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This announcement and the listing document attached hereto are for information purposes only and do not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement and the listing document attached hereto do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in or into the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The securities have not been and will not be registered under the Securities Act, or the securities laws of any state of the United States or any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the securities are being offered and sold only outside the United States to non-U.S. persons (as defined in Regulation S under the Securities Act) in offshore transactions in compliance with Regulation S under the Securities Act. This announcement and the information contained herein are not for distribution, directly or indirectly, in or into the United States or to U.S. persons (as defined in Regulation S under the Securities Act). No public offer of the securities referred to herein is being or will be made in the United States.

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

Notice to Hong Kong investors: The Issuer and the Guarantor (as defined below) confirm that the Notes (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and will be listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

CASTLE PEAK POWER FINANCE COMPANY LIMITED

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

(the “Issuer”)

unconditionally and irrevocably guaranteed by

CASTLE PEAK POWER COMPANY LIMITED

(青 山 發 電 有 限 公 司)

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

(the “Guarantor”)

U.S.\$2,000,000,000 MEDIUM TERM NOTE PROGRAMME (the “Programme”)

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering circular dated 11 June 2021 appended hereto in relation to the Programme (the “Offering Circular”). The Programme has been listed on the Hong Kong Stock Exchange by way of debt issues to Professional Investors (as defined in Chapter 37 of the Listing

Rules) only during the 12-month period after the date of the Offering Circular. The notes to be issued under the Programme (the “**Notes**”) are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor and the relevant dealer. The Issuer may also issue unlisted Notes.

The Offering Circular and this announcement do not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor do they constitute an invitation to the public to make offers to subscribe for or purchase any securities, nor should they be circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular and this announcement must not be regarded as an inducement to subscribe for or purchase any Notes of the Issuer, and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Circular and this announcement.

15 June 2021

As at the date of this announcement, the Board of Directors of Castle Peak Power Finance Company Limited comprises Mr. Chiang Tung Keung, Mr. Nicolas Alain Marie Tissot and Ms. Ma Fanghua, and the Board of Directors of Castle Peak Power Company Limited comprises Mr. William Elkin Mocatta (with Mr. Tong Chi Leung David as his alternate), Mrs. Yuen So Siu Mai Betty, Mr. Richard Kendall Lancaster, Mr. Chiang Tung Keung (with Mr. Law Ka Chun as his alternate), Mr. Zhang Tanzhi (with Ms. Ma Fanghua and Ms. Zhong Sihong as his alternates) and Mr. Su Bingli (with Ms. Ma Fanghua and Ms. Zhong Sihong as his alternates).



Energy for Brighter Tomorrows

Appendix — Offering Circular dated 11 June 2021

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OTHER THAN TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS UNDER RULE 144A UNDER THE SECURITIES ACT (AS DEFINED BELOW) OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S.

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

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

THIS OFFERING CIRCULAR MAY NOT BE DOWNLOADED, FORWARDED OR DISTRIBUTED IN WHOLE OR IN PART TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY ADDRESS IN THE UNITED STATES. ANY SUCH DOWNLOADING, FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE APPLICABLE PRICING SUPPLEMENT AND TERMS AND CONDITIONS OF THE NOTES. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THIS OFFERING CIRCULAR.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be either (i) Qualified Institutional Buyers (“QIBs”) within the meaning of Rule 144A under the Securities Act (“Rule 144A”) or (ii) non-U.S. persons purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to The Hongkong and Shanghai Banking Corporation Limited (the “Arranger”) and Australia and New Zealand Banking Group Limited, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Mizuho Securities Asia Limited and Standard Chartered Bank (Hong Kong) Limited (the “Dealers”), Castle Peak Power Finance Company Limited (the “Issuer”) and Castle Peak Power Company Limited (青山發電有限公司) (the “Guarantor”) (1) that you and any customers you represent are either (a) QIBs or (b) non-U.S. persons or acting for the account or benefit of non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act and that the electronic mail address that you have given us and to which this Offering Circular has been delivered is not located in the United States; and (2) that you consent to delivery of this Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

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

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Issuer, the Guarantor, the Arranger, the Dealers or any of the Agents (each as defined in this Offering Circular) nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger or Dealers.

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

OFFERING CIRCULAR



Castle Peak Power Finance Company Limited
(incorporated with limited liability under the laws of the British Virgin Islands)
unconditionally and irrevocably guaranteed by

Castle Peak Power Company Limited

(青山發電有限公司)

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

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

Under the U.S.\$2,000,000,000 Medium Term Note Programme described in this Offering Circular (the “**Programme**”), Castle Peak Power Finance Company Limited (the “**Issuer**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer, the Guarantor (as defined below) and the relevant Dealer (as defined below). The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Castle Peak Power Company Limited (青山發電有限公司) (the “**Guarantor**”, the “**Company**” or “**CAPCO**”).

Notes may be issued in bearer or registered form (respectively “**Bearer Notes**” and “**Registered Notes**”). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

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

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

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

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

The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange (or listed, traded or quoted on or by any other competent authority, other exchange or quotation system). Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and any other terms and conditions not contained herein which are applicable to each Series (as defined under “*Terms and Conditions of the Notes*”) will be set out in the Pricing Supplement which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange on or before the date of issue of such Series of Notes. Each Tranche of Bearer Notes will be represented on issue by a temporary global note in bearer form (each a “**Temporary Bearer Global Note**”) or a permanent global note in bearer form (each a “**Permanent Bearer Global Note**”), and together with any Temporary Bearer Global Notes, the “**Bearer Global Notes**”). Registered Notes will be evidenced by certificates (each a “**Certificate**”) (subject as provided in the “*Terms and Conditions of the Notes*”) being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. The Bearer Global Notes and Certificates representing Registered Notes which are offered and sold outside the United States in reliance on Regulation S under the Securities Act may be deposited on the relevant issue dates (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream**”), with a common depository on behalf of Euroclear and Clearstream or with a sub-custodian for the Central Money Markets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU Service**”), and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream or the CMU Service, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer(s). Certificates representing Registered Notes which are offered and sold in the United States to qualified institutional buyers within the meaning of Rule 144A under the Securities Act may be deposited on the relevant issue dates with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (the “**DTIC**”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “*Form of the Notes*.”

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor and the relevant Dealer. The Issuer may also issue unlisted Notes.

Moody’s Investors Service, Inc. (“**Moody’s**”) has assigned (P)A1/(P)P-1 long term senior unsecured/short term ratings to the Programme and S&P Global Ratings, a division of S&P Global Inc. (“**S&P**”), has assigned AA– long term rating to the Programme. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes and the Guarantee (as defined under “*Terms and Conditions of the Notes*”) 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 the Notes may include bearer notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of Bearer Notes, delivered, in 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**”) or, in the case of Bearer Notes, the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”). See “*Form of the Notes*” for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer (see “*Subscription and Sale and Transfer and Selling Restrictions*”).

The Issuer, the Guarantor and the Trustee (as defined herein) may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the Hong Kong Stock Exchange) a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

IMPORTANT — EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT — UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”), or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

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

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

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

Singapore SFA Product Classification — In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Arranger

HSBC

Dealers

**ANZ
HSBC**

**BNP PARIBAS
Mizuho Securities**

**Crédit Agricole CIB
Standard Chartered Bank**

The date of this Offering Circular is **11 June 2021**

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

The Issuer and Guarantor also confirm that this Offering Circular contains or incorporates all information which is material in the context of the Programme, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions.

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

To the fullest extent permitted by law, none of the Dealers, the Trustee, the Agents or the Arranger accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arranger, the Trustee, the Agents or a Dealer or on its behalf in connection with the Issuer, the Guarantor, or the issue and offering of the Notes. The Arranger, the Trustee, the Agents and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement (to the fullest extent permitted by law). None of the Dealers, the Trustee or the Agents accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Dealers, the Trustee or any of the Agents.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor, the Arranger, any of the Dealers, the Trustee or any of the Agents that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme nor the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, any of the Dealers, the Trustee or any of the Agents to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers, the Trustee and the Agents expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular (if any) when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Arranger, the Dealers, the Trustee and the Agents do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee or the Agents which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, Japan, the EEA, the Netherlands, Hong Kong, Singapore and the British Virgin Islands (see “*Subscription and Sale and Transfer and Selling Restrictions*”).

In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantor and the terms of the Notes being offered, including the merits and risks involved. The Notes and the Guarantee have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

None of the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee and the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

From time to time, in the ordinary course of business, certain of the Arranger, the Dealers, the Trustee and the Agents and their respective affiliates have provided advisory and investment banking services, and/or entered into other commercial transactions with the Guarantor and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Arranger, the Dealers, the Trustee and the Agents and their respective affiliates will continue to provide such services to, and enter into such transactions, with the Guarantor and the Guarantor’s affiliates in the future. The Arranger, the Dealers or certain of their respective affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

The Offering Circular is an advertisement and is not a prospectus for the purposes of the Prospectus Regulation and the UK Prospectus Regulation.

U.S. INFORMATION

This Offering Circular may be submitted on a confidential basis in the United States to a limited number of “qualified institutional buyers” (“QIBs”) within the meaning of Rule 144A under the Securities Act (“Rule 144A”) or to institutional “accredited investors” within the meaning of Rule 501(a), (1), (2), (3) or (7) under the Securities Act (“Institutional Accredited Investors”) for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes are being offered and sold outside the United States to non-U.S. persons pursuant to Regulation S. Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Neither the Programme, the Notes nor the Guarantee has been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the Programme, the offering of the Notes or the accuracy or the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered directly or indirectly within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and the U.S. Treasury regulations promulgated thereunder.

Purchasers of Definitive IAI Registered Notes (as defined under “*Form of the Notes*”) will be required to execute and deliver an IAI Investment Letter (as defined under “*Terms and Conditions of the Notes*”). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note (as defined under “*Form of the Notes*”) or any Registered Notes in exchange or substitution therefor (together “*Legended Notes*”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions*”.

AVAILABLE INFORMATION

The Guarantor has agreed that, for so long as any of the Notes remains outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Guarantor will, during any period in which the Guarantor is neither subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 (the “Exchange Act”), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available upon request to (i) any QIB who is a holder or beneficial owner of such restricted securities, or (ii) any prospective purchaser of such restricted securities who is a QIB designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Notes are governed by English law, and the Notes do not provide for the appointment by the Issuer or the Guarantor of an agent for service of process in the United States or for submission by the Issuer or the Guarantor to the jurisdiction of U.S. federal or state courts. As a result, investors may find it difficult in a lawsuit based on the civil liability provisions of the U.S. federal securities laws (i) to effect service within the United States, upon the Issuer, the Guarantor or their

directors and executive officers located outside the United States, (ii) to enforce in U.S. courts or outside the U.S. judgments obtained against the Issuer, the Guarantor or such persons in U.S. courts, (iii) to enforce in U.S. courts judgments obtained against the Issuer, the Guarantor or such persons in courts in jurisdictions outside the United States, and (iv) to enforce against the Issuer, the Guarantor or such persons in the British Virgin Islands, England or Hong Kong, whether in original actions or in actions for the enforcement of judgments of U.S. courts, civil liabilities based solely upon the U.S. federal securities laws.

The Issuer is a BVI business company limited by shares duly incorporated and validly existing under the laws of the British Virgin Islands. The current officers and directors of the Issuer reside outside the United States and all or a substantial portion of the assets of the Issuer are located outside the United States. Unless the Issuer has appointed a process agent in the United States, it may not be possible for investors to effect service of process outside the British Virgin Islands upon the Issuer or such persons.

The Issuer has been advised by its British Virgin Islands legal advisers, Walkers (Hong Kong), that, as a general matter, and subject to the standard assumptions and qualifications set out in the legal opinion of Walkers (Hong Kong) issued in connection with this transaction, in the case of a final and conclusive judgment obtained against the Issuer in a court of a foreign country (with which no reciprocal arrangements with the British Virgin Islands exist or extend) for either a liquidated sum (not in respect of penalties or taxes or a fine or similar fiscal or revenue obligations), or in certain circumstances, for *in personam* non-money relief, such judgment will be recognised and enforced in the courts of the British Virgin Islands (the "Courts") without any re-examination of the merits at common law, by an action commenced on the foreign judgment in the Courts.

With reference to the above paragraph, in each case, the Courts would enforce the relevant judgment, in the manner set out above, provided that:

- (a) the judgment had not been wholly satisfied;
- (b) such court had jurisdiction in the matter and the Issuer either submitted to such the jurisdiction of the foreign court or was resident or carrying on business within such jurisdiction and was duly served with process;
- (c) in obtaining judgment there was no fraud on the part of the person in whose favour judgment was given or on the part of a court;
- (d) recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy or for some other similar reason the judgment could not have been entertained by the Courts; and
- (e) the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

The Guarantor is a corporation organised under the laws of Hong Kong. The majority of the officers and directors of the Guarantor named herein reside outside the United States and all or a substantial portion of the assets of the Guarantor and such officers and directors are or may be located outside the United States. As a result, it may not be possible for investors to effect service of process outside Hong Kong upon the Guarantor or such persons, or to enforce judgments against them obtained in courts outside Hong Kong predicated upon civil liabilities of the Guarantor or such directors and officers under laws other than Hong Kong law, including any judgment predicated upon U.S. federal securities laws. The Guarantor has been advised by its Hong Kong counsel, King & Wood Mallesons, 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.

PRESENTATION OF FINANCIAL INFORMATION

The Guarantor publishes its financial statements in Hong Kong dollars. Unless otherwise specified, where financial information in relation to the Guarantor has been translated into U.S. dollars, it has been so translated, for the convenience of the reader, at an exchange rate of HK\$7.80 = U.S.\$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be, converted into U.S. dollars at the rate indicated or at any other rate.

CURRENCIES AND OTHER REFERENCES

All references in this document to “U.S. dollars” and “U.S.\$” refer to the currency of the United States of America, to “Hong Kong dollars” and “HK\$” refer to the currency of Hong Kong, to “Sterling” and “£” refer to the currency of the United Kingdom, 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 establishing the European Community, as amended from time to time.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “Mainland China” or “PRC” mean the People’s Republic of China, and for geographical references only excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan; and references to “Hong Kong” are to the Hong Kong Special Administrative Region of the People’s Republic of China.

