupancy of the Four Seasons, The Ritz-Carlton, Hong Kong, W Hong Kong and the four Royal brand hotels stayed high at over 90 per cent. Average room rates also recorded impressive growth.

The Ritz-Carlton Shanghai, Pudong added a new dimension to the city's hotel industry with its refined design and quality service. It registered much higher occupancy than in the previous year.

The SHKP Group will continue adding new premium hotels to its portfolio. The new Crowne Plaza Kowloon East and Holiday Inn Express Kowloon East above MTR Tsueng Kwan O Station in Hong Kong are scheduled to open in late September and October in 2012. The SHKP Group is also developing premium hotels in several major Mainland cities as parts of integrated projects there. The new hotels will enhance recurrent income and help solidify the SHKP Group's hotel brand in Hong Kong and on the Mainland.

Other property related businesses of the SHKP Group include:

- premium property management services through SHKP's wholly-owned subsidiaries, Kai Shing Management Services Limited and Hong Yip Service Company Limited; and

- a construction division. The construction division participates actively in all stages of the development process and places an emphasis on staff training and upgrading of its technology for the enhancement of project management and improvement in operational efficiency.

### *Telecommunications, Information Technology, Transportation, Infrastructure and Logistics*

The SHKP Group is currently engaged in some non-property related investments, principally in the telecommunications, information technology, transportation, infrastructure and logistics businesses. These non-property related investments are mostly located in Hong Kong.

#### *Telecommunications*

SmarTone Telecommunications Holdings Limited (“**SmarTone**”) is the telecommunication flagship of the SHKP Group. It is a premium quality provider of communication services in Hong Kong. SmarTone had a market capitalisation of approximately HK\$15.95 billion (U.S.\$2.05 billion) based on the closing price of its shares listed on the Hong Kong Stock Exchange as at 19 October 2012.

SmarTone launched its 4G network in August 2012 with a focus on total customer experience and commitment to excellence. SmarTone will continue to innovate and develop new proprietary services and a focus on customer care at all touch-points. The SHKP Group remains confident in SmarTone’s prospects and intends to continue holding the company as a long-term investment.

#### *Information Technology*

SUNeVision Holdings Ltd. (“**SUNeVision**”) is the technology infrastructure flagship of the SHKP Group. SUNeVision had a market capitalisation of approximately HK\$3,901 million (U.S.\$500 million) based on the closing price of its shares listed on the Hong Kong Stock Exchange as at 19 October 2012. iAdvantage Limited (“**iAdvantage**”), a wholly-owned subsidiary of SUNeVision, provides data centre facilities and services.

SUNeVision recorded another profitable year with further contributions from its data centre businesses. Its iAdvantage remained as a major carrier-neutral data centre service provider in Hong Kong with a quality and stable customer base in the financial service, telecommunications, information technology and public administration sectors. Its last-mile connectivity business also provides quality service to customers. SUNeVision will build on its track record and solid financial position to further develop its core business.

#### *Transport, Infrastructure Operations and Management*

The Wilson Group, a wholly-owned subsidiary of the SHKP Group, oversees parking, tunnel, bridge, tollway and other transport related management businesses. Through its wholly-owned subsidiaries, the Wilson Group owns the largest parking operator in Hong Kong, and manages and maintains the Tsing Ma Control Area and the Route 3 (Country Park Section).

SHKP holds a 70 per cent. interest in the Route 3 (Country Park Section) in the New Territories in Hong Kong. The Route 3 (Country Park Section) is a 10.1 km-long dual three-lane expressway which includes a 3.8 km-long tunnel and a 6.3 km-long approach road. It provides a fast, direct link between the northwest New Territories, the Hong Kong International Airport and the major urban areas. Traffic on the Route 3 (Country Park Section) rose steadily for the financial year 2012.

SHKP has a 33.3 per cent. shareholding interest in Transport International Holdings Limited (“**TIH**”), a publicly-listed company mainly engaged in franchised public bus operation in Hong Kong. It is one of the largest public transport carriers in Hong Kong. TIH had a market capitalisation of approximately HK\$6,393 million (U.S.\$820 million) based on the closing price of its shares listed on the Hong Kong Stock Exchange as at 19 October 2012.

RoadShow Holdings Limited (“**RoadShow**”), a 73 per cent. owned publicly listed subsidiary of TIH, is primarily engaged in the media sales business in both Hong Kong and Mainland China. RoadShow had a market capitalization of approximately HK\$678 million (U.S.\$87 million) based on the closing price of its shares listed on the Hong Kong Stock Exchange as at 19 October 2012.

#### Port Business

SHKP owns a 50 per cent. interest in the River Trade Terminal in Tuen Mun in Hong Kong, providing a full range of containerised and breakbulk cargo handling and storage services for river trade between the Pearl River Delta and Hong Kong.

The River Trade Terminal at Tuen Mun is an important centre for trade between Hong Kong and the Pearl River Delta region. The terminal site occupies 65 hectares and has 49 berths. It handles and consolidates containers and breakbulk cargo, and offers container storage and repair and other port-related services.

#### Air Transport and Logistics Business

The SHKP Group owns a 100 per cent. shareholding interest in Airport Freight Forwarding Centre Company Limited (“**AFFC**”). AFFC comprises a 3-storey base podium warehouse with a total floor area of about 1.5 million square feet for cargo storage. Strategically situated in the Hong Kong International Airport, AFFC offers advanced facilities to its tenants with flexible leasing terms and affordable rates. SHKP owns a 35 per cent. interest in Hong Kong Business Aviation Centre which recently opened a third hangar to meet increasing demand.

#### Waste Management

The SHKP Group has 20 per cent. interest in Green Valley Landfill Limited and South China Transfer Limited. Business remained stable for both during the financial year.

#### *Finance Policy*

The SHKP Group has always adhered to conservative operating and financial management policies. The SHKP Group’s financing objectives are: to lengthen the maturity profile of its debt to match income from its rental properties and other long term investments; to refinance its short-term borrowings with long-term debt; to diversify its sources of funding; to maintain sufficient committed, long-term, unsecured banking facilities as additional capital and liquidity resources; to minimise exposure to foreign exchange risk; and to ensure that debt maturing in any future year will not pose a significant re-financing risk.

The SHKP Group will continue its conservative management of foreign exchange and interest rate risks. The vast majority of its borrowings are denominated in Hong Kong dollars and the SHKP Group does not engage in any speculative derivative related activity.

The SHKP Group has substantial undrawn credit facilities on a committed basis, with limits well exceeding its funding needs. A policy of maintaining a low gearing and high interest coverage provides further support for the SHKP Group’s financial position.

## Employees

The SHKP Group considers its employee relations to be good and has a staff training policy to encourage self-development and to build staff loyalty and teamwork. As part of SHKP's long-term strategy, it plans to continue strengthening its staff teams in Hong Kong and Mainland China through hiring more talented and qualified individuals.

As at 30 June 2012, the SHKP Group had over 35,000 employees.

## Charges Against Directors of the Guarantor

The board of directors of the Guarantor was separately informed on 13 July 2012 by the Relevant Directors that on 13 July 2012 charges in relation to an alleged offence or offences at common law for conspiracy to commit misconduct in a public office, and/or under the Prevention of Bribery Ordinance and/or furnishing false information contrary to the Theft Ordinance had been laid against them (the “**Charges**”). In addition, the board of directors of the Guarantor was informed by Mr. Walter Kwok at night on 3 May 2012, that he was arrested by the ICAC in connection with an investigation into an offence or offences suspected, *inter alia*, to have been committed under the Prevention of Bribery Ordinance, and has been released on bail. As of the date of this Information Memorandum, no charges have been laid against Mr. Walter Kwok.

On 19 March 2012, the Board set up a special committee, consisting of one Executive Director and two Non-Executive Directors, which has been reconstituted to comprise Mr. Wong, Mr. Wong Yick-kam, Michael (Non-Executive Director) and Prof Wong Yue-chim, Richard (Independent Non-Executive Director), to handle all matters which may arise from and relate to the charges and the investigation of the ICAC.

The Relevant Directors will continue to undertake and discharge their duties to the SHKP Group, and Messrs. Thomas Kwok and Raymond Kwok will also continue to undertake and discharge their duties as joint Chairmen and Managing Directors of the Guarantor.

In addition, at a Board meeting of the Guarantor on 13 July 2012, the Board approved with immediate effect:

- the appointment of Mr. Kwok Kai-fai, Adam (“**Mr. Adam Kwok**”) and Mr. Kwok Ho-lai, Edward (“**Mr. Edward Kwok**”) as Alternate Directors to Messrs. Thomas Kwok and Raymond Kwok respectively; and
- the appointment of Mr. Wong and Mr. Lui Ting, Victor (“**Mr. Lui**”) as Deputy Managing Directors of the Company.

Messrs. Adam Kwok and Edward Kwok are the oldest sons of Messrs. Thomas Kwok and Raymond Kwok, respectively. See “*Directors and Senior Management of the Guarantor*” for the biographies of the newly appointed Alternate Directors.

Messrs. Wong and Lui will assist Messrs. Thomas Kwok and Raymond Kwok with their duties as joint Chairmen and Managing Directors. Messrs. Wong and Lui, both of whom are Executive Directors and members of the Executive Committee of the Guarantor with more than 30 years experience of serving the SHKP Group, are familiar with the day-to-day management and operations of the SHKP Group as well as the development of its goals and strategies.

The Guarantor is of the view that the normal daily business and operations of the SHKP Group will not be affected by the information above. See also “*Risk Factors — Charges made against the Directors of the Guarantor by the Independent Commission Against Corruption (the “ICAC”) could reduce the time that they are able to devote to the SHKP Group’s business and have an adverse effect on the SHKP Group’s business, prospects and reputation*” and “*Risk Factors — If any of the charges against the Relevant Directors are upheld, sanctions may be imposed against the Relevant Directors which could have an adverse effect on the SHKP Group’s business and prospects*”.



## DIRECTORS AND SENIOR MANAGEMENT OF THE GUARANTOR\*

The details of Directors and Senior Management of the Guarantor set out below are extracted from the Annual Report of the Guarantor for the year ended 30 June 2012 dated 13 September 2012 and a circular of the Guarantor to its shareholders dated 15 October 2012:

### Directors

#### **Kwok Ping-kwong, Thomas**

Hon DBA, Hon DEng, MSc (Bus Adm), BSc (Eng), FCPA(Aust.), SBS, JP  
*Chairman & Managing Director (Age: 60)*

Mr. Kwok has been Chairman of the Guarantor since December 2011. Prior to the appointment as Chairman of the Guarantor, Mr. Kwok had acted as Vice Chairman of the Guarantor for 21 years. He is also a Managing Director and a member of the Executive Committee of the Guarantor. He has been with the SHKP Group for 35 years. Mr. Kwok holds a Master's degree in Business Administration from The London Business School, University of London, and a Bachelor's degree in Civil Engineering from Imperial College, University of London. He also holds an Honorary Doctorate in Engineering from The Hong Kong Polytechnic University and an Honorary Doctorate in Business Administration from The Open University of Hong Kong. He is a fellow of The Hong Kong Management Association and also a fellow of The Australia Certified Public Accountants. Mr. Kwok is also chairman of Route 3 (CPS) Company Limited and joint chairman of IFC Development Limited. He is a non-executive director of SUNeVision Holdings Ltd. (see remark below) and an independent non-executive director of The Bank of East Asia, Limited.