In this document, “GWh” is the abbreviation for Gigawatt hour, “KWh” is the abbreviation for kilowatt-hour, “MW” is the abbreviation for megawatt and “CLP Power” means CLP Power Hong Kong Limited.

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IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

DOCUMENTS INCORPORATED BY REFERENCE

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

The Issuer and the Guarantor will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer or the Guarantor at their respective offices set out at the end of this Offering Circular. In addition, such documents will be available free of charge, if and for so long as any Notes are listed on the Hong Kong Stock Exchange and the Paying Agent is in Hong Kong, from that Paying Agent's principal office in Hong Kong.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer, the Guarantor and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes*”.

This Offering Circular and any supplement will only be valid for listing Notes issued under the Programme on the Hong Kong Stock Exchange during the period of 12 months after the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$2,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as defined under “*Form of the Notes*”) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London and Hong Kong, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the U.S. dollar equivalent of Dual Currency Notes (as defined under “*Form of the Notes*”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes; and
- (c) the U.S. dollar equivalent of Zero Coupon Notes (as defined under “*Form of the Notes*”) and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this summary.

Issuer: Castle Peak Power Finance Company Limited (Legal Entity Identifier: 254900LYMFL8O07R2452).

Guarantor: Castle Peak Power Company Limited (青山發電有限公司).

Description: Medium Term Note Programme.

Arranger: The Hongkong and Shanghai Banking Corporation Limited.

Dealers: Australia and New Zealand Banking Group Limited
BNP Paribas
Crédit Agricole Corporate and Investment Bank
The Hongkong and Shanghai Banking Corporation Limited
Mizuho Securities Asia Limited
Standard Chartered Bank (Hong Kong) Limited

and any other Dealers appointed in accordance with the Programme Agreement (as defined under “*Subscription and Sale and Transfer and Selling Restrictions*”).

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale and Transfer and Selling Restrictions*”) including the following restrictions applicable at the date of this Offering Circular.

Notes with a maturity of less than one year

Notes having a maturity of less than one year, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) unless they are issued (a) to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see “*Subscription and Sale and Transfer and Selling Restrictions*”) or (b) in other circumstances which do not cause a contravention of such Section 19.

Trustee: DB Trustees (Hong Kong) Limited.

Principal Paying Agent and Transfer Agent: Deutsche Bank AG, Hong Kong Branch.

Registrar: Deutsche Bank AG, Singapore Branch or, if so specified in the applicable Pricing Supplement, Deutsche Bank Trust Company Americas.

CMU Lodging Agent: Deutsche Bank AG, Hong Kong Branch.

Programme Size:	Up to U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described under “ <i>General Description of the Programme</i> ”) in aggregate nominal amount of Notes outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Subject to applicable selling restrictions, the Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer, the Guarantor and the relevant Dealer.
Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5.
Maturities:	Such maturities as may be agreed between the Issuer, the Guarantor and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer, the Guarantor or the relevant Specified Currency.
Issue Price:	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes</i> ”. Registered Notes will not be exchangeable for Bearer Notes and vice versa.
Fixed Rate Notes:	Fixed interest will be payable at such rate or rates in arrear and on such date or dates as may be agreed between the Issuer, the Guarantor and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer, the Guarantor and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> (i) on the same basis as the Floating Rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a Reference Rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Issuer, the Guarantor and the relevant Dealer. <p>The margin (if any) relating to such Floating Rate will be agreed between the Issuer, the Guarantor and the relevant Dealer for each Series of Floating Rate Notes.</p>

Other provisions in relation to Floating Rate Notes:	<p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer, the Guarantor and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer, the Guarantor and the relevant Dealer.</p>
Dual Currency Notes:	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer, the Guarantor and the relevant Dealer may agree.</p>
Zero Coupon Notes:	<p>Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.</p>
Redemption:	<p>The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than (i) for taxation reasons or (ii) following an Event of Default (as defined in Condition 11)) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer, the Guarantor and the relevant Dealer.</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution (see “<i>Certain Restrictions — Notes with a maturity of less than one year</i>” above).</p>
Denomination of Notes:	<p>Notes will be issued in such denominations as may be agreed between the Issuer, the Guarantor and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see “<i>Certain Restrictions — Notes with a maturity of less than one year</i>” above). Unless otherwise stated in the applicable Pricing Supplement, the minimum denomination of each Definitive IAI Registered Note will be U.S.\$500,000 or its approximate equivalent in other Specified Currencies.</p>
Taxation:	<p>All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction (as defined in Condition 9), subject as provided in Condition 9. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 9, be required to pay additional amounts to cover the amounts so deducted.</p> <p><i>In making an investment decision, each prospective investor is strongly recommended to consult its own professional advisers in respect of the tax implications of holding the Notes (see “Taxation”).</i></p>
Negative Pledge:	<p>The terms of the Notes will contain a negative pledge provision as further described in Condition 4.</p>

Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 11.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 4, unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Guarantee:	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed. The obligations of the Guarantor under its guarantee will be direct, unconditional, unsubordinated and, subject to the provisions of Condition 4, unsecured obligations of the Guarantor and will rank (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.
Listing:	<p>Application has been made to list the Programme on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular. Notes issued under the Programme may also be listed on the Hong Kong Stock Exchange or such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor and the relevant Dealer in relation to each Series.</p> <p>Unlisted Notes may also be issued.</p> <p>The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).</p> <p>Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK\$500,000 (or its equivalent in other currencies).</p>
Rating:	<p>The Programme has been rated (P)A1/(P)P-1 by Moody's and AA- by S&P.</p> <p>The rating assigned to a relevant Series of Notes by a credit rating agency will be disclosed in the Pricing Supplement.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning credit rating agency.</p>
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.
Clearing System:	The CMU Service, Euroclear, Clearstream, the DTC and/or any other clearing system, as specified in the applicable Pricing Supplement (see " <i>Form of the Notes</i> ").

Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, Japan, the EEA, the Netherlands, Hong Kong, Singapore and the British Virgin Islands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see “*Subscription and Sale and Selling Restrictions*”).

United States Selling Restrictions: Regulation S (Category 2). Rule 144A and Section 4(a)(2), TEFRA C or D (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) or TEFRA not applicable, as specified in the applicable Pricing Supplement.

RISK FACTORS

In addition to other information in this Offering Circular, investors should carefully consider the following risk factors, together with all other information contained in this Offering Circular, before deciding to invest in the Notes. The risks and uncertainties described below may not be the only ones that the Issuer or the Guarantor faces. Additional risks and uncertainties that the Issuer and the Guarantor are not aware of or that they currently believe are immaterial may also adversely affect the business, financial condition or results of operations of the Issuer or the Guarantor. If any of the possible events described below occurs, the Issuer's or the Guarantor's business, financial condition or results of operations could be materially and adversely affected. In such case, investors may lose all or part of their investment.

The Notes and the Guarantee are unsecured obligations.

As the Notes and the Guarantee are unsecured obligations, their repayment may be compromised if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or, as the case may be, the Guarantor's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

The Notes may not be a suitable investment for all investors.

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement to the Offering Circular or any Pricing Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio. Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities.

The Issuer is dependent on the business and financial condition of the Guarantor to make payments under the Notes.

The Issuer is a wholly-owned subsidiary of the Guarantor formed for the primary purpose of acting as a financing subsidiary of the Guarantor and will on-lend the proceeds from the issue of the Notes to the Guarantor. The Issuer's ability to make payments under the Notes depends on timely payments under such on-lent loans and the availability of funds from the Guarantor.

Obligations of the Guarantor under the Guarantee are structurally subordinated to the liabilities and obligations of the Guarantor's subsidiaries.

In addition to operating itself, the Guarantor is also a holding company that operates through its subsidiaries. As a result, (i) the Guarantor's obligations under the Guarantee will be effectively subordinated to all existing and future obligations of its existing or future subsidiaries and (ii) all claims of creditors of the existing or future subsidiaries, including trade creditors, lenders and all other creditors, and rights of holders of preferred shares of such entities (if any) will have priority as to the assets of such entities over the Guarantor's claims and those of its creditors, including the holders of Notes.

The Trustee may request that Noteholders provide an indemnity, security or pre-funding to its satisfaction.

In certain circumstances (including, without limitation, as referred to in Conditions 11(a) and 11(b) of the Terms and Conditions), the Trustee may request the Noteholders to provide an indemnity to its satisfaction before it takes action on behalf of the Noteholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity, security and/or pre-funding can be a lengthy process and may impact on when such action can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions.

The insolvency laws of the British Virgin Islands, Hong Kong and other local insolvency laws may differ from those of another jurisdiction with which the Noteholders are familiar.

As the Issuer is incorporated in the British Virgin Islands and the Guarantor is incorporated under the laws of Hong Kong, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve British Virgin Islands or Hong Kong insolvency laws, respectively, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Noteholders are familiar.

Notes issued under the Programme may not have an active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Notes issued under the Programme may not be widely distributed and there may be no active trading market (unless, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of the Notes which is already issued and even then an active trading market cannot be assured). In particular, one or more initial investors in the Notes may purchase a significant portion of the aggregate principal amount of the Notes pursuant to an offering. The existence of any such significant holder may reduce the liquidity of Notes in the secondary trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer or the Guarantor. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although an application may be made for some Notes issued under the Programme to be listed on, and permitted to deal in, the Hong Kong Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of the Notes will be so listed or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that

have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of the Notes.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Issuer's and the Guarantor's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There is no assurance that these developments will not occur in the future.

The Guarantor's credit rating may decline.

There is a risk that the Guarantor's credit rating may change as a result of changes in its operating performance or capital structure, or for some other reason. No assurance can be given that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant or if a different methodology is applied to derive such credit ratings. Any lowering or withdrawal of the Guarantor's credit rating could, notwithstanding that it is not a rating of the Notes, adversely impact the market price and the liquidity of the Notes.

The ratings of the Programme may be lowered or withdrawn.

The Programme has been assigned a rating of (P)A1/(P)P-1 by Moody's and AA- by S&P. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor's to perform their respective obligations under the Notes and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A reduction or withdrawal of the ratings may adversely affect the market price of the Notes and the Issuer's or the Guarantor's ability to access the debt capital markets.

The credit ratings assigned to the Notes may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period of time or that the ratings will not be revised or withdrawn by the relevant rating agency in the future if in its judgment circumstances so warrant. Neither the Issuer nor the Guarantor has any obligation to inform Noteholders of any such revision or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may adversely affect the market price of the Notes.

Changes in interest rates may have an adverse effect on the price of the Notes.

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

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

The Issuer and the Guarantor will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that

exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

The Issuer and the Guarantor will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which standards may be different from those applicable to companies in certain other countries.

The Issuer and the Guarantor will be subject to reporting obligations in respect of the Notes to be listed on the Hong Kong Stock Exchange. The disclosure and corporate governance standards imposed by the Hong Kong Stock Exchange may be different from those imposed by securities exchanges in other countries or regions such as the United States or the United Kingdom. As a result, the level of information that is available may not correspond to the level to which investors in the Notes are accustomed.

The regulation and reform of “benchmark” rates of interest and indices may adversely affect the value of Notes linked to or referencing such “benchmarks”.

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

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the benchmark.

On 27 July 2017, the United Kingdom Financial Conduct Authority (the “FCA”) announced that it will no longer persuade or compel banks to submit rates for the calculation of the London interbank offer rate (“LIBOR”) benchmark after 2021. On 5 March 2021, the FCA announced that (i) the publication of 24 LIBOR settings (as detailed in the FCA announcement) will cease immediately after 31 December 2021; (ii) the publication of the overnight and 12-month U.S. dollar LIBOR settings will cease immediately after 30 June 2023; (iii) immediately after 31 December 2021, the 1-month, 3-month and 6-month sterling LIBOR settings will no longer be representative of the underlying market and economic reality that they are intended to measure and representativeness will not be restored (and the FCA will consult on requiring the Intercontinental Exchange Benchmark Administration (the “IBA”) to continue to publish these settings on a synthetic basis, which will no longer be representative of the underlying market and economic reality they are intended to measure, for a further period after 31 December 2021) and (iv) immediately after 30 June 2023, the 1-month, 3-month and 6-month U.S. dollar LIBOR settings will no longer be representative of the underlying market and economic reality that they are intended to measure and representativeness will not be restored (and the FCA will consider the case for using its proposed powers to require the IBA to continue publishing these settings on a synthetic basis, which will no longer be representative of the underlying market and economic reality they are intended to measure, for a further period after 30 June 2023).

It is not possible to predict with certainty whether, and to what extent, LIBOR and/or the Euro Interbank Offered Rate (“EURIBOR”) and/or other benchmark rates will continue to be supported going forward. This may cause LIBOR, EURIBOR and/or other benchmark rates to perform differently than they have

done in the past and may have other consequences which cannot be predicted. The elimination of LIBOR, EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Terms and Conditions of the Notes, or result in other consequences in respect of any Notes referencing such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark; or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, or referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Future discontinuation of “benchmark” rates of interest and indices may affect the value of Floating Rate Notes which reference such benchmarks.

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Terms and Conditions of the Notes provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where the relevant Reference Rate is discontinued, neither the Relevant Screen Page nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”) requires the Principal Paying Agent to request quotations from reference banks (i.e. four major banks in the London inter-bank market (either selected by the Principal Paying Agent or specified in the relevant Pricing Supplement)) so as to determine the Rate of Interest.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of the relevant Reference Rate), the Rate of Interest will be determined by reference to the rates offered by such banks for time deposits as communicated to the Principal Paying Agent. If such rates are not available, the Rate of Interest will ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date.

Uncertainty as to the continuation of the relevant Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the relevant Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Terms and Conditions of the Notes provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an “IBOR” Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks.

If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

If the Issuer and the Guarantor are unable to comply with the restrictions and covenants in their respective debt agreements, there could be a default under the terms of these agreements, which could cause repayment of their respective debt to be accelerated.

If the Issuer and the Guarantor are unable to comply with their respective current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer and the Guarantor, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of the Issuer's or the Guarantor's debt agreements contain cross-acceleration or cross-default provisions. As a result, the Issuer's or the Guarantor's default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under the Issuer's or the Guarantor's other debt agreements. If any of these events occur, the Issuer and the Guarantor cannot assure Noteholders that their respective assets and cash flows would be sufficient to repay in full all of their respective indebtedness, or that the Issuer and the Guarantor would be able to find alternative financing. Even if they could obtain alternative financing, they cannot assure holders that it would be on terms that are favourable or acceptable to them.

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

Optional redemption features as contained in the terms and conditions are likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (the "CRS") will require certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. Noteholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed the CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The British Virgin Islands have committed to the CRS and commenced reporting in 2017.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons (“**Coupons**”) attached, or registered form, without Coupons attached. Bearer Notes will be issued outside the United States to non-U.S. persons in reliance on Regulation S and Registered Notes will be issued both outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to QIBs or to Institutional Accredited Investors in reliance on an exemption from the registration requirements of the Securities Act.

Notes to be listed on the Hong Kong Stock Exchange will be accepted for clearance through Euroclear and Clearstream and may also be accepted for clearance through the CMU Service or DTC.

Bearer Notes

Each Tranche of Bearer Notes will initially be represented by either a Temporary Bearer Global Note or a Permanent Bearer Global Note as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to either (i) a common depositary (the “**Common Depositary**”) for Euroclear and Clearstream or (ii) a sub-custodian for the CMU Service. Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream and/or Deutsche Bank AG, Hong Kong Branch (the “**CMU Lodging Agent**”), as applicable and (in the case of a Temporary Bearer Global Note delivered to a Common Depositary for Euroclear and Clearstream) Euroclear and/or Clearstream has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

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

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

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

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

Payments of principal, interest (if any) or any other amounts on a Bearer Global Note will be calculated in respect of the total aggregate amount of the Notes represented by the Bearer Global Note.

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

For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 11) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream and, in the case of Notes cleared through the CMU Service, the CMU Service have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form and a certificate to such effect from two Directors of the Issuer has been given to the Trustee. The Issuer will promptly give notice to the Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes held by a Common Depositary for Euroclear and/or Clearstream, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or (b) in the case of Notes held through the CMU Service, the relevant account holders therein or, in either case, the Trustee may give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent or, as the case may be, the CMU Lodging Agent.

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

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

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

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form, without coupons, (a "**Regulation S Global Note**") which will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, (ii) be deposited with a Common Depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream; or (iii) be deposited with a sub-custodian for, and registered in the name of the Hong Kong Monetary Authority (the "**HKMA**") as the operator of the CMU Service. Prior to expiry of the distribution compliance period (as defined in Regulation S) ("**Distribution Compliance Period**") applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions (i) to QIBs or (ii) to Institutional Accredited Investors who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form, without interest coupons, (a “**Rule 144A Global Note**” and, together with a Regulation S Global Note, the “**Registered Global Notes**”) which will be deposited with a custodian for, and registered in the name of a nominee of, the DTC.

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (“**Definitive IAI Registered Notes**”). Unless otherwise set forth in the applicable Pricing Supplement, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Subscription and Sale and Transfer and Selling Restrictions*”. Institutional Accredited Investors that hold Definitive IAI Registered Notes may elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144A under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under “*Subscription and Sale and Transfer and Selling Restrictions*”. The Rule 144A Global Note and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7(d)) as the registered holder of the Registered Global Note with calculation made in respect of the total aggregate amount of the Notes represented by the Registered Global Note. None of the Issuer, the Guarantor, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee of DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no successor or alternative clearing system satisfactory to the Trustee is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (iii) in the case of Notes registered in the name of a nominee for a Common Depositary for Euroclear and Clearstream or Notes held through the CMU Service, the Issuer has been notified that both Euroclear and Clearstream and, in the case of Notes cleared through the CMU Service, the CMU Service have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer

may also give notice to the Registrar or, as the case may be, the CMU Lodging Agent requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions (see “*Subscription and Sale and Transfer and Selling Restrictions*”).

General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent or, as the case may be, the CMU Lodging Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a Common Code and ISIN and, where applicable, a CMU instrument number, a CUSIP and CINS number which are different from the Common Code, CMU instrument number, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Bearer Global Note held on behalf of Euroclear, Clearstream or the CMU Service, each person (other than Euroclear, Clearstream or the CMU Service) who is for the time being shown in the records of Euroclear, Clearstream or the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the Issuer, the Guarantor and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note shall be treated by the Trustee, the Issuer, the Guarantor and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Bearer Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

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

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

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

Castle Peak Power Finance Company Limited

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
unconditionally and irrevocably guaranteed by
Castle Peak Power Company Limited
(青山發電有限公司)
under the U.S.\$2,000,000,000
Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Offering Circular dated 11 June 2021. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated [earlier Offering Circular date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated 11 June 2021, save in respect of the Conditions which are extracted from the Offering Circular dated [earlier Offering Circular date] and are attached hereto.]

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

Notice to Hong Kong investors: Each of the Issuer and the Guarantor confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

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

[PRIIPs REGULATION — PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these

purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[UK PRIIPs REGULATION — PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the [Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”)] [Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of [Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)] [the Prospectus Regulation] as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by [Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”)] [the PRIIPs Regulation] as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET — Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

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

[In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations

2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]⁽¹⁾

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

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

1. (i) Issuer: Castle Peak Power Finance Company Limited
- (ii) Guarantor: Castle Peak Power Company Limited (青山發電有限公司)
2. (i) Series Number: [●]
- (ii) Tranche Number: [●]
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:
 - Series: [●]
 - 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. (i) Specified Denominations: [●]
(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)
(N.B.: Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies). Where multiple denominations above €100,000 or equivalent are being used with respect to Bearer Notes, 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 definitive notes will be issued with a denomination above [€199,000].”)

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

- (ii) Calculation Amount: [●]
(N.B.: If there is only one Specified Denomination, insert the Specified Denomination. If there is more than one Specified Denomination, insert the highest common factor of those Specified Denominations. N.B.: There must be a common factor in the case of two or more Specified Denominations.)
7. [(i)] Issue Date [and Interest Commencement Date]: [●]
 [(ii)] Interest Commencement Date (if different from the Issue Date): [Specify/Not Applicable]
(N.B.: An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: [Fixed rate — specify date/Floating rate — Interest Payment Date falling in or nearest to [specify month and year]]⁽²⁾
9. Interest Basis: [[●] per cent. Fixed Rate]
 [[LIBOR/EURIBOR/HIBOR] +/- [●] per cent. Floating Rate]
 [Zero Coupon]
 [Dual Currency Interest]
 [specify other]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Dual Currency Redemption]
 [specify other]
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis.]
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
13. Listing: [Hong Kong/specify other/None]
(If listing in Hong Kong, specify expected listing date)
14. Method of distribution: [Syndicated/Non-syndicated]

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

Provisions Relating to Interest (If Any) Payable

15. Fixed Rate Note Provisions: [Applicable/Not Applicable](If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [●] per cent. per annum payable [annually/semi-annually/quarterly/other (specify) in arrears] (If payable other than annually, consider amending Condition 6)
 - (ii) Interest Payment Date(s): [[●] in each year up to and including the Maturity Date]/[specify other]⁽³⁾
(N.B.: This will need to be amended in the case of long or short coupons.)
 - (iii) Fixed Coupon Amount(s): [●] per Calculation Amount⁽⁴⁾
(Applicable to Notes in definitive form)
 - (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
(Applicable to Notes in definitive form)
 - (v) Day Count Fraction: [30/360 or Actual/Actual (ISDA) or [specify other]]
 - (vi) Determination Date(s): [●] in each year
[Insert regular interest payment dates, ignoring issue date or maturity date in case of a long or short first or last coupon]
(N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration.)
(N.B.: Only relevant where Day Count Fraction is Actual/Actual (ICMA).)
 - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

(3) Note that for certain Hong Kong dollar denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: “provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, “Business Day” means a day 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 [●].”

(4) For Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following wording is appropriate. “Each Fixed Coupon Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the actual number of days in the Accrual Period (as defined in Condition 6(a)(i)) divided by 365 and rounding the resultant figure to the nearest HK\$0.01, HK\$0.005 being rounded upwards.”

16. Floating Rate Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(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/ <i>[specify other]</i>]
(iii) Additional Business Centre(s):	[●]
(iv) Manner in which the Rates of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination/ <i>specify other</i>]
(v) Party responsible for calculating the Rate(s) of Interest and Interest Amount (if not the Principal Paying Agent):	[●]
(vi) Screen Rate Determination:	
— Reference Rate:	[●] <i>(Either LIBOR, EURIBOR, HIBOR or other, although additional information is required if other — including fallback provisions in the Agency Agreement.)</i>
— Interest Determination Date(s):	[●] <i>(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 or Hong Kong dollar HIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR.)</i>
— Relevant Screen Page:	[●] <i>(In the case of EURIBOR, if not Reuters Page EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.)</i>
(vii) ISDA Determination:	
— Floating Rate Option:	[●]
— Designated Maturity:	[●]
— Reset Date:	[●]
(viii) Margin(s):	[+/-] [●] per cent. per annum
(ix) Minimum Rate of Interest:	[●] per cent. per annum
(x) Maximum Rate of Interest:	[●] per cent. per annum

- (xi) Day Count Fraction: [Actual/Actual (ISDA) or Actual/Actual Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360, 360/360 or Bond Basis 360 (ISDA)/360 or Eurobond Basis 30E/360 (ISDA) Other] *(See Condition 6 for alternatives)*
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
17. Zero Coupon Note Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Any other formula/basis of determining amount payable: [●] *(Consider applicable day count fraction if euro denominated)*
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment if Conditions 8(e)(iii) and 8(j) do not apply: [Conditions 8(e)(iii) and 8(j) apply/specify other]
18. Dual Currency Interest Note Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (ii) Party, if any, responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

Provisions Relating to Redemption

19. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (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 Trustee.)
20. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): [●]
(N.B.: If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Trustee)
21. Final Redemption Amount(s) of each Note: [[●] per Calculation Amount/specify other/see Appendix]
22. 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 Condition 8(e)): [[●] per Calculation Amount/specify other/see Appendix]

General Provisions Applicable to the Notes

23. Form of Notes:
- [Bearer Notes:
[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event⁽⁵⁾]]
[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]
[Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event⁽⁵⁾]]
- [Registered Notes:
Regulation S Global Note (U.S.\$[●] nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream/ held through the CMU Service/Rule 144A Global Note (U.S.\$[●] nominal amount/Definitive IAI Registered Notes (*specify nominal amounts*))
[registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream]]
24. Additional Financial Centre(s) or other special provisions relating to Payment Dates:
- [Not Applicable/give details]
(Note that this paragraph relates to the place of payment, and not Interest Period end dates, to which sub-paragraph 16(iii) relates.)
25. Talons for future Coupons to be attached to Definitive Bearer Notes (and dates on which such Talons mature):
- [Yes/No. *If yes, give details*]
26. Redenomination applicable:
- Redenomination [not] applicable [*If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates)*)]
27. Other terms or special conditions:
- [Not Applicable/give details]

Distribution

28. (i) If syndicated, names of Managers:
- [Not Applicable/give names]
- (ii) Stabilisation Manager (if any):
- [Not Applicable/give name]
29. If non-syndicated, name of Dealer:
- [●]
30. U.S. selling restrictions:
- [Regulation S Category 2/Rule 144A & s.4(a)(2)/TEFRA D/TEFRA C/TEFRA not applicable]
31. Additional selling restrictions:
- [Not Applicable/give details]
32. Private Bank Rebate/Commission:
- [Applicable/give details]/Not Applicable]

Operational Information

- (5) Ensure that this is consistent with the language in the “Form of the Notes” section in the Offering Circular and the Notes themselves. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]”. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

33. Any clearing system(s) other than Euroclear, Clearstream and DTC and the relevant identification number(s): [CMU Service/Not Applicable/give name(s) and number(s)]
34. Delivery: Delivery [against/free of] payment
35. Additional Paying Agent(s) (if any): [●]
36. [Use of proceeds: [●] (To be specified if different from the use of proceeds set out in this Offering Circular)]
37. In the case of Registered Notes, specify the location of the office of the Registrar if other than New York: [Not Applicable/specify other]

ISIN: [●]
Common Code: [●]
Legal Entity Identifier: 254900LYMFL8O07R2452

[Insert here any other relevant codes such as a CMU instrument number, CUSIP and CINS codes]

[Stabilisation]

In connection with this issue, any of the Joint Lead Managers (each, a “**Stabilisation Manager**”) (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that any Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be discontinued at any time, and must be brought to an end after a limited period.] *(To be included if stabilisation is applicable)*

[Listing Application]

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$2,000,000,000 Medium Term Note Programme of the Issuer.]

[Significant or Material Change]

Save as disclosed in the Offering Circular or herein, there has been no significant or material adverse change in the financial or trading position of each of the Issuer and the Guarantor since *[insert date of last audited full year financial statements]*.]

Responsibility

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

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By:

Duly authorised

By:

Duly authorised

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6, 7, 8 (except Condition 8(b)), 12, 13, 14, 15 (insofar as such Notes are not listed or admitted to trading on any stock exchange) or 18, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Castle Peak Power Finance Company Limited (the “**Issuer**”) and constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 7 June 2017 made between the Issuer, Castle Peak Power Company Limited (青山發電有限公司) as guarantor (the “**Guarantor**”) and DB Trustees (Hong Kong) Limited (the “**Trustee**” which expression shall include any successor as Trustee).

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

- (i) in relation to any Notes represented by a global Note (a “**Global Note**”), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form (“**Bearer Notes**”) issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form (“**Registered Notes**”) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 7 June 2017 and made between the Issuer, the Guarantor, the Trustee, Deutsche Bank AG, Hong Kong Branch as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent), Deutsche Bank AG, Hong Kong Branch as CMU lodging agent (the “**CMU Lodging Agent**”, which expression shall include any successor CMU lodging agent) and the other paying agents named therein (together with the Principal Paying Agent and the CMU Lodging Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), Deutsche Bank AG, Hong Kong Branch as transfer agent (the “**Transfer Agent**”, which expression shall include any additional or successor transfer agents) and Deutsche Bank AG, Singapore Branch (or, if so specified in the applicable Pricing Supplement, Deutsche Bank Trust Company Americas) as registrar (the “**Registrar**”, which expression shall include any successor registrar). For the purposes of these Terms and Conditions (the “**Conditions**”), all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Principal Paying Agent shall, with respect to a Series of Notes to be held in the CMU Service (as defined below), be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly.