He is chairman of the board of directors of the Faculty of Business and Economics, The University of Hong Kong. He is also an executive vice president and a member of the executive committee of The Real Estate Developers Association of Hong Kong. In July 2007, the Hong Kong Government awarded Mr. Kwok the Silver Bauhinia Star for his distinguished community service.

In the past, Mr. Kwok served as a government-appointed member of the Commission on Strategic Development, a member of the Exchange Fund Advisory Committee, the Construction Industry Council, the Council for Sustainable Development, Business Facilitation Advisory Committee and as a non-official member of the Provisional Minimum Wage Commission. He also previously served as a board member of the Community Chest of Hong Kong and as a council member of the Hong Kong Construction Association.

Mr. Kwok is an Honorary Citizen of Guangzhou and a Standing Committee member of the Chinese People's Political Consultative Conference Shanghai Committee.

Mr. Kwok is a son of Madam Kwong Siu-hing who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Guarantor within the meaning of Part XV of the SFO. He is also a younger brother of Mr. Kwok Ping-sheung, Walter and an elder brother of Mr. Kwok Ping-luen, Raymond. He is the father of Mr. Kwok Kai-fai, Adam, an Alternate Director of the Guarantor.

*(Remark: Mr. Kwok retired by rotation as a non-executive director of SUNeVision Holdings Ltd. with effect from the conclusion of the annual general meeting of SUNeVision Holdings Ltd. held on 1 November 2012.)*

\* Please refer to the section headed "Charges Against Directors of the Guarantor" on page 95 of this Information Memorandum.

Save as disclosed above, Mr. Kwok did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Mr. Kwok received a fee of approximately HK\$115,600 for being Vice Chairman of the Guarantor for the period from 1 July 2011 to 7 December 2011 and being Chairman of the Guarantor for the period from 8 December 2011 to 30 June 2012, and other emoluments of approximately HK\$2.29 million.

**Kwok Ping-luen, Raymond**

Hon LLD, Hon DBA, MBA, MA (Cantab), JP  
*Chairman & Managing Director (Age: 59)*

Mr. Kwok has been Chairman of the Guarantor since December 2011. Prior to the appointment as Chairman of the Guarantor, Mr. Kwok had acted as Vice Chairman of the Guarantor for 21 years. He is also a Managing Director and a member of the Executive Committee of the Guarantor. He has been with the SHKP Group for 34 years. Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited and Wing Tai Properties Limited.

In civic activities, Mr. Kwok is a director of The Real Estate Developers Association of Hong Kong, a member of the General Committee of The Hong Kong General Chamber of Commerce and vice chairman of the council of The Chinese University of Hong Kong. Mr. Kwok is a son of Madam Kwong Siu-hing who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Guarantor within the meaning of Part XV of the SFO. He is also a younger brother of Messrs. Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas. He is the father of Mr. Kwok Ho-lai, Edward, an Alternate Director of the Guarantor.

Save as disclosed above, Mr. Kwok did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Mr. Kwok received a fee of approximately HK\$115,600 for being Vice Chairman of the Guarantor for the period from 1 July 2011 to 7 December 2011 and being Chairman of the Guarantor for the period from 8 December 2011 to 30 June 2012, and other emoluments of approximately HK\$2.52 million.

**Dr. the Hon Lee Shau-kee**

DBA(Hon), DSSc(Hon), LLD(Hon), GBM  
*Vice Chairman & Non-Executive Director (Age: 83)*

Dr. Lee has been a Non-Executive Director of the Guarantor for the last 40 years. He is the founder and chairman and managing director of Henderson Land Development Company Limited and Henderson Investment Limited. He has been engaged in property development in Hong Kong for more

than 55 years. He is also chairman of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited as well as a director of Hong Kong Ferry (Holdings) Company Limited and The Bank of East Asia, Limited. In July 2007, the Hong Kong Government awarded Dr. Lee the Grand Bauhinia Medal for his distinguished community service.

Save as disclosed above, Dr. Lee did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Dr. Lee received a fee of HK\$110,000 for being a Vice Chairman of the Guarantor.

**Wong Chik-wing, Mike**

MSc(IRE), FHKIS, RPS (BS), JP

*Deputy Managing Director (Age: 56)*

Mr. Wong was appointed as a Deputy Managing Director of the Guarantor with effect from 13 July 2012. He joined the SHKP Group in 1981 and has been appointed as an Executive Director of the Guarantor since January 1996. He is a member of both the Executive Committee and the Special Committee of the Guarantor. He is currently responsible for project management matters of the SHKP Group's development projects. Mr. Wong graduated from The Hong Kong Polytechnic University with distinction and holds a Master degree in International Real Estate. He is a fellow of the Hong Kong Institute of Surveyors and a registered professional surveyor.

Mr. Wong did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Mr. Wong received a fee of HK\$100,000 for being a Director of the Guarantor and other emoluments of approximately HK\$17.25 million.

**Lui Ting, Victor**

BBA

*Deputy Managing Director (Age: 58)*

Mr. Lui was appointed as an Executive Director and a Deputy Managing Director of the Guarantor with effect from 12 April 2012 and 13 July 2012 respectively. He is also a member of the Executive Committee of the Guarantor. He has joined the SHKP Group since 1977 and is currently responsible for the sales and marketing of a number of large residential developments as well as acquisition and disposal of non-core property investment projects of the SHKP Group. He holds a Bachelor of Business Administration degree from The Chinese University of Hong Kong.

Mr. Lui did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

Mr. Lui received a fee of approximately HK\$21,800 for being a Director of the Guarantor for the period from 12 April 2012 to 30 June 2012 and other emoluments of approximately HK\$16.43 million for the financial year ended 30 June 2012.

**Yip Dicky Peter**

MBA, BBS, MBE, JP

*Independent Non-Executive Director (Age: 65)*

Mr. Yip has been an Independent Non-Executive Director of the Guarantor since September 2004. He is also a member of both the Audit Committee and the Nomination Committee of the Guarantor. He joined The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) in Hong Kong in 1965 with working experiences in London, China and San Francisco. Mr. Yip worked in a number of departments of HSBC, which included trade services, corporate banking, group consultancy service and regional training. His previous assignment prior to becoming CEO China had been in personal financial services, covering jobs in marketing, card products, customer service and sales, with responsibilities over consumer business in Hong Kong. From January 2003 to April 2005, Mr. Yip was appointed chief executive China business, based in Shanghai; meanwhile, he was also a director of Bank of Shanghai, Ping An Insurance and Ping An Bank in China. Mr. Yip became a general manager of HSBC in April 2005 until his retirement from HSBC on 30 June 2012. He also resigned as the executive vice president of Bank of Communications Co., Ltd. with effect from 1 July 2012.

Mr. Yip joined the Institute of International Finance in July 2012 as chief representative for the Asia-Pacific Region. He is also a China consultant of PricewaterhouseCoopers. He is an elected associated member of the Chartered Institute of Bankers, London. Mr. Yip was educated in Hong Kong with an MBA from The University of Hong Kong. He has a Certified Financial Planner certificate issued by the Institute of Financial Planners of Hong Kong. He received the Ten Outstanding Young Persons Award in 1984 for his contribution to the banking industry and the community in Hong Kong. Mr. Yip was awarded the MBE by the British Government in 1984. In 1999, he was appointed Unofficial Justice of Peace in Hong Kong. In 2000, he was awarded the Bronze Bauhinia Star by the Hong Kong Government. In June 2008, he was elected a member of Shanghai Committee of the Chinese People’s Political Consultative Conference. In addition, he is the honorary chairman of Hong Kong Chamber of Commerce in China and a member of Financial Planning Standards Council of China.

Mr. Yip is active in community and youth activities in Hong Kong and is a member of a number of service organisations such as Hong Kong Committee for United Nations Children Fund and the 8th National Council of Red Cross Society of China.

Save as disclosed above, Mr. Yip did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Mr. Yip received fees of HK\$100,000 for being a Director of the Guarantor, HK\$200,000 for being a member of the Audit Committee of the Guarantor and HK\$50,000 for being a member of the Nomination Committee of the Guarantor.

**Professor Wong Yue-chim, Richard**

SBS, JP

*Independent Non-Executive Director (Age: 60)*

Professor Wong has been an Independent Non-Executive Director of the Guarantor since May 2005. He is the Chairman of both the Nomination Committee and the Remuneration Committee, and a member of the Special Committee of the Guarantor. He is Professor of Economics at The University of Hong Kong. Professor Wong was awarded the Silver Bauhinia Star in 1999 by the Hong Kong Government for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy.

Professor Wong serves as an independent non-executive director of CK Life Sciences Int'l., (Holdings) Inc., Great Eagle Holdings Limited, Orient Overseas (International) Limited, Pacific Century Premium Developments Limited and The Link Management Limited as the manager of The Link Real Estate Investment Trust. He is also an independent non-executive director of Industrial and Commercial Bank of China (Asia) Limited (whose shares were withdrawn from listing on the Hong Kong Stock Exchange). In addition, Professor Wong was a member of the managing board of the Kowloon-Canton Railway Corporation.

Save as disclosed above, Professor Wong did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Professor Wong received fees of HK\$100,000 for being a Director of the Guarantor, and HK\$60,000 for being the Chairman of each of the Nomination Committee and the Remuneration Committee of the Guarantor.

**Dr. Li Ka-cheung, Eric**

LLD, DSocSc., B.A., GBS, OBE, JP

*Independent Non-Executive Director (Age: 59)*

Dr. Li was appointed as a Non-Executive Director of the Guarantor in May 2005. He is currently an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Guarantor. He is also an independent non-executive director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Dr. Li is the senior partner of Li, Tang, Chen & Co., Certified Public Accountants. He is also an independent non-executive director of Transport International Holdings Limited, Wong's International (Holdings) Limited, Hang Seng Bank Limited, China Resources Enterprise, Limited, RoadShow Holdings Limited and Bank of Communications Co., Ltd. He was an independent non-executive director of Meadville Holdings Limited which has voluntarily withdrawn listing on the Hong Kong Stock Exchange.

Dr. Li is a member of The 11th National Committee of Chinese People's Political Consultative Conference and a convenor cum member of the Financial Reporting Review Panel. He was a former member of the Legislative Council of Hong Kong and the chairman of its Public Accounts Committee and was also a past president of the Hong Kong Institute of Certified Public Accountants.

Save as disclosed above, Dr. Li did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Dr. Li received fees of HK\$100,000 for being a Director of the Guarantor, HK\$240,000 for being the Chairman of the Audit Committee of the Guarantor and HK\$50,000 for being a member of the Remuneration Committee of the Guarantor. Also, he received other emoluments of a total of HK\$240,000 for being a director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

**Dr. Fung Kwok-lun, William**

SBS, OBE, JP

*Independent Non-Executive Director (Age: 63)*

Dr. Fung has been an Independent Non-Executive Director of the Guarantor since February 2010. He graduated from Princeton University with a Bachelor of Science degree in Engineering and also holds an MBA degree from the Harvard Graduate School of Business. He was conferred the degrees of Doctor of Business Administration, *honoris causa*, by The Hong Kong University of Science and Technology and by The Hong Kong Polytechnic University.