Interest bearing definitive Bearer Notes have interest coupons (“**Coupons**”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

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

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

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

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal place of business for the time being of the Trustee (being as at the date of the Trust Deed, 52nd Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such agents being together referred to as the “**Agents**”). Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of each of the Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed and the applicable Pricing Supplement and those provisions of the Agency Agreement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

1. FORM, DENOMINATION AND TITLE

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

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

This Note may be a Dual Currency Redemption Note depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

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

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in the register which is kept by the Registrar in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, the Trustee and

any Agent will (except as otherwise ordered by a court of competent jurisdiction or required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Bearer Global Note held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream**”) and/or a sub-custodian for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU Service**”), each person (other than Euroclear, Clearstream or the CMU Service) who is for the time being shown in the records of Euroclear, Clearstream or the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note shall be treated by the Issuer, the Guarantor, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes, as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

For so long as any of the Notes is represented by a Regulation S Global Note, the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer, the Guarantor, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note.

For so long as The Depository Trust Company (“**DTC**”) or its nominee is the registered owner or holder of a Rule 144A Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Rule 144A Global Note for all purposes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear, Clearstream and the CMU Service, as the case may be. References to DTC, Euroclear, Clearstream and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Trustee and the Principal Paying Agent.

2. TRANSFERS OF REGISTERED NOTES

(a) *Transfers of interests in Registered Global Notes*

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear, Clearstream or the CMU Service, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement as Specified Denominations and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear, Clearstream or the CMU Service, as the case may be and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Rule 144A Global Note shall be limited to transfers of such Rule 144A Global Note, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor’s nominee.

(b) *Transfers of Registered Notes in definitive form*

Subject as provided in Conditions 2(e), 2(f) and 2(g) below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement as Specified Denominations). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 4 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the transferor.

(c) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Notes under Condition 8, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) *Costs of registration*

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

(e) *Transfers of interests in Regulation S Global Notes*

Prior to the expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in Schedule 3 to the Agency Agreement, amended as appropriate (a “**Transfer Certificate**”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
 - (A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
 - (B) to a person who is an Institutional Accredited Investor,

together with, in the case of (B), a duly executed investment letter from the relevant transferee substantially in the form set out in Schedule 4 to the Agency Agreement (an “**IAI Investment Letter**”) and such other satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States; or

- (ii) otherwise pursuant to an effective registration statement under the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) *Transfers of interests in Legended Notes*

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note:
 - (A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
 - (B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee and such other satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction;
- (iii) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or
- (iv) pursuant to an effective registration statement under the Securities Act,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the legend (the “**Legend**”) applicable to Legended Notes, the Registrar shall deliver only Legended Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(h) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 8(c), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

(i) Definitions

In this Condition 2, the following expressions shall have the following meanings:

“**Distribution Compliance Period**” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

“**Institutional Accredited Investor**” means institutional “**accredited investors**” (within the meaning of Rule 501(a) (1), (2), (3) or (7) under the Securities Act);

“**Legended Note**” means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

“**QIB**” means a “**qualified institutional buyer**” within the meaning of Rule 144A;

“**Regulation S**” means Regulation S under the Securities Act;

“**Regulation S Global Note**” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

“**Rule 144A**” means Rule 144A under the Securities Act;

“**Rule 144A Global Note**” means a Registered Global Note representing Notes sold in the United States to QIBs; and

“**Securities Act**” means the United States Securities Act of 1933, as amended.

3. STATUS OF THE NOTES AND THE GUARANTEE

(a) Status of the Notes

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

(b) Status of the Guarantee

The payment of principal and interest in respect of the Notes and all other amounts payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the “**Guarantee**”). The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

4. NEGATIVE PLEDGE

(a) Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer and the Guarantor will ensure that no Relevant Indebtedness (as defined below) and no guarantee or indemnity of any Relevant Indebtedness will be secured by any mortgage, charge, lien, pledge or other security interest (other than a lien arising by operation of law) (each a “**Security Interest**”) upon the whole or any part of the undertaking, revenues or assets, present or future, of the Issuer or, as the case may be, the Guarantor, unless the Issuer or, as the case may be, the Guarantor shall, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that:

- (1) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case, to the satisfaction of the Trustee; or
- (2) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (B) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders,

provided that the Issuer or, as the case may be, the Guarantor may create, assume or have outstanding a Security Interest in respect of any Relevant Indebtedness and/or in respect of any guarantee or indemnity of any Relevant Indebtedness without the obligation to provide a Security Interest, guarantee, indemnity or other arrangement in respect of the Notes and the relative Coupons as aforesaid where such Security Interest is issued or created for the purpose of financing or refinancing the purchase of any property or assets provided that (i) such property or assets are the sole subject of the Security Interest, (ii) in connection with any such financing or refinancing, neither the scope of the Security Interest nor the principal amount secured is increased, (iii) the principal amount of the Relevant Indebtedness secured by such Security Interest shall not exceed the purchase cost of such property or assets and (iv) any such Security Interest shall be created or assumed concurrently with or within one year following the purchase of such property or assets.

(b) Interpretation

For the purposes of these Conditions:

- (i) “**Indebtedness**” means any present or future indebtedness (including any liability under or in respect of any acceptance or acceptance credit but excluding, for the avoidance of doubt, bills of exchange drawn under or in respect of letters of credit or contracts for the provisions of goods or services for the purpose of effecting payment and not in connection with the raising of money); and
- (ii) “**Relevant Indebtedness**” means any Indebtedness in the form of or represented by any note, bond, debenture, debenture stock, loan stock or other similar security which (with the consent of the issuer of the Indebtedness) are for the time being, or are capable of

being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, having an original maturity of more than one year from its date of issue.

5. REDENOMINATION

(a) *Redenomination*

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders or the Couponholders, on giving 30 days' prior notice to the Trustee, the Principal Paying Agent, Euroclear, Clearstream and/or as applicable, the CMU Service and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes shall be deemed to be redenominated into euro in the denomination of 0.01 with a nominal amount in euro for each Note equal to the nominal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent and with the prior written approval of the Trustee, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes are for the time being listed and the Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below of this Condition 5(a), the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of 1,000, 10,000, 100,000 and (but only to the extent of any remaining amounts less than 1,000 or such smaller denominations as the Issuer in conjunction with the Principal Paying Agent may determine) 0.01 and such other denominations as the Issuer in conjunction with the Principal Paying Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") that replacement euro-denominated Notes and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to

the Specified Currency were to euro. 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 or, at the option of the payee, by a euro cheque;

- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;
- (vii) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and
- (viii) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Trustee and the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

(b) Definitions

In these Conditions, the following expressions have the following meanings:

“**Established Rate**” means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

“**euro**” and “**€**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

“**Redenomination Date**” means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

“**Treaty**” means the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended from time to time.

6. INTEREST

(a) Interest on Fixed Rate Notes

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

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

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

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

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

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

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 6(a):

- (i) if **“Actual/Actual (ICMA)”** is specified in the applicable Pricing Supplement:
 - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **“Accrual Period”**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
 - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; or
- (ii) if **“30/360”** is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; or
- (iii) if **“Actual/365 (Fixed)”** is specified in the applicable Pricing Supplement, the actual number of days in the Accrual Period divided by 365.

In these Conditions:

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

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

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

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

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

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

(ii) Rate of Interest

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

(A) ISDA Determination for Floating Rate Notes

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

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”), on the Euro-zone inter-bank offered rate (“**EURIBOR**”) or on the Hong Kong inter-bank offered rate (“**HIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

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

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR, or Hong Kong time, in the case of HIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

(iii) *Minimum and/or maximum Rate of Interest*

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above of this Condition 6(b) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above of this Condition 6(b) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. If required to be calculated by it, the Principal Paying Agent shall cause the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, the Guarantor, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and the rules of such stock exchange or other relevant authority so require, such stock exchange or other relevant authority as soon as practicable after calculating the same.

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

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

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

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 6(b):

- (i) if “**Actual/Actual (ISDA)**” or “**Actual/Actual**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

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

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

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

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

where:

- Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;
- Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and
- D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D_2 will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) *Determination or Calculation by Trustee*

If for any reason at any relevant time the Principal Paying Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraphs (ii)(A) or (ii)(B) above of this Condition 6(b) or as otherwise specified in the applicable Pricing Supplement, as the case may be, and in each case in accordance with paragraph (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 6(b), but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Principal Paying Agent or the Trustee, shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Guarantor, the Trustee, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Interest Notes*

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

(d) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

(e) *Definitions*

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

- (1) in any case where Specified Periods are specified in accordance with Condition 6(b)(i) (B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions:

“**Business Day**” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong and any Additional Business Centre specified in the applicable Pricing Supplement; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than Hong Kong and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor system (the “**TARGET2 System**”) is open.

7. PAYMENTS

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

(b) *Presentation of definitive Notes and Coupons*

Payments of principal in respect of definitive Bearer Notes not held in CMU will (subject as provided below) be made in the manner provided in Condition 7(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form not held through the CMU Service (other than Dual Currency Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9) in respect of such

principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

In the case of definitive Bearer Notes held through the CMU Service, payment will be made to the person(s) for whose account(s) interests in the relevant definitive Bearer Note are credited as being held with CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging Agent by the CMU in a relevant CMU Instrument Position Report or any relevant notification by CMU, which notification shall be conclusive evidence of the records of CMU (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer or, as the case may be, the Guarantor in respect of that payment.

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

(c) *Payments in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note (i) in the case of a Global Note lodged with CMU, to the person(s) for whose account(s) interests in the relevant Global Note are credited as being held through the CMU Service in accordance with the CMU Rules, or (ii) in the case of a Global Note not lodged with CMU, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made (in the case of a Global Note not lodged with CMU) on such Global Note by the Paying Agent to which it was presented or (in the case of a Global Note lodged with CMU) on withdrawal of such Global Note by the CMU Lodging Agent, and in each such case such record shall be prima facie evidence that the payment in question has been made.

(d) *Payments in respect of Registered Notes*

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **“Register”**) at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn

on a Designated Bank (as defined below). For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “**Record Date**”) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, or at the option of the Principal Paying Agent, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

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

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

(e) *General provisions applicable to payments*

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

Notwithstanding the foregoing provisions of this Condition 7, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States only if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

(f) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 10) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) Hong Kong; and
 - (C) any Additional Financial Centre specified in the applicable Pricing Supplement;
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, Hong Kong and any Additional Financial Centre, and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day other than a Saturday or Sunday or any other day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) *Interpretation of principal and interest*

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

- (i) any additional amounts which may be payable with respect to principal under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8(e)); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

8. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

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

(b) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9) or any political subdivision of, or any authority in, or of, a Tax Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 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 Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (1) a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event the same shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 8(b) will be redeemed at their Early Redemption Amount referred to in Condition 8(e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 15; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to:
 - (a) the Trustee and the Principal Paying Agent; and
 - (b) in the case of a redemption of Registered Notes, the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected in such place as the Trustee may approve and in such manner as it deems fit, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream and/or DTC and/or the CMU Service, (as appropriate) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8(c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

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

(A) If Investor Put is specified in the applicable Pricing Supplement

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Note on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

(B) Put Option Exercise Procedures

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note on any Business Day (as defined in Condition 6) falling within the notice period must deliver such Note at the specified office of any Paying Agent (together with all unmatured Coupons and unexchanged Talons in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal office hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **"Put Notice"**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 8(d) accompanied by, if this Note is in definitive form, this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). Registered Notes may be redeemed under this Condition 8(d) in any multiple of their lowest Specified Denomination.

(e) Early Redemption Amounts

For the purpose of Condition 8(b) above and Condition 11, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **"Amortised Face Amount"**) calculated in accordance with the following formula:

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

where:

"RP" means the Reference Price; and

"AY" means the Accrual Yield; and

“y” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

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

(f) Purchases

The Issuer, the Guarantor, any other Subsidiary (as defined in the Trust Deed) of the Guarantor, any holding company of the Guarantor or any other Subsidiary of such holding company may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to the Principal Paying Agent and/or the Registrar for cancellation.

(g) Cancellation

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

(h) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 8(a), 8(b), 8(c) or 8(d) above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (iii) of Condition 8(e) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Trustee, the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 15.

9. TAXATION

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

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

- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7(f)); or
- (c) presented for payment by or on behalf of a holder of such Note or Coupon who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim.

As used herein:

- (i) **“Tax Jurisdiction”** means the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or Hong Kong or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor); and
- (ii) the **“Relevant Date”** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

10. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7(b) or any Talon which would be void pursuant to Condition 7(b).

11. EVENTS OF DEFAULT AND ENFORCEMENT

(a) *Events of Default*

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **“Event of Default”**) shall occur:

- (i) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within fourteen days of the due date for payment thereof; or
- (ii) *Breach of other obligations:* the Issuer or the Guarantor defaults in the performance or observance of, or compliance with, any of its other obligations under the Conditions or the Trust Deed which default is in the opinion of the Trustee incapable of remedy, or if in the opinion of the Trustee capable of remedy, such default remains unremedied in the opinion of the Trustee for 30 days next following service by the Trustee on the Issuer or, as the case may be, the Guarantor of notice requiring the same to be remedied; or
- (iii) *Cross default of Issuer or Guarantor:* (1) the Issuer or the Guarantor, as the case may be, shall default in the payment of any principal of or interest on any Indebtedness beyond any period of grace provided in respect thereof; or (2) the Issuer or the

Guarantor, as the case may be, shall fail to honour when due and called upon any guarantee of any Indebtedness or (3) any Indebtedness of the Issuer or the Guarantor, as the case may be, shall become due and payable prior to its specified maturity by reason of any default or event of default (howsoever described), in each case in an aggregate principal amount of at least U.S.\$30,000,000 or such other amount as may be specified in the applicable Pricing Supplement or the equivalent thereof in another currency or currencies; or

- (iv) *Enforcement Proceedings:* a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a substantial part of the property, assets or revenues of the Issuer or the Guarantor and is not discharged or stayed within 60 days; or
- (v) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed or initiates any legal proceedings to enforce any mortgage, charge, pledge, lien or other encumbrance over the whole or a substantial part of the undertaking, assets and revenues of the Issuer or the Guarantor and is not discharged or stayed within 60 days; or
- (vi) *Insolvency etc:* (1) the Issuer or the Guarantor becomes insolvent or is unable to pay its debts as they fall due, (2) an administrator or liquidator of the Issuer or the Guarantor is appointed with respect to the whole or a substantial part of the undertaking, assets and revenues of the Issuer or the Guarantor, (3) the Issuer or the Guarantor makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of its Indebtedness (or any guarantees of any Indebtedness given by it) generally or (4) the Issuer or the Guarantor ceases or threatens to cease to carry on all or a substantial part of its business; or
- (vii) *Winding up etc:* (i) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or the Guarantor (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent on terms previously approved in writing by the Trustee acting on an Extraordinary Resolution of the Noteholders) and (ii) in any case is not discharged, stayed or the subject of bona fide proceedings within 28 days; or
- (viii) *Illegality:* if, in the opinion of the Trustee, it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed and such illegality is in the opinion of the Trustee incapable of remedy, or if in the opinion of the Trustee capable of remedy, such illegality remains unremedied in the opinion of the Trustee for 30 days (or such longer period as the Trustee may permit) next following service in writing by the Trustee on the Issuer, or as the case may be, the Guarantor of notice requiring the same to be remedied; or
- (ix) *Ownership:* the Issuer ceases to be wholly-owned and controlled by the Guarantor; or
- (x) *Analogous event:* any event occurs which under the laws of the British Virgin Islands or Hong Kong has an analogous effect to any of the events referred to in paragraphs (iv) to (viii) above (both inclusive) of this Condition 10(a); or
- (xi) *Guarantee not in force:* the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

(b) Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by

an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

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

12. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

13. AGENTS

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

The Issuer and the Guarantor are entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents, provided that:

- (a) no such appointment or termination shall be made without the prior written consent of the Trustee (such consent not to be unreasonably withheld or delayed);
- (b) there will at all times be a Principal Paying Agent and a Registrar; and
- (c) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) 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).