Dr. Fung has been the group chairman of Li & Fung Limited since 14 May 2012 and before that, was the executive deputy chairman (2011 — May 2012) and the group managing director (1986 — 2011) of Li & Fung Limited. He also serves as a non-executive director of Convenience Retail Asia Limited and Trinity Limited. He is a director of the Fung Global Institute, an independent and non-profit think-tank. Dr. Fung is also an independent non-executive director of VTech Holdings Limited, Shui On Land Limited and The Hongkong and Shanghai Hotels Limited; and an independent director of Singapore Airlines Limited.

Dr. Fung has held key positions in major trade associations. He is the past chairman of the Hong Kong General Chamber of Commerce, the Hong Kong Exporters' Association and the Pacific Economic Cooperation Committee. He has been awarded the Silver Bauhinia Star by the Hong Kong Government in 2008.

Dr. Fung does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Dr. Fung received a fee of HK\$100,000 for being a Director of the Guarantor.

**Dr. Leung Nai-pang, Norman**

LLD, GBS, JP

*Independent Non-Executive Director (Age: 72)*

Dr. Leung was appointed as an Independent Non-Executive Director of the Guarantor with effect from 1 July 2012. He is the executive chairman of Television Broadcasts Limited. He is also the chairman and an independent non-executive director of Transport International Holdings Limited.

Dr. Leung has been active in public service for over 30 years and he served as Commissioner of the Civil Aid Service from 1993 to 2007, chairman of the Broadcasting Authority from 1997 to 2002 and council chairman of City University of Hong Kong from 1997 to 2003. He is currently the Pro-Chancellor of City University of Hong Kong and a member of the Advisory Committee on Post-office Employment for former Chief Executives and Politically Appointed Officials.

Save as disclosed above, Dr. Leung did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

Dr. Leung is currently entitled to a fee of HK\$100,000 per annum for being a Director of the Guarantor (*see note below*).

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*Note:* Subject to the approval by the shareholders of the Guarantor at the 2012 annual general meeting, the fees to be paid to each Chairman, Vice Chairman and other Director for the financial year ending 30 June 2013 will be HK\$320,000, HK\$310,000 and HK\$300,000 respectively.

**Leung Kui-king, Donald**

BSc

*Independent Non-Executive Director (Age: 56)*

Mr. Leung was appointed as an Independent Non-Executive Director of the Guarantor with effect from 1 July 2012. He graduated from The University of California, Berkeley with a Bachelor of Science degree in Business Administration and completed Harvard University's Advanced Management Program. He is currently an independent non-executive director of Tern Properties Company Limited.

Mr. Leung started his career with Bank of America in 1977 and joined Wardley Limited (a member of HSBC Group) in 1984. He then joined the Guarantor in 1986 and worked until his retirement in 2006.

Save as disclosed above, Mr. Leung did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

Mr. Leung is currently entitled to a fee of HK\$100,000 per annum for being a Director of the Guarantor (*see note below*).

**Kwok Ping-sheung, Walter**

D.Sc, Msc (Lond), DIC, MICE, JP

*Non-Executive Director (Age: 61)*

Mr. Kwok has been with the SHKP Group for 38 years. Mr. Kwok was Chairman and Chief Executive of the SHKP Group from 1990 to 2008. He holds an Honorary Doctor of Science degree and a Master of Science degree in Civil Engineering from the Imperial College of Science and Technology, University of London, and is a member of the Institution of Civil Engineers, U.K. and a Fellow of the Hong Kong Institution of Engineers. He is an Honorary Fellow of the School of Accountancy of The Central University of Finance and Economics in Beijing and Honorary Trustee of Tongji University in Shanghai and Nanjing University. Mr. Kwok is a non-executive director of SUNeVision Holdings Ltd. and Transport International Holdings Limited. He is also a director of Wilson Parking (Holdings) Limited and Hung Cheong Import & Export Company, Limited.

He is also a director of The Real Estate Developers Association of Hong Kong and Tsimshatsui East Property Developers' Association Ltd. and Honorary Treasurer of the Federation of Hong Kong Hotel Owners. On the community front, he is the past Chairman of the Former Directors Committee of the Hong Kong Community Chest. He is also a member of MBA Programmes Committee of The Chinese University of Hong Kong and an Honorary Member of The Court of The Hong Kong University of Science and Technology.

Mr. Kwok is an Honorary Citizen of Beijing and Guangzhou. Mr. Kwok is a Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference and Honorary President and Vice Chairman of Friends of Hong Kong Association. Mr. Kwok is the committee member of the French Asian Art Society, the Chevalier of the Légion d'Honneur Club Hong Kong Chapter, Honorary President of The Association for the Promotion of Global Chinese Traders Fraternity Ltd. and Honorary Chairman of The Association of Global Chinese Art Collectors

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*Note:* Subject to the approval by the shareholders of the Guarantor at the 2012 annual general meeting, the fees to be paid to each Chairman, Vice Chairman and other Director for the financial year ending 30 June 2013 will be HK\$320,000, HK\$310,000 and HK\$300,000 respectively.

Fraternity. Mr. Kwok is a son of Madam Kwong Siu-hing who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Guarantor within the meaning of Part XV of the SFO. He is also the elder brother of Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond.

Save as disclosed above, Mr. Kwok did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Mr. Kwok received a fee of HK\$100,000 for being a Director of the Guarantor and other emoluments of approximately HK\$30,000.

**Sir Po-shing Woo**

Hon.LLD., FCI Arb, F.I.Mgt., FInstD, FHKMA

*Non-Executive Director (Age: 83)*

Sir Po-shing Woo has been a Non-Executive Director of the Guarantor since August 1972. He is a director of Henderson Development Limited and a consultant of Ashurst Hong Kong. Sir Po-shing Woo resigned as a non-executive director of Henderson Land Development Company Limited with effect from 29 February 2012. He was a non-executive director of Henderson Investment Limited. He was admitted to practise as solicitor in England and Hong Kong and is also a fellow of The Hong Kong Management Association, The Chartered Institute of Arbitrators, The Institute of Management and The Institute of Directors of England. He was awarded an Hon.LLD. by City University of Hong Kong and is a fellow of King's College of London as well as honorary professor of Nankai University of Tianjin. He is also the founder of the Woo Po Shing Medal in Law and the Woo Po Shing Overseas Summer School Travelling Scholarship, both at The University of Hong Kong, and the Woo Po Shing Professor (Chair) of Chinese and Comparative Law at City University of Hong Kong. He is the father of Mr. Woo Ka-biu, Jackson, an Alternate Director of the Guarantor.

Save as disclosed above, Sir Po-shing Woo did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas, and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Sir Po-shing Woo received a fee of HK\$100,000 for being a Director of the Guarantor.

**Kwan Cheuk-yin, William**

LLB

*Non-Executive Director (Age: 77)*

Mr. Kwan has been a Non-Executive Director of the Guarantor since July 1999 and is a member of the Nomination Committee and the Remuneration Committee of the Guarantor. As a managing partner with the solicitors firm of Woo, Kwan, Lee & Lo, Mr. Kwan has 50 years of experience in legal practice. He is a former director and advisor and currently a voting member of the Tung Wah Group of Hospitals, a past member of the Stamp Advisory Committee, vice chairman of the Hong Kong Scout Foundation Management Committee, vice chairman of the Scout Performing Arts Committee, chairman of Air Activities Committee, elected member of Scout Counsel of Hong Kong, president of the Hong Kong Branch of the King's College London Association, president of the Hong Kong Philatelic Society, life member of the Federation of Inter-Asia Philately, president of FIAP Grand Prix



Club, a permanent advisor of Wah Yan (Hong Kong) Past Students Association, a director and honorary secretary of Wah Yan Dramatic Society, a committee member and legal advisor of South China Athletic Association and former vice manager of its Football Section as well as manager of its Ten Pin Bowling Section and an honorary legal advisor of the Hong Kong Society for Reproductive Society.

Mr. Kwan was commissioner general and vice chairman of the Organizing Committees of the Hong Kong 1994, 1997, 2001, 2004 and 2009 International Stamp Exhibitions. He served on the Hong Kong Golf Club General Committee on several occasions in various capacities. He graduated from King's College, London University and is a fellow of King's College London, the Institute of Arbitrators and the Royal Philatelic Society, London.

Mr. Kwan did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Mr. Kwan received fees of HK\$100,000 and HK\$50,000 for being a Director and a member of the Nomination Committee of the Guarantor respectively. He also received a fee of approximately HK\$28,000 for being a member of the Remuneration Committee of the Guarantor for the period from 9 December 2011 to 30 June 2012.

**Wong Yick-kam, Michael**

MBA, BBA

*Non-Executive Director (Age: 60)*

Mr. Wong has been a Non-Executive Director and the Group Principal Advisor of the Guarantor since January 2010. He is also the Chairman of the Special Committee of the Guarantor. He was an Executive Director of the Guarantor from January 1996 to December 2009 and had been with the SHKP Group for 28 years before he retired from his executive director's roles. He is also a member of the Audit Committee of the Guarantor. He obtained his Bachelor of Business Administration and Master of Business Administration degrees from The Chinese University of Hong Kong.

Mr. Wong was an executive director of SUNeVision Holdings Ltd., and a non-executive director and a member of the audit committee of SmarTone Telecommunications Holdings Limited. He was also a non-executive director, an alternate director to Mr. Kwok Ping-luen, Raymond and a member of the audit committee of Wing Tai Properties Limited.

Mr. Wong is chairman of the Hong Kong Youth Hostels Association. He is a member of the Hong Kong Government's Steering Committee on Child Development Fund, Steering Committee on Promotion of Electric Vehicles, Social Welfare Advisory Committee and Steering Committee of the Pilot Green Transport Fund. He is also a member of the Board of Trustees of New Asia College, The Chinese University of Hong Kong, and a member and treasurer of the Council of The Open University of Hong Kong.

Save as disclosed above, Mr. Wong did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Mr. Wong received fees of HK\$100,000 and HK\$200,000 for being a Director and a member of the Audit Committee of the Guarantor respectively.

**Chan Kui-yuen, Thomas**

B Comm

*Executive Director (Age: 66)*

Mr. Chan has been an Executive Director of the Guarantor since September 1987. He is also a member of the Executive Committee of the Guarantor. He joined the SHKP Group in 1973 and is now responsible for land acquisitions and project planning matters. He graduated from the United College, The Chinese University of Hong Kong and was awarded as honorary university fellowship of The Open University of Hong Kong in 2007. Mr. Chan is a non-executive director of SUNeVision Holdings Ltd. (see remark below).

Mr. Chan is a committee member of Infrastructure Development Services Advisory Committee and China Trade Advisory Committee of Hong Kong Trade Development Council. He is also a committee member of China Sub-Committee of The Real Estate Developers Association of Hong Kong and Land Sub-Committee of Land and Development Advisory Committee. In addition, he is a director of The Hong Kong Vietnam Chamber of Commerce and a member of the MBA Advisory Board of The University of Hong Kong.

In the past, Mr. Chan was a council member of The Open University of Hong Kong and a member of the Health Care Study Group of The Bauhinia Foundation Research Centre. He was also an ordinary member of the Estate Agents Authority.

Save as disclosed above, Mr. Chan did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Mr. Chan received a fee of HK\$100,000 for being a Director of the Guarantor and other emoluments of approximately HK\$11.59 million.

*(Remark: Mr. Chan retired by rotation as a non-executive director of SUNeVision Holdings Ltd. with effect from the conclusion of the annual general meeting of SUNeVision Holdings Ltd. held on 1 November 2012.)*

**Kwong Chun**

*Executive Director (Age: 83)*

Mr. Kwong has been an Executive Director of the Guarantor since October 1992. He is also a member of the Executive Committee of the Guarantor. He graduated from the Zhong Nan Finance & Economics College of Wuhan in China. He worked for the Guangzhou office of the People's Bank of China before coming to Hong Kong in 1962 to work for Eternal Enterprises Limited. He was transferred to Sun Hung Kai Enterprises Limited in 1963. In 1972, the Guarantor became a listed company and he has worked for it ever since. Mr. Kwong is the younger brother of Madam Kwong Siu-hing who is the mother of Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond and also a substantial shareholder of the Guarantor within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Kwong does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor. He did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas.

For the financial year ended 30 June 2012, Mr. Kwong received a fee of HK\$100,000 for being a Director of the Guarantor and other emoluments of approximately HK\$4.56 million.

**Chan Kwok-wai, Patrick**

MBA, FCPA, FCCA, FCPA (Aust.), ACIS, TEP, AFP  
*Executive Director & Chief Financial Officer (Age: 56)*

Mr. Chan has been an Executive Director and the Chief Financial Officer of the Guarantor since July 2009. He is also a member of the Executive Committee of the Guarantor. He obtained a Master of Business Administration degree from the University of Warwick, England in 1993. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants (“ACCA”) as well as the CPA Australia. He is also a member of The Institute of Chartered Secretaries and Administrators and Society of Trust and Estate Practitioners, and associate financial planner of the Institute of Financial Planners of Hong Kong.

Mr. Chan started his career at Ernst & Young and worked for a number of banks and listed companies in Hong Kong. He joined Hang Seng Bank Limited (“**Hang Seng**”) in 1995, of which he became chief financial officer in 1998. He also sat on the executive committee of Hang Seng, and was an executive director of Hang Seng from 2005 till 2009. Mr. Chan was previously a vice-chairman of Hang Seng Bank (China) Limited, and a director, an executive committee member and a remuneration committee member of Industrial Bank Co., Ltd.

Mr. Chan is a member of the Hong Kong Special Administrative Region (“**HKSAR**”) Government Scholarship Fund Investment Committee, the Investment Sub-committee of the Beat Drugs Fund Association HKSAR and Self-financing Post-secondary Education Fund Investment Committee, a council member of the Hong Kong Examinations and Assessment Authority (“**HKEAA**”), chairman of the finance committee of the HKEAA and a member of the Standing Committee on Language Education and Research. He is also a member of the Admissions, Budgets and Allocations Committee of The Community Chest of Hong Kong and the General Committee of The Chamber of Hong Kong Listed Companies. He is convenor of the Working Group of Finance Directors/Financial Controllers of the Real Estate Developers Association of Hong Kong and a member of the Professional Development Sub-committee of the ACCA Hong Kong. He is a director of Hang Seng School of Commerce, a member of the Board of Governors of Hang Seng Management College Limited, and chairman of the finance committee of both institutions. Mr. Chan is an advisory board member of several universities in Hong Kong and a member of the Investment Committee of the Foundation of Tsinghua University Centre for Advanced Study Co. Ltd.

Save as disclosed above, Mr. Chan did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas. He does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

For the financial year ended 30 June 2012, Mr. Chan received a fee of HK\$100,000 for being a Director of the Guarantor and other emoluments of approximately HK\$15.02 million.

**Kwok Kai-fai, Adam**

MBA, BSc

*Alternate Director to Kwok Ping-kwong, Thomas (Age: 29)*

Mr. Kwok was appointed as an Alternate Director to Mr. Kwok Ping-kwong, Thomas with effect from 13 July 2012. He holds a Bachelor of Science degree in Management Science and Engineering from Stanford University and a Master's degree in Business Administration from Harvard Business School. He worked in an international investment bank prior to joining the SHKP Group in November 2008 and currently is a project manager taking charge of certain key residential and commercial projects of the SHKP Group in Hong Kong and the Pearl River Delta region. He is a son of Mr. Kwok Ping-kwong, Thomas, and a nephew of Messrs. Kwok Ping-sheung, Walter and Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Guarantor within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Kwok does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor. He did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas.

**Kwok Ho-lai, Edward**

BA

*Alternate Director to Kwok Ping-luen, Raymond (Age: 31)*

Mr. Kwok was appointed as an Alternate Director to Mr. Kwok Ping-luen, Raymond with effect from 13 July 2012. He holds a Bachelor of Arts degree from Yale University and a Postgraduate Diploma in Professional Accountancy from The Chinese University of Hong Kong. His professional qualifications include being both a member of the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. He has joined the SHKP Group since January 2010 and is now a sales and project manager, responsible for feasibility study, marketing and planning of new residential projects of the SHKP Group in Hong Kong. Before joining the SHKP Group, Mr. Edward Kwok worked in a major international audit firm. He is a son of Mr. Kwok Ping-luen, Raymond, and a nephew of Messrs. Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas. He is also a grandson of Madam Kwong Siu-hing who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Guarantor within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Kwok does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor. He did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas.

**Woo Ka-biu, Jackson**

MA (Oxon)

*Alternate Director to Sir Po-shing Woo (Age: 49)*

Mr. Woo was appointed as an Alternate Director to Sir Po-shing Woo in October 2002. Mr. Woo is a director of Kailey group of companies. He holds a Master's degree in Jurisprudence from Oxford University and is qualified as a solicitor in Hong Kong, Australia, England and Wales. He is also a Practicing Solicitor Member on the panel of the Solicitors' Disciplinary Tribunal in Hong Kong. Mr. Woo is currently a partner of Ashurst Hong Kong and was a director of N M Rothschild & Sons (Hong Kong) Limited. Prior to that, he was a partner in the corporate finance department of Woo, Kwan, Lee & Lo. Mr. Woo is an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. Following the resignation of Sir Po-shing Woo as a non-executive director of Henderson Land Development Company Limited on 29 February 2012, Mr. Woo ceased to be an

alternate director to Sir Po-shing Woo. Mr. Woo was appointed as an independent non-executive director of Henderson Land Development Company Limited with effect from 1 March 2012. He was an alternate director to Sir Po-shing Woo who was a non-executive director of Henderson Investment Limited. In January 2008, Mr. Woo was awarded 2008 World Outstanding Chinese Award by the United World Chinese Association and Honorary Doctor Degrees from The University of West Alabama. He is a son of Sir Po-shing Woo.

Save as disclosed above, Mr. Woo did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas, and does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Guarantor.

In accordance with the articles of association of the Guarantor, the appointment of Alternate Directors will cease if their appointors cease to be Directors of the Guarantor. In addition, they shall not be entitled to receive from the Guarantor any remuneration in respect of their appointment as Alternate Directors except only such part (if any) of the remuneration otherwise payable to their appointor, as such appointors may by notice in writing to the Guarantor from time to time direct.

All the Directors and Alternate Directors of the Guarantor have not entered into any service contract with the Guarantor. In accordance with the articles of association of the Guarantor, Directors are subject to retirement and re-election at general meetings or annual general meetings of the Guarantor. For the Non-Executive Directors, they are also subject to a term of approximately two years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held two years thereafter, and they shall be eligible for re-election at that annual general meeting upon the expiry of their term of office. The Directors' fees are proposed by the Board of the Guarantor and approved by the shareholders at the annual general meeting and their other emoluments are subject to review by the Board of the Guarantor from time to time pursuant to the power given to it under the articles of association of the Guarantor with reference to their contribution in terms of time, effort and accomplishments.

### **Senior Management**

The Executive Directors of the Guarantor are also members of senior management of the SHKP Group.

## Directors' and Chief Executives' Interests

As at 30 June 2012, the interests and short positions of the Directors and chief executives of the Guarantor in the shares, underlying shares and debentures of the Guarantor or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Guarantor and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Guarantor under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as adopted by the Guarantor, to be notified to the Guarantor and the Hong Kong Stock Exchange, were as follows:

### 1. Long positions in shares and underlying shares of the Guarantor

| Name of Director                            | Number of shares held                         |  |   |                                |               | Number of underlying shares held under equity derivatives <sup>1</sup>        | Total         | % of shares in issue as at 30.06.2012 |
|---|---|--|---|--------------------------------|---------------|---|---------------|---------------------------------------|
|   | Personal interests (held as beneficial owner) | Family interests (interests of spouse or child under 18) | Corporate interests (interests of controlled corporation) | Other interests                | Total         |   |               |                                       |
| Kwok Ping-kwong, Thomas .....               | 2,026,195                                     | 304,065  | —   | 413,503,195 <sup>2&amp;3</sup> | 415,833,455   | 100,000<br><i>(personal interests)</i><br>48,000<br><i>(family interests)</i> | 415,981,455   | 15.90                                 |
| Kwok Ping-luen, Raymond .....               | 76,894  | —  | —   | 416,726,278 <sup>2&amp;4</sup> | 416,803,172   | 100,000   | 416,903,172   | 15.94                                 |
| Lee Shau-kee .....                          | 486,340                                       | —  | 343,000 <sup>5</sup>                                      | —                              | 829,340       | —   | 829,340       | 0.03                                  |
| Wong Chik-wing, Mike .....                  | 200,950                                       | —  | —   | —                              | 200,950       | 100,000   | 300,950       | 0.01                                  |
| Lui Ting, Victor .....                      | 60,000  | —  | —   | —                              | 60,000        | 80,000  | 140,000       | 0.01                                  |
| Wong Yue-chim, Richard .....                | —   | 1,000  | —   | —                              | 1,000         | —   | 1,000         | 0.00                                  |
| Li Ka-cheung, Eric .....                    | —   | 4,028  | —   | —                              | 4,028         | —   | 4,028         | 0.00                                  |
| Fung Kwok-lun, William .....                | 220,000                                       | 9,500  | —   | —                              | 229,500       | —   | 229,500       | 0.01                                  |
| Kwok Ping-sheung, Walter <sup>6</sup> ..... | 75,000  | —  | —   | 1,087,663,522                  | 1,087,738,522 | —   | 1,087,738,522 | 41.58                                 |
| Woo Po-shing .....                          | 1,335,131                                     | —  | —   | —                              | 1,335,131     | —   | 1,335,131     | 0.05                                  |
| Wong Yick-kam, Michael .....                | 171,319                                       | —  | —   | —                              | 171,319       | —   | 171,319       | 0.01                                  |
| Chan Kui-yuen, Thomas .....                 | —   | 66,000   | 126,500 <sup>7</sup>                                      | —                              | 192,500       | 100,000   | 292,500       | 0.01                                  |
| Kwong Chun .....                            | 702,722                                       | 339,358  | —   | —                              | 1,042,080     | 100,000   | 1,142,080     | 0.04                                  |
| Chan Kwok Wai, Patrick .....                | —   | —  | —   | —                              | —             | 100,000   | 100,000       | 0.00                                  |
| Woo Ka-biu, Jackson .....                   | —   | 1,000  | —   | —                              | 1,000         | —   | 1,000         | 0.00                                  |
| <i>(Alternate Director to Woo Po-shing)</i> |   |  |   |                                |               |   |               |                                       |

#### Notes:

- These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Guarantor, details of which are set out in paragraph headed “Share Option Scheme of the Guarantor” below.
- Each of Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond was deemed to be interested in 392,963,316 shares in the Guarantor respectively by virtue of each of them being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. Of the said shares, 28,764,614 shares in the Guarantor represented the same interests and were duplicated between these two Directors.