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7(e). Any variation, termination, appointment or change referred to in the preceding paragraph and/or any appointment referred to in this paragraph shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

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

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading daily newspaper of general circulation in Hong Kong. It is expected that such publication will be made in the South China Morning Post in Hong Kong. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

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

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of (i) Euroclear and/or Clearstream and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream and/or DTC for communication by them to the holders of the Notes or (ii) the CMU Service, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note. Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream and/or DTC and/or the persons shown in the relevant CMU Instrument Position Report.

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

Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition 15.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing in English by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Coupons or the Trust Deed (including, *inter alia*, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than

two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trustee may (but is not obliged to) agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders by the Issuer in accordance with Condition 15 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, rights, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

The Trustee may (but is not obliged to), without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 16) as the principal debtor under the Notes, the Coupons and the Trust Deed of a subsidiary of the Guarantor, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Guarantor, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be promptly notified to Noteholders by the Issuer in accordance with Condition 15.

17. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE GUARANTOR

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

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

18. FURTHER ISSUES

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

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) *Governing law*

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

(b) *Submission to jurisdiction*

Each of the Issuer and the Guarantor has in the Trust Deed agreed, for the exclusive benefit of the Trustee, the Noteholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons) and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Trust Deed, the Notes and the Coupons may be brought in such courts.

Each of the Issuer and the Guarantor has in the Trust Deed irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably agreed in the Trust Deed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition 20(b) shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(c) *Appointment of Process Agent*

Each of the Issuer and the Guarantor has in the Trust Deed appointed Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX, England as its agent for service of process, and has undertaken that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be on-lent by the Issuer to the Guarantor to be used for:

- general corporate purposes;
- investment in projects that address climate change challenges in accordance with CLP Holdings Limited's (being the holding company of the Guarantor's majority shareholder) Climate Action Finance Framework ("CAFF"); or
- as otherwise specified in the applicable Pricing Supplement.

Notes issued under the Programme will be considered under the CAFF as:

- (i) "Energy Transition Finance Transactions" where the net proceeds will be used to finance (1) the building of natural gas-fired power plants and associated enabling infrastructure, including facilities required for the receipt and delivery of gas to the power plants, where the opportunities to develop renewable energy are limited; and (2) the conversion of coal-fired power plants and the facilities or modifications associated with such conversion which, in both cases, will result in carbon emissions of no more than 450gCO₂/kWh at baseload; or
- (ii) "New Energy Finance Transactions" where the net proceeds will be used to finance (1) the generation of energy from renewable sources including wind, solar, waste-to-energy, tidal, hydro (<25MW) and biomass energy (using sustainable feedstock sources) and associated assets (including dedicated transmission infrastructure); (2) improvements in energy efficiency including smart grid and smart metering systems; and (3) low carbon transport infrastructure including dedicated electric vehicle charging infrastructure.

DESCRIPTION OF THE ISSUER

The Issuer, incorporated in the British Virgin Islands on 16th May, 2017, is a wholly-owned subsidiary of the Guarantor. The Issuer was established to raise financing for the Guarantor.

As at the date hereof the Issuer has no subsidiaries or employees.

The Directors of the Issuer as at the date of this Offering Circular are:

<u>Name</u>	<u>Position</u>	<u>Year Appointed</u>
Chiang Tung Keung	Director	2017
Nicolas Alain Marie Tissot	Director	2021
Ma Fanghua	Director	2021

Chiang Tung Keung
Director

Current position/responsibilities

Managing Director – CLP Power

Mr. Chiang holds overall responsibility for the operations of CLP's Hong Kong regulated business, which includes a vertically integrated electricity utility serving customers in Kowloon, the New Territories and Lantau Island.

Titles, qualifications and education

Chartered Engineer

Member of the Institution of Engineering and Technology

Fellow of the Hong Kong Institution of Engineers

Master of Science in Electrical Engineering, the Hong Kong Polytechnic University

Master of Business Administration, the Chinese University of Hong Kong

Bachelor of Science in Electrical & Electronic Engineering, the University of Hong Kong

Past/Other experience

Mr. Chiang joined CLP Power as a Graduate Trainee in 1988. He has extensive experience in generation, transmission and distribution systems as well as regulatory strategy. He has held various posts in different areas including power system asset management, planning, design, operation and maintenance, power quality, and corporate and regulatory strategy. Mr. Chiang was the Chief Operating Officer – CLP Power before taking up his current position in June 2017. He is also a Director of CLP Power and Castle Peak Power Company Limited.

Further particulars

Further particulars of Mr. Chiang, including his directorships in the subsidiary and/or affiliated companies of the CLP Group and other major appointments are available on the website of CLP Holdings Limited at <https://www.clpgroup.com>.

Nicolas Alain Marie Tissot
Director

Current position/responsibilities

Chief Financial Officer (“CFO”) of CLP Holdings Limited

Mr. Tissot is responsible for overseeing CLP Group's financial control and reporting, treasury, tax, corporate finance and investment, risk management and investor relations.

Titles, qualifications and education

Diploma in Business Administration, HEC Paris

Inspecteur des Finances, the École Nationale d'Administration

Past/Other experience

Mr. Tissot joined CLP in September 2020 as Deputy CFO and was appointed as CFO in April 2021. Most of Mr. Tissot's extensive managerial and financial experience has been in the energy industry. He served as CFO of Alstom, and held multiple senior roles within the GDF Suez Group (now ENGIE), including CFO of Tractebel and subsequently of Electrabel, and Deputy Chief Executive Officer of GDF Suez's Global Gas & LNG Division.

Prior to joining CLP, Mr. Tissot had been CFO at global testing, inspection, and certification leader Bureau Veritas. In parallel, he has been an independent member of the Board and Audit Committee Chair of Euroclear Settlement of Euronext-zone Securities. He started his career at the French Ministry of Economy, Finance and Industry.

Further particulars

Further particulars of Mr. Tissot, including his directorships in the subsidiary and/or affiliated companies of the CLP Group and other major appointments are available on the website of CLP Holdings Limited at <https://www.clpgroup.com>.

Ma Fanghua

Director

Current position/responsibilities

Deputy Director of Finance Department of 南方电网国际有限责任公司 (China Southern Power Grid International Co., Ltd.)

Titles, qualifications and education

Postgraduate degree in Management, Hunan University

Past/Other experience

Ms. Ma started to work in Changsha Electric Power Bureau after graduation from Hunan University in June 2001. In 2011, she joined 中国南方电网有限责任公司 (China Southern Power Grid Co., Ltd.) and held the position of plan management specialist of Finance Department and joined 南方电网国际有限责任公司 (China Southern Power Grid International Co., Ltd.) in June 2017. She has been working as the Deputy Director for the Finance Department since June 2018 and has 20 years of experience in financial management of power sector. She is also an Alternate Director of Castle Peak Power Company Limited.

The registered office of the Issuer is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of each of the Directors of the Issuer for the purposes of his/her directorship in the Issuer is 8 Laguna Verde Avenue, Hung Hom, Kowloon, Hong Kong.

CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

The following table sets out the capitalisation and indebtedness of the Issuer as at 31st December, 2020, extracted from the audited financial statements of the Issuer as at 31st December, 2020:

	As at 31st December, 2020
	Actual (HK\$ thousand)
Short-term debt (including current portion of long-term debt) ⁽¹⁾	—
Long-term debt (net of current portion) ⁽¹⁾	6,703,065
Shareholders' funds	
Share capital.	—
Reserves	—
Total shareholders' funds	—
Total capitalisation ⁽²⁾	6,703,065
Total short-term debt and capitalisation	6,703,065

As at 31st December, 2020, the Issuer was authorised to issue a maximum of 50,000 shares of a single class each with U.S.\$1.00 par value, of which one share has been issued and fully paid.

On 3rd March, 2021, the Issuer issued U.S.\$300 million Notes with coupon rate of 2.125 per cent. per annum due 2031 under the Programme.

Save as disclosed herein, there has been no other material change in the capitalisation and indebtedness of the Issuer since 31st December, 2020.

Notes:

- (1) As at 31st December, 2020, the outstanding amount of notes issued under the Programme for the period from 7th June, 2017 up to 31st December, 2020 comprises (i) U.S.\$500 million Notes with coupon rate of 3.25 per cent. per annum due 2027; (ii) HK\$170 million Notes with coupon rate of 2.80 per cent. per annum due 2044; and (iii) U.S.\$350 million Notes with coupon rate of 2.20 per cent. per annum due 2030.
- (2) Total capitalisation represents the sum of long-term debt and shareholders' funds.

CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets out the consolidated capitalisation and indebtedness of the Guarantor as at 31st December, 2020, extracted from the audited consolidated financial statements of the Guarantor as at 31st December, 2020:

	As at 31st December, 2020
	Actual (HK\$ thousand)
Short-term debt (including advances from shareholders and current portion of long-term debt)	6,174,814
Long-term debt (net of current portion)	10,800,711
Shareholders' funds	
Share capital	50,000
Shareholder tranche A capital ⁽¹⁾	17,050,000
Reserves	778,728
Total shareholders' funds	17,878,728
Total capitalisation ⁽²⁾	28,679,439
Total short-term debt and capitalisation	34,854,253

As at 31st December, 2020, the Guarantor had issued 500,000 ordinary shares which are fully paid.

On 3rd March, 2021, the Issuer, a wholly-owned subsidiary of the Guarantor, issued U.S.\$300 million notes with coupon rate of 2.125 per cent. per annum due in 2031 under the Programme.

Save as disclosed herein, there has been no material change in the consolidated capitalisation and indebtedness of the Guarantor since 31st December, 2020.

Notes:

- (1) In 2017, a shareholder capital agreement was executed in which HK\$17,050 million advances from the shareholders of the Guarantor were reclassified into redeemable shareholder capital. All or part of the redeemable shareholder capital can be redeemed by the Guarantor at any time after 31st December, 2032. This redeemable shareholder capital is subordinated, unsecured, interest-free and has no fixed terms of repayment, and the Guarantor can exercise discretion to repay this shareholder capital under certain conditions.
- (2) Total capitalisation represents the sum of long-term debt and shareholders' funds.

DESCRIPTION OF THE GUARANTOR

Introduction

The Company was incorporated in Hong Kong in July 1981. It was formed under a joint venture arrangement between CLP Power, formerly known as China Light & Power Company, Limited which was established in 1901, and ExxonMobil International Holdings Inc., formerly known as Esso Eastern Inc. The Company was initially jointly owned by CLP Power (40 per cent.) and ExxonMobil Energy Limited (“**ExxonMobil**”, a then subsidiary of ExxonMobil International Holdings Inc.) (60 per cent.). Under the same joint venture arrangement, two other power generating companies, namely Peninsula Electric Power Company Limited and Kowloon Electricity Supply Company Limited were formed in 1964 and 1978 respectively. In 1992, the three generating companies were consolidated under the name of the Company with CLP Power maintaining its 40 per cent. ownership in the Company.

The Company has been engaged in the electricity generation business in Hong Kong since its incorporation. It sells electricity exclusively to CLP Power which was incorporated in Hong Kong and is one of the only two electricity providers in Hong Kong and supplies electricity to Kowloon and the New Territories, including Lantau, Cheung Chau and several other outlying islands. CLP Power has a supply area covering approximately 1,000 square kilometres and services a population of about 6.2 million people, which translates into approximately 2.7 million customers, supplying approximately 77 per cent. of the electricity consumed in Hong Kong.

The electricity-related operations of the Company and CLP Power are governed by a regulatory framework with the Government of Hong Kong (the “**Government**”) known as the “Scheme of Control” (the “**SoC**”) which was first negotiated in 1964. The SoC regulates the Company’s and CLP Power’s operating performance and financial affairs for their respective electricity related operations. The SoC provides that the Company and CLP Power are obliged to meet electricity demand at the lowest reasonable cost. In return, the Government recognises that the Company and CLP Power are entitled to receive a reasonable return on their investments. The current SoC, which came into effect on 1st October, 2018, covers a period of over 15 years to 31st December, 2033. See “— *Scheme of Control*”.

On 12th May, 2014, CLP Power completed, in collaboration with China Southern Power Grid International (HK) Co., Limited (“**CSG HK**”), a wholly-owned subsidiary of 中国南方电网有限责任公司 (China Southern Power Grid Co., Ltd.) (“**CSG**”), the acquisition of the 60 per cent. interest in the Company held by ExxonMobil. After the acquisition, CLP Power holds a 70 per cent. interest in the Company and CSG HK holds the remaining 30 per cent. interest. CSG is a company incorporated in the PRC and is one of the two state grid companies in the PRC, responsible for the investment, construction and operations of power networks in five provinces in southern PRC. Upon the acquisition, the Company became a subsidiary of CLP Power. There has been no change to the business and operation of the Company after the acquisition.