In addition, on 30 September 2010, the trustee of certain trusts (the “Trustee”), which was then indirectly interested in a total of 1,081,739,328 shares in the Guarantor, informed the Guarantor that consequent upon a re-organisation of such trusts, the “interests” as deemed under the provisions of the SFO of the various Kwok family members who are and one of them was Director(s) of the Guarantor in the said 1,081,739,328 shares in the Guarantor with effect from 29 September 2010 were as follows:

- “1. Madam Kwong Siu Hing continues to be interested in all the said 1,081,739,328 shares in SHKP.
2. Each of Mr. Kwok Ping Kwong Thomas and Mr. Kwok Ping Luen Raymond is interested in 371,286,430 shares out of the said 1,081,739,328 shares in SHKP.
3. Mr. Kwok Ping Sheung Walter is not interested in any of the said 1,081,739,328 shares in SHKP.”

Subsequent to the above notification from the Trustee on 30 September 2010 and up to 30 June 2012, a total of 39,621,392 shares in the Guarantor was acquired and the Trustee’s interests in the shares of the Guarantor increased from 1,081,739,328 shares to 1,121,360,720 shares.

3. In addition to the deemed interests as stated in Note 2 above, Mr. Kwok Ping-kwong, Thomas was also deemed to be interested in another 20,539,879 shares in the Guarantor by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
4. In addition to the deemed interests as stated in Note 2 above, Mr. Kwok Ping-luen, Raymond was also deemed to be interested in another 23,767,962 shares in the Guarantor by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
5. Dr. Lee Shau-kee was deemed to be interested in the 343,000 shares in the Guarantor held through Superfun Enterprises Limited (“Superfun”). This corporation was wholly-owned by The Hong Kong and China Gas Company Limited (“HK China Gas”) which was 39.88% held by Henderson Land Development Company Limited (“Henderson Land”). Henderson Land was taken to be 61.92% held by Henderson Development Limited (“Henderson Development”). Hopkins (Cayman) Limited (“Hopkins”) as trustee of a unit trust (the “Unit Trust”) owned all the issued ordinary shares of Henderson Development. Rimmer (Cayman) Limited (“Rimmer”) and Riddick (Cayman) Limited (“Riddick”) as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau-kee. He was taken to be interested in the 343,000 shares in the Guarantor held by Superfun by virtue of Part XV of the SFO.
6. Mr. Kwok Ping-sheung, Walter has informed the Guarantor that “I had been given certain information about my share interest in the Company which I found to have serious discrepancy with what my understanding is. My share interest in the Company is under dispute”. The interests of Mr. Kwok Ping-sheung, Walter in the Guarantor as disclosed here is based on the latest form of disclosure notification dated 23 September 2009 given under Part XV of SFO.
7. These shares were held by a company which was obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.

2. Long positions in shares and underlying shares of associated corporations of the Guarantor

(a) SUNeVision Holdings Ltd. (“SUNeVision”)

| Name of Director             | Number of shares held                         |                              |           | Number of underlying shares held under equity derivatives | Total     | % of shares in issue as at 30.06.2012 |
|------------------------------|---|------------------------------|-----------|---|-----------|---------------------------------------|
|                              | Personal interests (held as beneficial owner) | Other interests              | Total     |   |           |                                       |
| Kwok Ping-kwong, Thomas      | —   | 2,140,000 <sup>1</sup>       | 2,140,000 | —   | 2,140,000 | 0.09                                  |
| Kwok Ping-luen, Raymond .... | —   | 3,485,000 <sup>1&amp;2</sup> | 3,485,000 | —   | 3,485,000 | 0.15                                  |
| Wong Chik-wing, Mike.....    | 218,000                                       | —                            | 218,000   | —   | 218,000   | 0.01                                  |
| Lui Ting, Victor .....       | 356   | —                            | 356       | —   | 356       | 0.00                                  |
| Wong Yick-kam, Michael.....  | 200,000                                       | —                            | 200,000   | —   | 200,000   | 0.01                                  |
| Kwong Chun .....             | 600,000                                       | —                            | 600,000   | —   | 600,000   | 0.03                                  |

Notes:

1. Of these shares in SUNeVision, Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested in 2,140,000 shares by virtue of them being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these two Directors for the purpose of Part XV of the SFO.
2. In addition to the deemed interests as stated in Note 1 above, Mr. Kwok Ping-luen, Raymond was also deemed to be interested in another 1,345,000 shares in SUNeVision by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.
3. Mr. Kwok Ping-sheung, Walter has informed the Guarantor that “My share interest in SUNeVision is under dispute”. The “no interest” position of Mr. Kwok Ping-sheung, Walter in SUNeVision as disclosed here is based on the latest form of disclosure notification dated 23 September 2009 given under Part XV of the SFO.

(b) SmarTone Telecommunications Holdings Limited (“SmarTone”)

| Name of Director              | Number of shares held  |           | Number of underlying shares held under equity derivatives | Total     | % of shares in issue as at 30.06.2012 |
|-------------------------------|------------------------|-----------|---|-----------|---------------------------------------|
|                               | Other interests        | Total     |   |           |                                       |
| Kwok Ping-luen, Raymond ..... | 4,475,534 <sup>1</sup> | 4,475,534 | —   | 4,475,534 | 0.43                                  |

Note:

1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SmarTone by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.

(c) Transport International Holdings Limited

| Name of Director              | Number of shares held                         |         | Number of underlying shares held under equity derivatives | Total   | % of shares in issue as at 30.06.2012 |
|-------------------------------|---|---------|---|---------|---------------------------------------|
|                               | Personal interests (held as beneficial owner) | Total   |   |         |                                       |
| Kwok Ping-luen, Raymond ..... | 393,350                                       | 393,350 | —   | 393,350 | 0.10                                  |
| Kwok Ping-sheung, Walter..... | 61,522  | 61,522  | —   | 61,522  | 0.02                                  |



- (d) Each of Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond had the following interests in shares of the following associated corporations:

| <u>Name of associated corporation</u> | <u>Attributable shares held through corporation</u> | <u>Attributable % of shares in issue through corporation as at 30.06.2012</u> | <u>Actual shares held through corporation</u> | <u>Actual % interests in issued shares as at 30.06.2012</u> |
|---------------------------------------|---|---|---|---|
| Splendid Kai Limited.....             | 2,500   | 25  | 1,500 <sup>1</sup>                            | 15.00   |
| Hung Carom Company Limited.....       | 25  | 25  | 15 <sup>1</sup>                               | 15.00   |
| Tinyau Company Limited.....           | 1   | 50  | 1 <sup>1</sup>                                | 50.00   |
| Open Step Limited.....                | 8   | 80  | 4 <sup>1</sup>                                | 40.00   |

*Note:*

- Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested in these shares, which represented the same interests and were therefore duplicated amongst these two Directors for the purpose of Part XV of the SFO. These shares were held by corporations under certain discretionary trusts, in which Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested by virtue of them being beneficiaries for the purpose of Part XV of the SFO.

- (e) Dr. Lee Shau-kee had the following corporate interests in shares of the following associated corporations:

| <u>Name of associated corporation</u>                        | <u>Total number of shares held</u> | <u>% of shares in issue as at 30.06.2012</u> |
|--|------------------------------------|--|
| Anbok Limited .....  | 2 <sup>2</sup>                     | 50.00  |
| Billion Ventures Limited.....                                | 1 <sup>3</sup>                     | 50.00  |
| Central Waterfront Property Holdings Limited.....            | 100 <sup>4</sup>                   | 100.00                                       |
| Central Waterfront Property Investment Holdings Limited..... | 50 <sup>5</sup>                    | 50.00  |
| CWP Limited .....  | 1 <sup>6</sup>                     | 50.00  |
| Daily Win Development Limited.....                           | 100 <sup>7</sup>                   | 25.00  |
| E Man-Sanfield JV Construction Company Limited.....          | 1 <sup>8</sup>                     | 50.00  |
| Everise (H.K.) Limited.....                                  | 1 <sup>9</sup>                     | 50.00  |
| Fullwise Finance Limited.....                                | 2 <sup>2</sup>                     | 50.00  |
| Gold Sky Limited .....                                       | 1 <sup>10</sup>                    | 50.00  |
| Jade Land Resources Limited.....                             | 1 <sup>11</sup>                    | 25.00  |
| Karnold Way Limited.....                                     | 2,459 <sup>12</sup>                | 24.59  |
| Maxfine Development Limited .....                            | 3,050 <sup>13</sup>                | 33.33  |
| Royal Peninsula Management Service Company Limited.....      | 1 <sup>14</sup>                    | 50.00  |
| Special Concept Development Limited .....                    | 1 <sup>11</sup>                    | 25.00  |
| Star Play Development Limited.....                           | 1 <sup>15</sup>                    | 33.33  |
| Tartar Investments Limited.....                              | 300 <sup>16</sup>                  | 30.00  |
| Teamfield Property Limited.....                              | 4,918 <sup>17</sup>                | 49.18  |
| Topcycle Development Limited .....                           | 1 <sup>18</sup>                    | 50.00  |
| Topcycle Project Management Limited.....                     | 1 <sup>18</sup>                    | 50.00  |
| World Space Investment Limited.....                          | 4,918 <sup>17</sup>                | 49.18  |

*Notes:*

- Dr. Lee Shau-kee was deemed to be interested in the 343,000 shares in the Guarantor held through Superfun. This corporation was wholly-owned by HK China Gas which was 39.88% held by Henderson Land.

Henderson Land was taken to be 61.92% held by Henderson Development. Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of Henderson Development. Rimmer and Riddick as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau-kee. He was taken to be interested in the 343,000 shares in the Guarantor held by Superfun by virtue of Part XV of the SFO.