In June 2019, the Company invested in the Hong Kong offshore liquefied natural gas (“**LNG**”) terminal through the establishment of a joint-venture company, Hong Kong LNG Terminal Limited (“**HKLTL**”), in which the Company holds a 70 per cent. equity interest, with the remaining 30 per cent. owned by The Hongkong Electric Company, Limited (“**Hongkong Electric**”). As agreed with the Government, the Company’s investment in the LNG terminal through HKLTL is treated as the Company’s investment in fixed assets under the SoC and is subject to the relevant terms of the SoC agreement.

Business Strategy

The Company aims to continually improve its excellence in supply reliability, operating efficiency and environmental performance while providing a reasonable return to its shareholders in accordance with the SoC. Under the SoC agreement, a series of green initiatives have been introduced as Hong Kong looks to a smarter, greener future. It enables the Company and CLP Power to plan ahead and make appropriate investments to meet the Government’s energy policy objectives.

The Company's priorities in 2021 include:

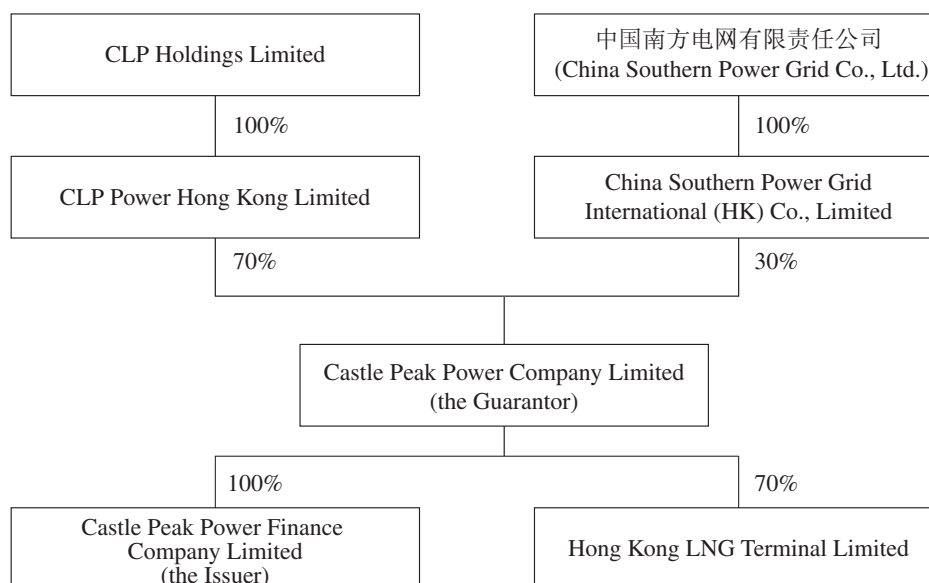
- engaging with the Government on the long-term decarbonisation and carbon neutrality strategies;
- prudently managing fuel expenses by maximising the use of cheaper gas from Yacheng gas fields and from other fields in the South China Sea, procuring and using low emission coal, enhancing the operational performance of generation plants and emission reduction equipment and securing other long-term gas supply options;
- managing and delivering the Development Plan covering the period from October 2018 to December 2023 (“**2018–2023 Development Plan**”; see “— *Scheme of Control* — *Overview*”) as approved under the SoC agreement;
- constructing another 550MW class combined-cycle gas turbine (“**CCGT**”) unit at Black Point Power Station with completion scheduled by the end of 2023;
- progressing with the construction of an offshore LNG terminal along with a subsea pipeline and a gas receiving station;
- working with gas suppliers for long-term gas supply contracts to support the increased gas generation; and
- continuing prudent financial management in all aspects of the Company's business.

Over the longer term, the Company's priorities include:

- working closely with the Government in its forward-looking mitigation measures to tackle climate change to help Hong Kong achieve a greener future;
- implementing a cleaner fuel mix, which may involve using more gas and reducing reliance on coal;
- optimising the gas supply portfolio through implementing the Memorandum of Understanding between the Government and the PRC government on energy cooperation signed in 2008 (“**MOU**”) to ensure long-term gas supplies are brought to Hong Kong in a timely fashion; and
- maintaining excellence in operations at all times, including supply reliability and environmental and safety performance.

Relationship with CLP Holdings Limited

The Company is 70 per cent. owned by CLP Power, a wholly-owned subsidiary of CLP Holdings Limited (“**CLP Holdings**”). CLP Holdings is a company incorporated in Hong Kong and is listed on the Hong Kong Stock Exchange. The diagram below sets forth the Company’s parent entities and the Company’s subsidiaries and affiliates as at the date of this Offering Circular:



Relationship with CLP Power

General

The Company sells its electricity exclusively to CLP Power. The affairs of the Company are managed by a board of directors consisting of six directors, of which four of them are nominated by CLP Power and two of them are nominated by CSG HK. In conformance with the existing corporate governance practice of CLP Holdings and CLP Power, members of the Company’s board of directors manage the Company independently with full power and authority to make major business decisions including financing.

Electricity Sales

CLP Power purchases a significant part of its electricity demand from the Company. Under a power purchase agreement, CLP Power is obliged to purchase the total electricity output of the Company at a price sufficient to cover all of the Company’s operating expenses under the SoC, including fuel costs, depreciation, interest and taxes, as well as the Company’s share of the return permitted under the SoC.

Operation and Maintenance of Power Stations

CLP Power acts as the operator of the Company. In accordance with an operating and maintenance agreement, CLP Power is responsible to the Company for the efficient and proper construction, commissioning, operation and maintenance of the electricity generating facilities of the Company. In return, the Company reimburses CLP Power for all the costs incurred in performance of the operating and maintenance agreement.

Supply to Mainland China

The SoC contemplates a special arrangement in connection with CLP Power’s purchase of electricity from the Company for supply to Mainland China. Only spare generating capacity of the Company not used to serve customers in Hong Kong may be used for sales to Mainland China. Pursuant to a separate agreement between the Company, CLP Power and the Government, 80 per cent. of the profit from CLP Power’s electricity sales to Mainland China is credited to a SoC Tariff Stabilisation Fund (“**TSF**”). The

remaining 20 per cent. of the profit from such electricity sales is shared between the Company and CLP Power for the account of their respective shareholders in the ratio of 60 per cent. and 40 per cent. respectively. There were no sales to Mainland China in 2020.

Shareholders' Financing

The Company's paid-in capital is HK\$50 million, of which 70 per cent. (i.e. HK\$35 million) is contributed by CLP Power, and the remaining 30 per cent. (i.e. HK\$15 million) is contributed by CSG HK. CLP Power and CSG HK have provided most of their funding to the Company in the form of redeemable shareholder capital and interest-free shareholders' advances. As at 31st December, 2020, the redeemable shareholder capital and interest-free shareholders' advances amounted to HK\$17,050 million and approximately HK\$3,403 million respectively. These amounts were shared proportionately between CLP Power and CSG HK according to their respective shareholdings in the Company.

Following the Shareholder Capital Agreement executed in 2017, an amount of advances from shareholders was reclassified into the redeemable shareholder capital of the Company. The redeemable shareholder capital is subordinated, unsecured, interest free and has no fixed terms of repayment. The Company can, at its sole discretion, redeem all or part of the redeemable shareholder capital at any time after 31st December, 2032. The Company may also, at its sole discretion, redeem the shareholder capital on the occurrence of certain events such as an "Equity Credit Classification Event" (lower equity credit from S&P or other rating agencies of equivalent international standing) or an "Accounting Classification Event" (instrument no longer classified as 'equity' in the Company's financial statements). The redeemable shareholder capital is considered capital in nature in accordance with Hong Kong Accounting Standard 32.

Pursuant to the terms of a bank covenant given by the Company, shareholders' advances to the Company will not be repaid without the prior approval of certain lenders if the Company's ratio of borrowed moneys to shareholders' funds (representing the sum of the issued share capital, redeemable shareholder capital, deferred taxation, retained profit, proposed dividend, shareholders' advances (excluding unrealised foreign exchange differences)) exceeds 1.5:1 after repayment of such shareholders' advances. Borrowed moneys means moneys lent to the Company excluding fuel stock loans, obligations arising from swaps and currency exchange transactions, and unrealised foreign exchange differences. As at 31st December, 2020, the borrowed moneys of the Company amounted to approximately HK\$13,044 million, while shareholders' funds totalled approximately HK\$25,106 million, giving a ratio of 0.52:1, whilst the ratio was 0.35:1 as at 31st December, 2019.

If the Company requires additional financing, CLP Power and CSG HK may, each in its own discretion, provide such financing in proportion to their respective participation and, if either declines, the other has the right, but not the obligation, to provide all or any part of the required financing. The Company also has the ability to raise funds through external borrowings to finance its activities.

Scheme of Control

Overview

The electricity-related operations and financial affairs of the Company and CLP Power have been governed since 1st October, 1963 by a series of SoC agreements entered into with the Government. The current SoC, which came into effect on 1st October, 2018, covers a period of over 15 years to 31st December, 2033.

The SoC contains provisions covering the obligations of the parties to the SoC, the tariff setting mechanism, calculation of the permitted and net return of the Company and CLP Power and the procedures for Government monitoring. CLP Power's sales of electricity to Mainland China are governed by a separate contract, the terms of which do not form part of the SoC. See "*— Relationship with CLP Power — Supply to Mainland China*".

In accordance with the SoC, the Company and CLP Power (the "**SoC Companies**") are obliged to contribute to the development of Hong Kong by providing sufficient facilities to meet the demand for electricity in an environmentally responsible way and at the lowest reasonable cost. In return, the SoC Companies are entitled to receive tariff revenue sufficient for a reasonable return on their investments.

Costs are forecasted by means of a development plan review process and the net tariff charged by CLP Power to its customers is determined by means of a formula established under the SoC to cover the SoC Companies' operating costs and the return permitted under the SoC.

The SoC provides for Government monitoring of the SoC Companies' financial affairs and operating performance through development plan reviews and auditing reviews as described below.

The Government reviews the SoC Companies' major capital additions and tariff rates. A development plan review is conducted whenever a major system expansion is proposed, the period of the existing review is about to expire, or when adjustments in excess of an agreed percentage of the previously approved tariff rates for that particular year are proposed.

Under the SoC, the development plan, which includes the projected basic tariff rates for a period of at least five years taking into account the SoC Companies' investment plans, will be brought to the Executive Council of Hong Kong (the "**Executive Council**") for approval. If a development plan is not approved prior to the expiry of the previous approved development plan, the SoC Companies may, after consultation with the Government, increase the basic tariff rates by up to 5 per cent. above the level approved for the last year of the previous approved development plan.

Subsequent to the approval of a development plan under the SoC, the SoC Companies may increase the basic tariff rates by up to 5 per cent. above the level approved in the development plan for a particular year. A further increase of 5 per cent. is permitted with the approval of the Executive Council without a further development plan review. If the SoC Companies have requested an increase in basic tariff rates requiring governmental approval or if the SoC Companies have requested revisions to the current development plan and an agreement has not yet been reached with the Government concerning such increase or revisions, the SoC Companies still have the right to increase the basic tariff rates up to 5 per cent. above the level approved in the development plan for that year on an interim basis. A tariff review is conducted in October of each year to agree on the implementation of tariff adjustments for the next year.

An auditing review is also submitted each year by the SoC Companies for review by the Government. The auditing review provides information to the Government in connection with its monitoring of the SoC Companies' activities under the SoC. The auditing review contains an analysis of the prior-year actual results and current-year projections of sales, capital expenditures, operating expenditures and other financial and operating data.

An interim review is conducted every five years during the term of the current SoC. During an interim review, the Government and the SoC Companies can request modifications to the SoC agreement, subject to mutual agreement.

Net and Permitted Returns

The SoC allows the SoC Companies a permitted return and net return.

The annual permitted return ("**permitted return**") under the current SoC is 8 per cent. of the SoC Companies' average net fixed assets. Any difference between the permitted return and the profit for the SoC is to be transferred to or from the TSF. The balance in the TSF represents a liability in the financial statements of CLP Power.

The allowed net return ("**net return**") is derived by subtracting from or adjusting the SoC permitted return: (i) interest up to a maximum of 7 per cent. per annum on borrowed capital arranged for financing fixed assets; (ii) a charge of the average one-month Hong Kong Interbank Offered Rate on the average balance of the TSF; (iii) an excess capacity adjustment of 8 per cent. less an allowed interest charge of up to 7 per cent. per annum on the average related excess capacity expenditure; (iv) interest up to 7 per

cent. per annum on the increase in average balance of the customers' deposits of CLP Power in excess of the balance as at 30th September, 1998; and (v) various performance-linked incentives / penalties adjustments under categories as below:

Category	Per cent. incentives (+)/penalties (-)
Operation performance related incentives/penalties	in the range of -0.05 per cent. to +0.05 per cent. on average net fixed assets
Energy efficiency and renewable performance incentives	<ul style="list-style-type: none"> • a maximum of 0.315 per cent. on average net fixed assets • incentive of 10 per cent. of renewable energy certificates sales revenue • five-year energy saving and renewable energy connections incentives with a maximum of 0.11 per cent. on the average net fixed assets at the final year of the five-year period
Demand response reduction incentive	a maximum of 0.025 per cent. on average net fixed assets

The net return is divided between the SoC Companies in accordance with the provisions of the agreements between the SoC Companies. These provisions provide that the SoC Companies will receive that proportion of the net return represented by the net return that each company would receive if it were the only company under the SoC; and the net return is calculated solely on the basis of its own financial statements.

Under the SoC, 65 per cent. of the energy efficiency incentives earned by the SoC Companies are to be contributed to the CLP Community Energy Saving Fund to support programmes for energy efficiency, use of renewable energy, disadvantaged groups, and other programmes as agreed with the Government.

Stranded Costs

The SoC includes a provision to give the SoC Companies protection for stranded costs, which may arise as a result of future changes to the market structure which adversely impact on the SoC Companies' ability to recover and to earn returns on existing investments made in good faith in accordance with the SoC. These costs will include the cost of investments and fuel and power purchase agreements previously approved by the Government. If stranded costs arise after the SoC Companies have implemented mitigation measures reasonably required by the Government, the SoC Companies are entitled to recover such costs from the market, as is consistent with international practice. Three years before market changes are introduced, the SoC Companies and the Government will agree on the amount of stranded costs and the mechanism for their recovery by the SoC Companies.

Power Generation

As at 31st December, 2020, the Company owned three power stations located at Castle Peak, Penny's Bay and Black Point, and the 10MW landfill generation units at the West New Territories ("WENT"), with a total installed capacity of 7,593MW.

The amount of electricity supplied by the Company to the system of CLP Power for the year ended 31st December, 2020 was 22,605GWh, a decrease of 3.3 per cent. from the year ended 31st December, 2019.

The table below sets forth for each of the two years ended 31st December, 2019 and 2020, the amount of electricity as generated by the Company:

	Year ended 31st December, 2019 (GWh)	Year ended 31st December, 2020 (GWh)
Generation facilities		
Castle Peak	14,346	6,317
Black Point	10,602	17,411
WENT ⁽¹⁾	3	23
Penny's Bay	1	1
	24,952	23,752
Auxiliary use ⁽²⁾	(1,583)	(1,147)
Net generation production.	23,369	22,605

Notes:

(1) Including electricity sent-out from WENT Landfill (“**WENT Landfill**”) project during commissioning work.

(2) Auxiliary use represents electricity consumed by generating units in the course of generation.

Sales of Electricity to CLP Power

Under the power purchase agreement between the Company and CLP Power, the Company has agreed to sell and CLP Power has agreed to purchase, the total power produced by the Company. To ensure the reliability and security of the power supply, the Company’s power generation system comprises a mix of different types of generation units, including gas-fired combined cycle units, coal-fired steam generators and gas turbines. The power stations at Black Point and Castle Peak generated almost all of the Company’s electricity during the year ended 31st December, 2020.

The Company’s generating facilities are located on land under lease from the Government. See “— *Property, Plant and Equipment*”. CLP Power is responsible under contract for the proper construction at the sites and operation and maintenance of all of the Company’s generating facilities. See “— *Relationship with CLP Power — Operation and Maintenance of Power Stations*”.

Black Point Power Station

Black Point Power Station (“**BPPS**”) commenced commercial operation in 1996 (units 1 and 2) and is located at the western tip of the New Territories, approximately four kilometres north of the Castle Peak Power Station. Since the commissioning of the eighth unit (unit 8) in 2006, and commencing of operations of a new 550MW CCGT unit in 2020, BPPS has been and remains one of the largest combined cycle power plants in the world with a total capacity of 3,175MW as at 31st December, 2020.

BPPS is the first natural gas-fired plant in Hong Kong. The use of natural gas, a clean burning fuel which leaves no ash and emits negligible sulphur dioxide (“**SO₂**”), allows the power station to operate with lower environmental impact and higher thermal efficiency. The current supply of natural gas comes from the fields in the South China Sea and the Second West-East Gas Pipeline (“**WEPII**”) gas from PetroChina. See “— *Natural Gas*”.

After the upgrade of five of the eight generation units from 2017 to 2020, the upgrade of the sixth unit was completed in March 2021 which added another 25MW to total capacity. The upgrade of the seventh unit commenced in January 2021 and the upgrade of the eighth unit will commence in September 2021, with completion expected to be in 2021 and 2022 respectively. The upgrade of these two units will further increase total capacity by 50MW (25MW per unit), reduce nitrogen oxide (“**NO_x**”) emissions and make a minor improvement in efficiency and fuel cost.

The commissioning of the new 550MW CCGT unit at BPPS has supported the Government in achieving its policy objective of increasing the use of natural gas to around 50 per cent. of the total fuel mix for electricity generation in 2020. To support further adoption of cleaner fuel, another CCGT unit of similar capacity is under construction with planned completion by 2023.

Castle Peak Power Station

Castle Peak Power Station (“**CPPS**”) commenced operations in 1982 and consists of eight coal-fired generating units with a total current capacity of 4,108MW. CPPS burns coal as its primary energy source, resulting in significantly lower electricity prices than burning oil and gas. The design of CPPS also enables it to burn oil as back-up fuel, should this be required. In 1996, two 677.5MW units were modified to use natural gas as an additional energy source, making these two units unique with tri-fuel firing capacity.

The Emission Control Project at Castle Peak “B” Power Station, which has an objective of significantly reducing SO₂, NO_x and respirable suspended particulates (“**RSP**”) emission levels, is the largest single capital investment made in the Hong Kong electricity industry. This HK\$9 billion project involved the installation of flue gas desulphurisation equipment, NO_x reduction plant and other facilities on all four units at the station to equip the station with emission reduction facilities with the prudent technology. The project was completed in 2010 and enables over 90 per cent. of SO₂ emissions and over 50 per cent. of NO_x emissions from Castle Peak “B” Power Station to be removed and further reduces RSP emissions.

Penny’s Bay Power Station

The three 100MW gas turbines at Penny’s Bay Power Station are utilised for peak lopping and emergency generation purposes. Total output by such units during the year ended 31st December, 2020 was minimal.

Fuel

For the majority of the 1980’s, coal was the Company’s primary energy source. After the commissioning of the natural gas-fired generation units at BPPS, the Company now operates with a diversified fuel mix of gas and coal. Oil has been phased out as a fuel for base and intermediate power generation and is now used only for peak lopping and standby generation. A diversification of energy sources will provide greater long-term security of power supply and is beneficial to Hong Kong’s environment.

For the year ended 31st December, 2020, the Company’s fuel mix on sent-out basis consisted of the following: natural gas (75 per cent.), coal (24 per cent.) and oil and landfill gas (1 per cent.). The Company’s fuel costs are covered in the price it charges under the power purchase agreement with CLP Power, which in turn recovers the total fuel costs through the net tariff it charges its customers. Under the SoC, no approval from the Government is required to recover increases in the cost of fuel from customers.

(i) *Natural Gas*

The Company purchases gas for BPPS on a take-or-pay basis under three contracts, one of which is the contract with BP China Exploration and Production Company (“**BP China**”) (formerly known as Arco China Inc.), 中国海洋石油总公司 (China National Offshore Oil Corporation) (which transferred its interest to 中海石油(中国)有限公司 (CNOOC China Limited) (“**CNOOC China**”) (formerly known as Offshore Oil Limited) in 1999) and KUFPEC (China) Inc. which commenced supply in 1996. Subsequently, BP China sold all its interest to the other two partners in 2013. The base price under the contract was established when the contract was signed in 1992 and was subsequently amended in 2009 and 2011. Changes in the contract price are determined by reference to certain market and economic indices.

A bridging contract was signed with CNOOC China for supply of natural gas from the Wenchang gas field for a 4-year plateau supply period which commenced in 2018, with contract price also determined by reference to certain market and economic indices. This bridging contract is subsumed into a long-term gas supply contract signed in 2018 with CNOOC China and CNOOC Deepwater Development Limited, with gas to be supplied from gas fields in the South China Sea from 2020 to 2033.

With the implementation of the MOU to bring new supplies of natural gas to Hong Kong from Mainland China, a take-or-pay contract was signed with 中国石油国际事业有限公司 (PetroChina International Company Limited) in 2013 to import gas from WEPII. The WEPII transports gas from Central Asia (Turkmenistan) to different parts of Mainland China and to Hong Kong, with facilities in Shenzhen and at BPPS built to receive the gas via a 20-kilometre subsea pipeline connecting the two locations. This supply contract expires at the end of 2032.

In 2019, the Company and Hongkong Electric entered into an agreement with Shell Eastern Trading (Pte) Ltd. for the long-term supply of LNG to the Hong Kong offshore LNG terminal up to the end of 2033. Construction of the Hong Kong offshore LNG terminal commenced in 2020, and is expected to be completed by 2022 for LNG supply. The LNG supply will further diversify BPPS's current supplies and further improve energy security by providing direct access to the international LNG market.

(ii) Coal

For the year ended 31st December, 2020, total coal consumption for the eight generating units of CPPS was approximately 3.0 million tonnes, a decrease from 6.7 million tonnes in the previous year. The Company's coal requirements are imported under term and spot contracts with the majority coming from Indonesia and the rest mainly from other countries such as Australia. Prices are generally negotiated in line with international market levels. Following the Government's policy of increasing the share of natural gas in the fuel mix to around 50 per cent. from 2020 onwards, the decrease in coal consumption is expected to continue.

Customer and Sales

All the electricity output from the Company's power stations is sold exclusively to CLP Power pursuant to the power purchase agreement. As at 31st December, 2020, CLP Power was supplying electricity to approximately 2.7 million customers in its supply area in Kowloon and the New Territories, including Lantau, Cheung Chau and several other outlying islands which accounts for over 80 per cent. of Hong Kong's population. As CLP Power does not directly own power generation facilities apart from a standalone renewable system in Town Island, a significant part of its electricity demand in Hong Kong has been met by the electricity purchased from the Company. As at 31st December, 2020, approximately 64.2 per cent. of CLP Power's power demand was met by the purchase from the Company.

Competition

Under the power purchase agreement, CLP Power is obliged to purchase the total electricity output from the Company, which has met a significant part of CLP Power's power demand. CLP Power and Hongkong Electric are currently Hong Kong's only suppliers of electricity. The supply areas of CLP Power and Hongkong Electric do not overlap; CLP Power supplies Kowloon and the New Territories, including Lantau Island, Cheung Chau and several other outlying islands, and Hongkong Electric supplies Hong Kong Island, Lamma Island and Ap Lei Chau Island. The number of customers for each of CLP Power and Hongkong Electric is approximately 2.7 million and 0.6 million respectively as at 31st December, 2020. CLP Power and Hongkong Electric both sell electricity to the MTR Corporation which operates in both companies' supply areas. Hongkong Electric's electricity-related operations are governed by a scheme of control similar to that by which the Company and CLP Power are governed. The two schemes of control are similar and neither CLP Power nor Hongkong Electric has the exclusive right to supply electricity in its respective supply areas.

The SoC has been serving Hong Kong well for over half a century and has ensured the delivery of a highly reliable and environmentally friendly electricity supply at reasonable cost for Hong Kong. Since the electricity industry is capital intensive, involving advanced technologies and very long lead times,

the SoC provides a clear, fair and stable regulatory environment to ensure that the significant capital investments can be delivered and a fair return is provided in order for a commercial company to continue its investment to ensure a sustainable electricity industry.

Environmental Matters and Emission Control

The operations of the Company are subject to a number of laws and regulations relating to environmental protection and safety. For 2020, the Company maintained full compliance with environmental licence requirements in all material aspects.

Since 1990, the Company has focused its efforts on reducing emissions and, despite contributing to meeting an over 80 per cent. increase in electricity demand of CLP Power, the Company has managed to reduce emissions of SO₂, NO_x and RSP by more than 90 per cent.

The emissions caps of the Company's power plants have been progressively tightened over time. The emissions caps applicable for 2020 were lower than that of 2019, which were tightened by 9 per cent. to 12 per cent. from the already very tight base of 2019.

In 2020, the Company complied with all the emissions caps set by the Government. The emissions caps for SO₂, NO_x, and RSP have been tightened by 71 per cent., 44 per cent., and 44 per cent. respectively compared with the base of 2010 levels, when the Government introduced the emission allowances under the first Technical Memorandum under the Air Pollution Control Ordinance (Cap. 311) of Hong Kong. The Company has been able to achieve the targets while maintaining supply reliability by optimising the diversified fuel mix, and maintaining the effectiveness of the emissions control facilities.

The Company has concluded discussions with the Hong Kong Government on the new emissions caps starting in 2026. Under the proposed new Technical Memorandum, the emissions caps of SO₂, NO_x and RSP will be reduced by 92 per cent., 69 per cent. and 68 per cent. respectively compared to the permitted levels in 2010. The Government plans to promulgate the new emissions caps in 2021.

The Company will continue to seek ways to manage the dual needs of meeting emissions caps and mitigating fuel cost pressures. The upgrades of the existing generation units with advanced emissions control technologies will improve their emissions performance to meet regulatory requirements and reduce fuel cost.

The first new 550MW CCGT unit at BPPS which came into operation in early July 2020 has enabled the Company to support the Government's target of increasing natural gas use to around 50 per cent. of Hong Kong's fuel mix for power generation from 2020. Another CCGT unit of similar capacity is also planned for completion by 2023. The Company will continue to work closely with the Government and support the Government's environmental policy of achieving better air quality, while providing a safe and reliable power supply at a reasonable cost.

Climate Action Finance Framework

In order to meet its emissions caps target, the Government will promote renewable energy and continue to phase down coal-fired electricity generation since coal is the most carbon intensive fuel in Hong Kong's fuel mix.

Hong Kong does not have favourable conditions for large-scale commercially viable renewable energy generation as Hong Kong has a land area of 1,106 square kilometres, much of which is hilly terrain, and Hong Kong's territorial waters are also limited in area. Hong Kong imports nuclear energy from the PRC and expects to obtain about 25 per cent. of its electricity from this source in the medium term. Hence, the Government considers that the most appropriate and available large-scale replacement energy source for Hong Kong is natural gas-fired electricity generation. Hong Kong's remaining coal-fired plants are expected to be phased down as they reach their normal retirement life and replaced with gas-fired plants.

As at 31st December, 2020, the Company had 7,593MW of installed generating capacity in Hong Kong at CPPS, Penny's Bay Power Station, BPPS and landfill generation units at the West New Territories. The Company and its shareholders are committed to supporting the Government to reduce emissions and

for the benefit of the wider stakeholders. To this end the Company is investing in gas-fired capacity and is progressing with the construction of an offshore LNG terminal along with a subsea pipeline and a gas receiving station. With the commissioning of a new 550MW CCGT unit at BPPS in 2020, the Company substantially increased the proportion of gas-fired generation to around 50 per cent.

CLP Holdings has developed the Climate Action Finance Framework (“CAFF”) that sets out how CLP Holdings (including majority owned businesses such as the Company) may raise climate action finance including bonds, loans and other forms of finance (“**CLP Climate Action Finance Transactions**”) and use the proceeds of those CLP Climate Action Finance Transactions to invest in projects that are consistent with CLP Group’s strategy to respond to the climate change challenges.