2. Dr. Lee Shau-kee was deemed to be interested in the two shares held through Everise (H.K.) Limited. This corporation was 50% held by Masterland Limited, a wholly-owned subsidiary of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
3. Dr. Lee Shau-kee was deemed to be interested in the one share held through Chico Investment Limited (“**Chico**”). This corporation was wholly-owned by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
4. Dr. Lee Shau-kee was deemed to be interested in the 100 shares held through Central Waterfront Property Investment Holdings Limited. This corporation was 34.21% held by Starland International Limited (“**Starland**”), a wholly-owned subsidiary of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
5. Dr. Lee Shau-kee was deemed to be interested in a total of 50 shares of which 34.21 shares were held through Starland and 15.79 shares were held through Prominence Properties Limited (“**Prominence**”). Starland was wholly-owned by Henderson Land. Prominence was wholly-owned by HK China Gas which was 39.88% held by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
6. Dr. Lee Shau-kee was deemed to be interested in the one share held through Starland. This corporation was wholly-owned by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
7. Dr. Lee Shau-kee was deemed to be interested in the 100 shares held through Citiright Development Limited. This corporation was wholly-owned by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
8. Dr. Lee Shau-kee was deemed to be interested in the one share held through E Man Construction Company Limited. This corporation was wholly-owned by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
9. Dr. Lee Shau-kee was deemed to be interested in the one share held through Masterland Limited. This corporation was wholly-owned by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
10. Dr. Lee Shau-kee was deemed to be interested in the one share held through Atex Resources Limited. This corporation was wholly-owned by Mightymark Investment Limited, a wholly-owned subsidiary of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
11. Dr. Lee Shau-kee was deemed to be interested in the one share held through Citiplus Limited. This corporation was wholly-owned by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
12. Dr. Lee Shau-kee was deemed to be interested in the 2,459 shares held through Chico. This corporation was wholly-owned by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
13. Dr. Lee Shau-kee was deemed to be interested in the 3,050 shares held through Quickcentre Properties Limited. This corporation was 100% held by Henderson (China) Investment Company Limited of which 100% was held by Andco Limited, a wholly-owned subsidiary of Henderson China Holdings Limited. This corporation was 100% held by Brightland Enterprises Limited, a wholly-owned subsidiary of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
14. Dr. Lee Shau-kee was deemed to be interested in the one share held through Well Born Real Estate Management Limited. This corporation was wholly-owned by Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.

15. Dr. Lee Shau-kee was deemed to be interested in the one share held through Benewick Limited. This corporation was 100% held by Dorway Investment Limited, a wholly-owned subsidiary of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
16. Dr. Lee Shau-kee was deemed to be interested in the 300 shares held through Kenforce Investment Limited. This corporation was wholly-owned by Henderson China Properties Limited, a wholly-owned subsidiary of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
17. Dr. Lee Shau-kee was deemed to be interested in the 4,918 shares held through Billion Ventures Limited. This corporation was 50% held by Chico, a wholly-owned subsidiary of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.
18. Dr. Lee Shau-kee was deemed to be interested in the one share held through Dandy Investments Limited. This corporation was a wholly-owned subsidiary of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 1.

Save as disclosed above, as at 30 June 2012, none of the Directors and chief executives of the Guarantor were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Guarantor and its associated corporations, that were required to be entered in the register kept by the Guarantor pursuant to Section 352 of the SFO or were required to be notified to the Guarantor and the Hong Kong Stock Exchange pursuant to the Model Code.

## Share Option Scheme of the Guarantor

On 12 July 2010 and 11 July 2011, the Guarantor granted share options under its share option scheme (the “Scheme”) to certain Directors of the Guarantor and an associate of a Director. Each share option entitling the grantee to subscribe for one ordinary share of nominal value of HK\$0.50 each in the capital of the Guarantor under the Scheme.

Particulars of the share options granted to the current Directors of the Guarantor and an associate of a Director under the Scheme and their movements during the year ended 30 June 2012 were as follows:

| Grantee                                       | Date of grant | Exercise price | Exercise period                       | Number of share options  |                         |                           |                                   |                          |
|---|---------------|----------------|---------------------------------------|--------------------------|-------------------------|---------------------------|-----------------------------------|--------------------------|
|   |               |                |                                       | Balance as at 01.07.2011 | Granted during the year | Exercised during the year | Cancelled/ Lapsed during the year | Balance as at 30.06.2012 |
|   |               | (HK\$)         |                                       |                          |                         |                           |                                   |                          |
| <b>(I) Directors</b>                          |               |                |                                       |                          |                         |                           |                                   |                          |
| Kwok Ping-kwong, Thomas                       | 12.07.2010    | 111.40         | 12.07.2011 to 11.07.2015 <sup>1</sup> | 100,000                  | —                       | —                         | —                                 | 100,000                  |
| Kwok Ping-luen, Raymond                       | 12.07.2010    | 111.40         | 12.07.2011 to 11.07.2015 <sup>1</sup> | 100,000                  | —                       | —                         | —                                 | 100,000                  |
| Wong Chik-wing, Mike                          | 12.07.2010    | 111.40         | 12.07.2011 to 11.07.2015 <sup>1</sup> | 100,000                  | —                       | —                         | —                                 | 100,000                  |
| Lui Ting, Victor<br>(appointed on 12.04.2012) | 12.07.2010    | 111.40         | 12.07.2011 to 11.07.2015 <sup>1</sup> | N/A                      | —                       | —                         | —                                 | 80,000                   |
| Chan Kui-yuen, Thomas                         | 12.07.2010    | 111.40         | 12.07.2011 to 11.07.2015 <sup>1</sup> | 100,000                  | —                       | —                         | —                                 | 100,000                  |
| Kwong Chun                                    | 12.07.2010    | 111.40         | 12.07.2011 to 11.07.2015 <sup>1</sup> | 100,000                  | —                       | —                         | —                                 | 100,000                  |
| Chan Kwok-wai, Patrick                        | 11.07.2011    | 116.90         | 11.07.2012 to 10.07.2016 <sup>2</sup> | N/A                      | 100,000 <sup>3</sup>    | —                         | —                                 | 100,000                  |
| <b>(II) Associate of a Director</b>           | 12.07.2010    | 111.40         | 12.07.2011 to 11.07.2015 <sup>1</sup> | 48,000                   | —                       | —                         | —                                 | 48,000                   |

### Notes:

- The share options can be exercised up to 30% of the grant during the period from 12 July 2011 to 11 July 2012, up to 60% of the grant during the period from 12 July 2012 to 11 July 2013 and in whole or in part of the grant during the period from 12 July 2013 to 11 July 2015.
- The share options can be exercised up to 30% of the grant during the period from 11 July 2012 to 10 July 2013, up to 60% of the grant during the period from 11 July 2013 to 10 July 2014 and in whole or in part of the grant during the period from 11 July 2014 to 10 July 2016.
- The closing price of the shares of the Guarantor immediately before the date on which the share options were granted was HK\$118.30 per share.

Save as disclosed above, there were no outstanding share options granted under the Scheme during the year ended 30 June 2012 to the Directors of the Guarantor and their associates.

## TAXATION

*The following is a general description of certain Cayman Islands, Hong Kong and EU tax considerations relating to the Instruments. It does not purport to be a complete analysis of all tax considerations relating to the Instruments. Prospective purchasers of Instruments should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Cayman Islands and Hong Kong of acquiring, holding and disposing of Instruments and receiving payments of interest, principal and/or other amounts under the Instruments. This summary is based upon the law as in effect on the date of this Information Memorandum and is subject to any change in law that may take effect after such date.*

### **The Cayman Islands**

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of Instruments. Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Instruments will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of an Instrument and gains derived from the sale of Instruments will not be subject to Cayman Islands capital gains tax. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Issuer.

The Issuer has obtained an undertaking from the Governor-in-Council of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1995 Revision) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Issuer or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Issuer to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Issuer.

No stamp duties or similar taxes or charges are payable under the laws of the Cayman Islands in respect of the execution and issue of the Instruments unless they are executed in or brought within (for example, for the purposes of enforcement) the jurisdiction of the Cayman Islands, in which case stamp duty of 0.25 per cent. of the face amount thereof is payable on each Instrument (up to a maximum of C.I.\$250 (U.S.\$305)) unless stamp duty of C.I.\$500 (U.S.\$610) has been paid in respect of the entire issue, or that Tranche of Instruments. An instrument of transfer in respect of an Instrument if executed in or brought within the jurisdiction of the Cayman Islands will attract a Cayman Islands stamp duty of C.I.\$100 (U.S.\$122).

### **Hong Kong**

#### ***Withholding Tax***

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Instruments (including payments of principal or interest on the Instruments by the Guarantor under the Guarantee) or in respect of any capital gains arising from the sale of the Instruments.

#### ***Profits Tax***

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

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

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

(ii) interest on the Instruments is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or

(iii) interest on the Instruments is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

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 Bearer Instruments will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Bearer Instruments will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. Similarly, such sums in respect of Registered Instruments received by or accrued to either the aforementioned person and/or a financial institution will be subject to Hong Kong profits tax if such sums have a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Instruments are acquired and disposed.

### ***Stamp Duty***

Stamp duty may be payable on the issue of Bearer Instruments if they are issued in Hong Kong. Stamp duty will, however, not be payable provided either:

(i) the Bearer Instruments are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) the Bearer Instruments constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable it is payable by the Issuer on issue of Bearer Instruments at a rate of 3 per cent. of the market value of the Instruments at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Instruments.

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

(i) the Registered Instruments are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) the Registered Instruments constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Registered Instruments it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such Registered Instruments, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Instruments if the relevant transfer is required to be registered in Hong Kong.

### *Estate Duty*

The Revenue (Abolition of Estate Duty) Ordinance 2005 commenced operation on 11 February 2006. Estates of persons who pass away on or after the commencement date of that ordinance are not subject to Hong Kong estate duty.

### **European Union Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

## SUBSCRIPTION AND SALE

Instruments may be sold from time to time by the Issuer to any one or more of Morgan Stanley & Co. International plc, Australia and New Zealand Banking Group Limited, Bank of China (Hong Kong) Limited, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, Singapore Branch, Goldman Sachs International, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, Mizuho Securities Asia Limited, Standard Chartered Bank (Hong Kong) Limited, and UBS AG, Hong Kong Branch (the “**Dealers**”). The arrangements under which Instruments may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated 27 November 2008 as supplemented by a first supplemental dealership agreement dated 27 November 2009, a second supplemental dealership agreement dated 28 November 2011 and a third supplemental dealership agreement dated 15 November 2012, each made between the Issuer, SHKP and the Dealers (together, the “**Dealership Agreement**”, as may be amended, supplemental or restated from time to time). Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Instruments, the price at which such Instruments will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. Where the Issuer agrees to sell to the Dealer(s), who agree to subscribe and pay for, or to procure subscribers to subscribe and pay for, Instruments at an issue price (the “**Issue Price**”), any subsequent offering of those Instruments to investors may be at a price different from such Issue Price. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Instruments.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business.

The Dealers or certain of their affiliates may purchase Instruments and be allocated Instruments for asset management and/or proprietary purposes but not with a view to distribution.

The Dealers or their respective affiliates may purchase Instruments for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Instruments and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of Instruments 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 Instruments to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of Instruments).

**United States of America:** *Regulation S Category 2; TEFRA D, unless TEFRA C is specified as applicable in the relevant Pricing Supplement; Rule 144A Eligible if so specified in the relevant Pricing Supplement.*

The Instruments and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.



Instruments in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986 (as amended) and regulations thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealership Agreement, it has not and will not offer, sell or, in the case of Bearer Instruments, deliver Instruments, (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Instruments comprising the relevant Tranche, as certified to the Issue and Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Instruments to or through more than one Dealer, by each of such Dealers as to Instruments of such Tranche purchased by or through it, in which case the Issue and Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Instruments during the distribution compliance period, a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of the Securities as determined, and certified to the Issue and Paying Agent or the Issuer, by the relevant Dealer, in the case of a non-syndicated issue, or each of the Dealers as to Instruments of such Tranche purchased by or through it, in the case of a syndicated issue (in which case the Issue and Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified), and except in either case in accordance with Regulation S or Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

In addition, until forty days after the commencement of the offering of Instruments comprising any Tranche, any offer or sale of Instruments within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act (if available).

The Instruments are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealership Agreement provides that the Dealers may directly or through their respective U.S. broker affiliates arrange for the offer and resale of Registered Instruments within the United States only to qualified institutional buyers in reliance on Rule 144A.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Instruments outside the United States and for the resale of the Registered Instruments in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Instruments, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Information Memorandum by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

## Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Instruments which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Instruments to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Instruments referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Instruments to the public” in relation to any Instruments in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

## United Kingdom

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

- (1) in relation to any Instruments which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Instruments other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business where the issue of the Instruments would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;

- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Instruments in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Instruments in, from or otherwise involving the United Kingdom.

## Italy

The offering of the Instruments has not been registered pursuant to Italian securities legislation and, accordingly, no Instruments may be offered, sold or delivered, nor may copies of the Information Memorandum or of any other document relating to the Instruments be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Instruments or distribution of copies of the Information Memorandum or any other document relating to the Instruments in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

## The Cayman Islands

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that no invitation may be made by or on behalf of the Issuer to the public in the Cayman Islands to subscribe for any Instruments.

## Hong Kong

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

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Instruments (except for Instruments which are “structured products” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to “**professional investors**” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Instruments, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Instruments which are or are intended to be disposed of only to persons outside Hong Kong or only to “**professional investors**” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## People’s Republic of China

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell any of the Instruments in the People’s Republic of China (excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan) as part of the initial distribution of the Instruments.

## Japan

The Instruments 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 each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Instruments, directly or indirectly, in Japan or to, or for the benefit of, 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)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, 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.

## Singapore

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore, and the Instruments will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that the Instruments may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Information Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Instruments be circulated or distributed, whether directly or indirectly, to any person

in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Instruments are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) 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 is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Instruments pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law; or
- (4) pursuant to Section 276(7) of the Securities and Futures Act.

## **General**

Other than with respect to the listing of the Instruments on such stock exchange as may be specified in the Pricing Supplement, no action has been or will be taken in any country or jurisdiction by the Issuer, the Guarantor or the Dealers that would permit a public offering of Instruments, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Information Memorandum or any Pricing Supplement comes are required by the Issuer, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Instruments or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer and the Guarantor. Any such supplement or modification will be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Instruments) or (in any other case) in a supplement to this document.

**PRO FORMA PRICING SUPPLEMENT**

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Instruments issued under the Programme.*

**PRICING SUPPLEMENT DATED ●**

***SUN HUNG KAI PROPERTIES (CAPITAL MARKET) LIMITED***

*(incorporated with limited liability in the Cayman Islands)*

*as Issuer*

*and*

***SUN HUNG KAI PROPERTIES LIMITED***

*(incorporated with limited liability in Hong Kong)*

*as Guarantor*

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***PROGRAMME FOR THE ISSUANCE OF DEBT INSTRUMENTS***

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***Sun Hung Kai Properties (Capital Market) Limited***  
***Issue of [Aggregate Nominal Amount of Tranche] [Title of Instruments]***  
***Guaranteed by***  
***Sun Hung Kai Properties Limited***

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 15 November 2012. This Pricing Supplement contains the final terms of the Instruments and must be read in conjunction with such Information Memorandum as so supplemented.

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

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

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

- |    |                    |  |
|----|--------------------|--|
| 1. | (i) Issuer:        | Sun Hung Kai Properties (Capital Market) Limited |
|    | (ii) Guarantor:    | Sun Hung Kai Properties Limited                  |
| 2. | (i) Series Number: | [ ]  |

- (ii) Tranche Number: [ ]
- (iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Instrument for interests in the Permanent Global Instrument, as referred to in paragraph 24 below, which is expected to occur on or about [*date*]] [Not Applicable]
3. Specified Currency or Currencies: [ ]<sup>(1)</sup>
4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. [(i)] Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
- [(ii) Net proceeds:  
(*Required only for listed issues*)] [ ]
6. (a) Specified Denominations: [ ]<sup>(2)</sup>
- (N.B. Notes must have a minimum denomination of € 100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities and in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*
- (Note — where Bearer Instruments with multiple denominations above [€ 100,000] or equivalent are being used the following sample wording should be followed:*
- “[€ 100,000] and integral multiples of [€ 1,000] in excess thereof up to and including [€ 199,000]. No Notes in definitive form will be issued with a denomination above [€ 199,000].”*)

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- (1) In respect of Instruments denominated in Renminbi, purchasers of the Instruments should note that Renminbi is not freely convertible at present. All payments in respect of such Instruments shall be made solely by transfer to a Renminbi account maintained with a bank in Hong Kong in accordance with applicable laws and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency (unless this is specified in the Pricing Supplement) or in bank notes, by cheque or by transfer to a bank account in the PRC).
- (2) If the issue proceeds are received by the Issuer in the United Kingdom and the Maturity Date is earlier than the first anniversary of the Issue Date, the Instruments must have a minimum denomination of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” (or another applicable exemption from section 19 of the Financial Services and Markets Act 2000 must be available).

*(Note — where Bearer Instruments with multiple denominations above [U.S.\$200,000] or equivalent are being used the following sample wording should be followed:*

*“[U.S.\$200,000] and integral multiples of [U.S.\$1,000] in excess thereof up to and including [U.S.\$399,000]. No Instruments in definitive form will be issued with a denomination above [U.S.\$399,000].”*)

(b) Calculation Amount: [ ]

*(If only one Specified Denomination, insert the Specified Denomination.*

*If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7. (i) Issue Date: [ ]

(ii) Interest Commencement Date : [specify/Issue Date/Not Applicable]

*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8. Maturity Date: [Fixed rate — specify date/

*Floating Rate Instruments — Interest Payment Date falling in or nearest to [specify month]<sup>(3)</sup>*

9. Interest Basis: [[ ] per cent. Fixed Rate]  
[specify Reference Rate] +/-% Floating Rate]  
[Non-Interest Bearing]  
[specify other]  
(further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]  
[Partly Paid]  
[Instalment]  
[specify other]

11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Instruments into another interest or redemption/payment basis]

12. Optional Early Redemption (Call)/(Put): [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]

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



13. [Date Board approval for issuance of Instruments and Guarantee obtained: [ ] [and [ ], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Instruments or related Guarantee)*
14. Listing: [Hong Kong/other (*specify*)/None]  
*(for Instruments to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Instruments)*
15. Method of distribution: [Syndicated/Non-syndicated]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Instrument Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year<sup>(4)</sup> up to and including the Maturity Date  
*(Amend appropriately in the case of irregular coupons)*
- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount<sup>(5)</sup>  
*(Applicable to Instruments in definitive form)*
- (iv) Broken Amount(s): [[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]  
*(Applicable to Instruments in definitive form)*
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or Actual/360 or Actual/365 (Fixed)<sup>(6)</sup> or *specify other*]

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

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

(6) Applicable to Hong Kong denominated Fixed Rate Instruments and Renminbi denominated Fixed Rate Instruments.

(vi) Other terms relating to the method of calculating interest for Fixed Rate Instruments:

[Not Applicable/give details] (*Consider if day count fraction, particularly for all currencies excluding US\$—denominated issues, should be on an Actual/Actual basis*)]]

**17. Floating Rate Instrument Provisions**

[Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)

[(i) Specified Period(s)/Specified Interest Payment Dates:

[ ]

(ii) Business Day Convention:

[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]

(iii) Additional Business Centre(s):

[ ]

(iv) Manner in which the Rate(s) of Interest is/are to be determined:

[Screen Rate Determination/ISDA Determination/specify other]

(v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s)(if not the Calculation Agent):

[ ]

(vi) Screen Rate Determination:

— Reference Rate and Relevant Financial Centre:

Reference Rate: [ ] month  
[LIBOR/EURIBOR/specify other Reference Rate)

Relevant Financial Centre:  
[London/Brussels/specify other Relevant Financial Centre]

— Interest Determination Date(s):

[ ]  
(*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)

— Relevant Screen Page:

[ ]  
(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

(vii) ISDA Determination:

— Floating Rate Option:

[ ]

— Designated Maturity:

[ ]

— Reset Date:

[ ]

- (viii) Margin(s): [plus/minus][ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual] [Actual/Actual (ISDA)]  
Actual/365 (Fixed)  
Actual/360  
30/360  
[30E/360] [Eurobond Basis]  
[30E/360 (ISDA)]  
(See Condition 5 for alternatives)
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Instruments, if different from those set out in the Conditions: [ ]

**18. Non-Interest Bearing Instrument Provisions**

[Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- [(i) Amortisation Yield: [ ] per cent. per annum
- (ii) Any other formula/basis of determining amount payable: [ ]]

**PROVISIONS RELATING TO REDEMPTION**

**19. Optional Early Redemption Call**

[Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- [(i) Call Option Date(s)/Call Option Period: [ ]
- (ii) Early Redemption Amount (Call) of each Instrument: [Specify if not the Outstanding Principal Amount or, in the case of Instruments which are non-interest bearing, the Amortised Face Amount]  
[[ ] per Calculation Amount/specify other/see Appendix]
- (iii) Series redeemable in part: [Specify, otherwise redemption will only be permitted of entire Series]]

20. **Optional Early Redemption (Put)** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [(i) Put Date(s)/Put Period [ ]
- (ii) Early Redemption Amount (Put) of each Instrument and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (iii) Minimum Denomination [Specify denomination or multiple thereof which may be redeemed]
- (iv) Notice period (if other than as set out in the Conditions): [ ]
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Paying Agents)*
21. **Maturity Redemption Amount of each Instrument** [[ ] per Calculation Amount/specify other/other/see Appendix]
22. **Early Redemption Amount**
- (i) Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Condition 6.02): [[ ] per Calculation Amount/specify other/see Appendix]
- (ii) Date after which changes in law, etc. entitle Issuer to redeem: [Specify, if not the Issue Date]
23. **Events of Default**  
(Condition 7.01)
- (i) Early Termination Amount [Specify, if not the Outstanding Principal Amount, or in case of any Instruments which are non-interest bearing, the Amortised Face Amount]
- (ii) Any additional (or modifications to) Events of Default: [Specify]

## GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

24. Form of Instruments:
- Bearer Instruments:**
- [Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for Definitive Instruments on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Instrument.]\* [Temporary Global Instrument exchangeable for Definitive Instruments on [ ] days' notice.]\* [Permanent Global Instrument exchangeable for Definitive Instruments on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Instrument].\*
- [Registered Instruments]
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates:
- [Not Applicable/*give details. Instrument that this item relates to the place of payment, and not interest period end dates, to which item 17(iii) relates*]
26. Talons for future Coupons or Receipts to be attached to Definitive Instruments (and dates on which such Talons mature):
- [Yes/No. If yes, give details]
27. Details relating to Partly Paid Instruments: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Instruments and interest due on late payment:
- [Not Applicable/*give details N.B. a new form of Temporary Global Instruments and/or Permanent Global Instrument may be required for Partly Paid issues*]
28. Details relating to Instalment Instruments: amount of each instalment, date on which each payment is to be made:
- [Not Applicable/*give details*]
29. Redenomination, renominatisation and reconventioning provisions:
- [Not Applicable/The provisions [in Condition ● ] [annexed to this Pricing Supplement] apply]
30. Consolidation provisions:
- [Not Applicable/The provisions [in Condition ● ] [annexed to this Pricing Supplement] apply]

\* Ensure that this is consistent with the wording in the "Provisions Relating to the Instruments whilst in Global Form" section in the Information Memorandum and the Instruments themselves. N.B. The exchange at any time option should not be expressed to be applicable if the Specified Denomination of the Instruments in paragraph 6 includes language substantially to the following effect: "[U.S.\$200,000] and integral multiples of [U.S.\$1,000] in excess thereof up to and including [U.S.\$399,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Instruments which is to be represented on issue by a Temporary Global Instrument exchangeable for Definitive Instruments.)

31. Other terms or special conditions: [Not Applicable/*give details*]

#### **DISTRIBUTION**

32. (i) If syndicated, names of Lead Manager and Managers: [Not Applicable/*give names*]

(ii) Stabilising Manager (if any): [Not Applicable/*give name*]

33. If non-syndicated, name of Dealer: [Not Applicable/*give name*]

34. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]

35. Additional selling restrictions: [Not Applicable/*give details*]

#### **OPERATIONAL INFORMATION**

36. ISIN Code: [ ]

37. Common Code: [ ]

38. CMU Instruments Number [ ]

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

40. Delivery: Delivery [against/free of] payment

41. Issue and Paying Agent [ ]

42. Additional Paying Agent(s) (if any): [ ]

43. Registrar: [*Note that there will be UK stamp duty issues if the Registrar is located in the United Kingdom.*]

## **PURPOSE OF PRICING SUPPLEMENT**

This Pricing Supplement comprises the final terms required to list the issue of Instruments described herein pursuant to the U.S.\$6,000,000,000 Debt Issuance Programme of the Issuer guaranteed by Sun Hung Kai Properties Limited.

## **RESPONSIBILITY**

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorised

Signed on behalf of the Guarantor:

By: \_\_\_\_\_  
Duly authorised

## GENERAL INFORMATION

1. Application has been made to the Hong Kong Stock Exchange for permission to deal in and the listing of Instruments issued under the Programme. The issue price of Instruments listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Instruments, commence on or about the date of listing of the relevant Instruments.

However, Instruments may be issued pursuant to the Programme which will not be listed on the Hong Kong Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

2. The establishment of the Programme was authorised by resolutions of the Boards of each of the Issuer and the Guarantor passed on 3 February 1999. The Issuer and SHKP have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Instruments and the guarantees relating to them. The increase in aggregate nominal amount of the Programme from U.S.\$2,000,000,000 to U.S.\$3,000,000,000 was authorised by resolutions of the Boards of each of the Issuer and the Guarantor passed on 4 December 2007. The increase in aggregate nominal amount of the Programme from U.S.\$3,000,000,000 to U.S.\$4,000,000,000 was authorised by resolutions of the Board of the Issuer passed on 20 November 2009, and by resolutions of the Executive Committee of the Board of the Guarantor passed on 20 November 2009. An increase in aggregate nominal amount of the Programme from U.S.\$4,000,000,000 to U.S.\$5,000,000,000 was authorised by resolutions of the Board of the Issuer passed on 17 November 2011, and by resolutions of the Executive Committee of the Board of the Guarantor passed on 25 November 2011. A further increase in aggregate nominal amount of the Programme from U.S.\$5,000,000,000 to U.S.\$6,000,000,000 was authorised by resolutions of the Board of the Issuer passed on 18 October 2012, and by resolutions of the Executive Committee of the Board of the Guarantor passed on 18 October 2012.

3. The Instruments have been accepted for clearance through the CMU Service, Euroclear and Clearstream, Luxembourg and/or DTC. The International Securities Identification Number in relation to the Instruments of each Series, and the appropriate common code of any Series accepted for clearance through Euroclear and Clearstream, Luxembourg, will be specified in the Pricing Supplement relating thereto. Instruments may also be accepted for clearance through the CMU Service. The CMU Service Instrument Number for each Series of Instruments intended to be cleared through the CMU Service will be specified in the Pricing Supplement relating thereto. The relevant Pricing Supplement shall specify any other clearing system (including DTC) as shall have accepted the relevant Instruments for clearance together with any further appropriate information.

4. Bearer Instruments (other than Temporary Global Instruments) and any Coupons appertaining thereto will bear a legend substantially to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code." The sections referred to in such legend provide that a United States person who holds a Bearer Instrument or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Instrument or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

5. Settlement arrangements will be agreed between the Issuer, the relevant Dealer(s) and the Issue and Paying Agent or, as the case may be, the Registrar in relation to each Tranche of Instruments.

6. For so long as any Restricted Instrument is outstanding, and for so long as the Issuer and the Guarantor are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act



nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Issuer and the Guarantor will furnish, upon the request of any registered or beneficial owner of an Instrument, or prospective purchaser designated by such registered or beneficial owner, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act to such owner or prospective purchaser.

7. For so long as the Programme remains in effect or any Instruments shall be outstanding, copies of the following documents may be inspected during normal business hours at the specified office of the Issuer, the Paying Agent and the Registrar namely:

- (a) the Memorandum and Articles of Association of each of the Issuer and the Guarantor;
- (b) the Issue and Paying Agency Agreement;
- (c) the Deed of Covenant;
- (d) the Deed of Guarantee;
- (e) the Information Memorandum (including any supplement thereto) and any Pricing Supplement relating to Instruments which are listed on any stock exchange. (In the case of any Instruments which are not listed on any stock exchange, copies of the relevant Pricing Supplement will only be available for inspection by a Holder of or, as the case may be, a Beneficiary (as defined in the Deed of Covenant) in respect of, such Instruments);
- (f) the most recent publicly available financial statements of the Issuer (if any) and the consolidated financial statements of the Guarantor for the years ended 30 June 2011 and 30 June 2012 (at the date of this Information Memorandum the Issuer had not published any audited or unaudited financial information); and
- (g) the most recent available unaudited consolidated half yearly interim financial statements of the Guarantor for the six month period ended 31 December 2011.

In addition, items (e), (f) and (g) may be obtained from the specified office of the Issuer and the Paying Agent in Hong Kong at their addresses set out at the end of this document.

The Guarantor does not publish any non-consolidated financial statements. If the Guarantor does publish any non-consolidated financial statements, these will be available at the specified office of the Paying Agent.

The Issuer has not published and does not propose to publish accounts.

8. The auditors of the Guarantor are Deloitte Touche Tohmatsu, certified public accountants, 35/F One Pacific Place, 88 Queensway, Hong Kong, independent Certified Public Accountants who have audited the Guarantor's accounts, without qualification, in accordance with generally accepted auditing standards in Hong Kong for each of the three financial years ended on 30 June 2010, 30 June 2011 and 30 June 2012.

9. Save as disclosed in this Information Memorandum, there has been no significant or material adverse change in the financial or trading position of the Guarantor or the SHKP Group since 30 June 2012 and there has been no significant or material adverse change in the financial or trading position of the Issuer since its date of incorporation.

10. Save as disclosed in this Information Memorandum, neither the Issuer nor the Guarantor nor any other member of the SHKP Group is or has been involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) which may have or have had in the 12 months preceding the date of this Information Memorandum a significant effect on the financial position of the Issuer, the Guarantor or the SHKP Group.

**REGISTERED OFFICE OF THE ISSUER**

**Sun Hung Kai Properties  
(Capital Market) Limited**  
P.O. Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

**REGISTERED OFFICE OF THE GUARANTOR**

**Sun Hung Kai Properties Limited**  
45th Floor, Sun Hung Kai Centre  
30 Harbour Road  
Hong Kong

**ARRANGER FOR THE PROGRAMME**

**Morgan Stanley & Co. International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**DEALERS**

**Australia and New Zealand Banking  
Group Limited**  
22/F, Three Exchange Square  
8 Connaught Place, Central  
Hong Kong

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Credit Suisse Securities (Europe) Limited**  
One Cabot Square  
Canary Wharf  
London E14 4QJ  
United Kingdom

**Goldman Sachs International**  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Morgan Stanley & Co. International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**Bank of China (Hong Kong) Limited**  
8/F, Bank of China Tower  
1 Garden Road  
Hong Kong

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Deutsche Bank AG, Singapore Branch**  
One Raffles Quay  
#17-00 South Tower  
Singapore 048583

**The Hongkong and Shanghai Banking  
Corporation Limited**  
Level 17, HSBC Main Building  
1 Queen's Road Central  
Hong Kong

**Mizuho Securities Asia Limited**  
12th Floor, Chater House  
8 Connaught Road Central  
Hong Kong

**Standard Chartered Bank (Hong Kong) Limited**  
12/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**UBS AG, Hong Kong Branch**  
52/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**AUDITORS OF THE GUARANTOR**

**Deloitte Touche Tohmatsu**  
35/F One Pacific Place  
88 Queensway  
Hong Kong

**ISSUE AND PAYING AGENT AND REGISTRAR**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**ALTERNATIVE REGISTRAR**

**HSBC Bank USA, National Association**  
Corporate Trust and Loan Agency  
452 Fifth Avenue  
New York  
New York 10018-2706  
United States of America

**PAYING AGENTS**

**The Hongkong and Shanghai Banking  
Corporation Limited**  
Level 30, HSBC Main Building  
1 Queen's Road Central  
Hong Kong

**HSBC Bank USA, National Association**  
Corporate Trust and Loan Agency  
452 Fifth Avenue  
New York  
New York 10018-2706  
United States of America

**LEGAL ADVISERS**

*to the Dealers  
as to English law*

**Allen & Overy**  
9th Floor  
Three Exchange Square  
Central  
Hong Kong

*to the Issuer  
as to Cayman Islands law*

**Maples and Calder**  
53/F, The Center  
99 Queen's Road Central  
Hong Kong

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

**Linklaters**  
10th Floor, Alexandra House  
Central  
Hong Kong