There are two types of CLP Climate Action Finance Transactions under the CAFF:

- (i) **Energy Transition Finance Transactions** — The proceeds will be applied to finance (i) the building of natural gas-fired power plants and associated enabling infrastructure, including facilities required for the receipt and delivery of gas to the power plants, where the opportunities to develop renewable energy are limited, and (ii) the conversion of coal-fired power plants and the facilities or modifications associated with such conversion which, in both cases, will result in carbon emissions of no more than 450gCO₂/kWh at baseload.
- (ii) **New Energy Finance Transactions** — The proceeds will be applied to finance (i) the generation of energy from renewable sources including wind, solar, waste-to-energy, tidal, hydro (< 25MW) and biomass energy and associated assets, (ii) improvements in energy efficiency, and (iii) low carbon transport infrastructure.

DNV GL, an independent consultant and a leading provider of sustainable finance independent assessment, has provided a second party opinion on the CAFF. It is DNV GL’s opinion that there are clear environmental benefits for the investments to be funded under the CAFF.

In July 2017, the Company, through the Issuer, issued U.S.\$500 million 10-year inaugural Energy Transition Bond under the CAFF. The proceeds from the bond issuance are being used to finance the construction of the new 550MW CCGT unit at the BPPS.

In July 2019, a HK\$170 million 25-year New Energy Bond was issued through the Issuer to fund the Company’s construction of the WENT landfill gas renewable energy generation project. This waste-to-energy project allows the Company to utilise landfill gas as an energy source, and accordingly reduce its coal-fired power generation and emissions from coal burning.

In 2020, the Company and the Issuer entered into a series of Energy Transition Finance Transactions to finance the construction of an offshore LNG receiving terminal in Hong Kong waters and its associated subsea pipeline and gas receiving station. Once completed, the terminal and associated pipeline and station will allow the Company to purchase gas directly from more diversified sources for its gas-fired electricity generation facilities, so as to significantly replace the existing coal-fired generation units in CLP Power’s supply area and enable Hong Kong to meet its fuel mix target of increasing gas-fired power generation to around 50 per cent. from 2020 onwards. These Energy Transition Finance Transactions include the issuance of a U.S.\$350 million 10-year Energy Transition Bond, and the obtaining of the inaugural HK\$3.3 billion medium-term Energy Transition Loan facility (which has since been partially cancelled and reduced to HK\$1.3 billion) and HK\$2 billion long-term Sinasure-covered Energy Transition Loan facility.

In February and March 2021, the Issuer issued a U.S.\$300 million 10-year Energy Transition Bond which was guaranteed by the Company, and the Company obtained HK\$5.3 billion medium-term Energy Transition Loan facilities, to finance the construction of a second additional CCGT unit at BPPS.

Capital Investment Programme

The 2018–2023 Development Plan was approved by the Government in July 2018. The plan projects a capital expenditure of HK\$52.9 billion supporting the continuation of world-class electricity supply reliability, contributing to a lower-carbon economy consistent with the Government’s Climate Action Plan and advancing Hong Kong towards a smarter city with customers more in control of their energy

use. Some of the key projects under the 2018–2023 Development Plan include the construction of additional CCGT units and an offshore LNG terminal along with subsea pipeline and gas receiving station.

For the year ended 31st December, 2020, the Company invested HK\$4,354 million in capital expenditure (including a 70 per cent. share of HKLTL's capital expenditure) compared with HK\$4,513 million invested for the year ended 31st December, 2019. The capital expenditure was mainly for the upgrade of existing generation units, the construction of additional CCGT units at BPPS and the development of the offshore LNG terminal.

Insurance

The Company maintains insurance against risks of its business to the extent it considers appropriate and assesses prudent levels of risk retention in consultation with professional external insurance consultants. Appropriate insurance coverage for risk above the Company's retention level is obtained from the market.

Property, Plant and Equipment

The Company's owned property consists mainly of generating plant facilities in Hong Kong. As at 31st December, 2020, the Company's net book value of its property (including a 70 per cent. share of fixed assets of HKLTL) was HK\$38,261 million, of which HK\$35,716 million represented plant, machinery, equipment and buildings, and HK\$2,545 million represented leasehold land which are medium term leases.

Under the Hong Kong accounting standards, the generation and sale of electricity by the Company under the power purchase agreement with CLP Power is accounted for as containing leases with the leasehold land, buildings, plant, machinery and equipment of the power stations recognised as finance lease receivables.

Employees

The Company has no employees. The Company's operator, CLP Power, employs a workforce for operation and maintenance of the Company's power stations. As at 31st December, 2020, there was a total workforce of 796, of which 20 per cent. were professionals and administrative personnel, 61 per cent. were engineers and technical personnel and 19 per cent. were industrial workers.

Share Ownership

The Company is 70 per cent. owned by CLP Power and 30 per cent. owned by CSG HK. As at 31st December, 2020, there were no options outstanding to purchase shares from the Company.

Information on legal or arbitration proceedings

The Company is not aware of any of the Company, its directors, any member of the Company's senior management or any of its affiliates being a party to any current or pending legal or arbitration proceedings the outcome of which is expected to have a material adverse effect on the Company.

Recent Developments and Prospects

Air Quality Improvement and Decarbonisation

As part of the measures intended to improve local air quality in Hong Kong, the Government has been steadily tightening the levels of emissions allowed from power stations in Hong Kong. With the conclusion of the Eighth Technical Memorandum for Allocation of Emission Allowances under the Air Pollution Control Ordinance (Cap. 311) of Hong Kong, permitted emissions allowances for power stations for 2024 require SO₂, NO_x, and RSP emissions to be reduced by 90 per cent., 66 per cent., and 65 per cent. respectively from the permitted levels in 2010. The Government has recently completed the review of the emission caps requirements for 2026 onward. The Government plans to promulgate the new emission caps in 2021.

The Government's current Air Quality Objectives ("AQOs") took effect in January 2014. According to "A Clean Air Plan for Hong Kong" announced by the Government in March 2013, the roadmap for improving the air quality in Hong Kong will include a host of green initiatives with priorities set for reducing roadside air pollution and reducing marine emissions. Following the review of the AQOs which commenced in 2016, an amendment bill on revising the AQOs based on the final recommendations was passed in April 2021. Furthermore, the Government is preparing to update "A Clean Air Plan for Hong Kong", with a view to continue reducing emissions of air pollutants from various sources.

In January 2017, the Government released its Climate Action Plan 2030+, whereby it committed to a tightened target of reducing Hong Kong's carbon intensity by 65–70 per cent. by 2030. According to the Climate Action Plan 2030+, the Government envisaged to phase down Hong Kong's remaining coal plants as they reach their normal retirement life and replace them with natural gas and non-fossil fuel sources so as to further reduce the role of coal in Hong Kong's fuel mix for electricity generation by 2030.

The Government is developing a long-term decarbonisation strategy. As announced in the Chief Executive's 2020 Policy Address, Hong Kong will strive to achieve carbon neutrality by 2050. The Company is already well into decarbonisation and will work closely with the Government and the community to support the formulation of a practical roadmap to reduce carbon emissions and contribute strongly towards that goal.

Initiatives to Support Increased Natural Gas Requirement and Decarbonisation

Although COVID-19 hampered economic activity in general, the Company was able to manage the resulting challenges and move forward with a number of strategic projects aimed at increasing the use of natural gas in power generation and enhancing Hong Kong's energy security and the sustainability of gas supply.

With the commissioning of a new 550MW CCGT unit at BPPS in 2020, the Company and CLP Power substantially increased the proportion of gas-fired generation to around 50 per cent. This represents a reduction of around 20 per cent. in the carbon intensity of the electricity supply compared to 2019. Statutory approvals were also obtained for a second CCGT unit at BPBS and early civil works got under way while engineering, procurement, and construction contracts were awarded. These new CCGT units will contribute to the gradual phase-out of the oldest coal-fired units at CPPS which are expected to reach the end of their operating life in the mid-2020s.

Another important project necessary to support the increase in gas within the fuel mix is the construction of an offshore LNG terminal along with a subsea pipeline from the offshore terminal to a gas receiving station at the BPPS, which will allow the Company to purchase competitively-priced LNG directly from more diversified global sources. The engineering, procurement and construction contract was awarded in January 2020, with construction to be completed by 2022. Once completed, this facility will diversify the fuel supply, enhance supply security and provide flexibility to access competitively-priced gas from around the world.

The Company will continue to bring more lower-carbon gas-fired power generation to Hong Kong as part of the energy transition, while focusing on the completion of construction of the offshore LNG terminal and the second CCGT unit at BPPS, which are expected to go into service in 2022 and 2023 respectively.

Development of Renewable Energy

The Company's first landfill gas generation project in Hong Kong, capable of producing 10MW of electricity, went into commercial operation in March 2020 and provided a platform for the Company to use landfill gas as a renewable energy source. The electricity produced is transmitted to CLP Power's existing power grid and the generating capacity is sufficient to meet the annual electricity demand of around 17,000 residential households.

In view of the recent advances in the technology of wind turbine generators and an increasingly mature supply chain in the region, the Company and CLP Power are further considering the feasibility of constructing an offshore wind farm in the south-eastern waters of Hong Kong. CLP Power is reviewing the data for an offshore wind farm and conducting a detailed development study to determine whether this large-scale renewable energy project is viable.

DIRECTORS

The following table shows information regarding all of the Directors of the Guarantor as at the date of this Offering Circular.

<u>Name</u>	<u>Position</u>	<u>Year Appointed to Current Position</u>	<u>Year Appointed as Director</u>
<i>Directors</i>			
William Elkin Mocatta	Chairman	2014	1999
Yuen So Siu Mai Betty	Vice Chairman	2014	1990
Richard Kendall Lancaster	Director	2005	2005
Chiang Tung Keung	Director	2017	2017
Zhang Tanzhi	Director	2018	2018
Su Bingli ¹	Director	2021	2021
<i>Alternate Directors</i>			
Tong Chi Leung David, Alternate to William Elkin Mocatta	Alternate Director	2008	2008
Chiang Tung Keung, Alternate to Richard Kendall Lancaster and Yuen So Siu Mai Betty	Alternate Director	2017	2017
Law Ka Chun ² , Alternate to Chiang Tung Keung	Alternate Director	2021	2021
Ma Fanghua ^{1,3} , Alternate to Zhang Tanzhi and Su Bingli	Alternate Director	2021	2021
Zhong Sihong ^{1,3} , Alternate to Zhang Tanzhi and Su Bingli	Alternate Director	2021	2021

Notes:

1. Mr. Su Bingli was appointed in place of Mr. Yang Hua as a Director of CAPCO, with Ms. Ma Fanghua and Ms. Zhong Sihong as his alternates, with effect from 25th March, 2021.
2. Mr. Law Ka Chun was appointed in place of Mr. James Richarde Truscott as the Alternate Director to Mr. Chiang Tung Keung with effect from 1st January, 2021.
3. Ms. Ma Fanghua and Ms. Zhong Sihong were appointed in place of Mr. Liu Mingni and Mr. Su Bingli as Alternate Directors to Mr. Zhang Tanzhi with effect from 25th March, 2021.

There is no provision in the Articles of Association of the Company for retirement by rotation.

Biographical Details of Directors and Alternate Directors

Directors

William Elkin Mocatta

Current position/responsibilities

Chairman of Castle Peak Power Company Limited

Vice Chairman and Non-Executive Director of CLP Holdings Limited

Titles, qualifications and education

Fellow of The Institute of Chartered Accountants in England and Wales

Past/Other experience

Mr. Mocatta is Executive Director of Sir Elly Kadoorie & Sons Limited. He is also the Chairman of CLP Power, Hong Kong Pumped Storage Development Company, Limited, CLP Properties Limited and CLP Property Investment Limited; a Non-executive Director of The Hongkong and Shanghai Hotels, Limited; an Alternate Director of CK Hutchison Holdings Limited and a Director of other companies in Hong Kong.

Further particulars

Further particulars of Mr. Mocatta, including his directorships in the subsidiary and/or affiliated companies of the CLP Group and other major appointments are available on the website of CLP Holdings Limited at <https://www.clpgroup.com>.

Yuen So Siu Mai Betty

Current position/responsibilities

Vice Chairman of Castle Peak Power Company Limited

Mrs. Yuen has a primary focus on the strategic direction of the CLP Group's electricity business in Hong Kong and China; is also responsible for CLP's investments in Guangdong Daya Bay and Yangjiang nuclear projects as well as further development of CLP's nuclear business on the Mainland.

Titles, qualifications and education

Justice of the Peace

Chartered Professional Accountant

Bachelor of Commerce, the University of Toronto

Past/Other experience

A qualified accountant by training, Mrs. Yuen began her career in public accounting in Canada and worked for ExxonMobil for 13 years before joining CLP in 1999. She was the Managing Director of CLP Power between 2002 and 2009, with overall responsibility for the operations of the Hong Kong business. She is also the Vice Chairman of CLP Power. She assumed her current position in 2014.

Further particulars

Further particulars of Mrs. Yuen, including her directorships in the subsidiary and/or affiliated companies of the CLP Group and other major appointments are available on the website of CLP Holdings Limited at <https://www.clpgroup.com>.

Richard Kendall Lancaster

Current position/responsibilities

Executive Director and Chief Executive Officer ("CEO") of CLP Holdings Limited

Mr. Lancaster is responsible for overall group performance of CLP.

Titles, qualifications and education

Bachelor of Engineering in electrical engineering, the University of New South Wales

Past/Other experience

Prior to assuming his role of CEO in September 2013, Mr. Lancaster was the Managing Director of CLP Power for three years, responsible for its electricity generation, transmission and distribution business and service to its customers in Hong Kong. He began his career with the Electricity Commission of New South Wales in Australia and has more than 30 years of experience in the power industry and in other industrial operations in Australia, the United Kingdom and Hong Kong. Mr. Lancaster joined CLP in 1992 and has held a variety of managerial positions in CLP. His experience covers project management, power plant operations, commercial, finance, legal and corporate functions. Earlier in his career, he worked in the electricity supply industry in his home country Australia and later in an international brewing company in the United Kingdom. Mr. Lancaster is the Chairman of Business Environment Council Limited and a founding Member of the Advisory Council of The Australian Chamber of Commerce Hong Kong & Macau. He is also a Fellow of the Hong Kong Management Association and a Council Member of the World Business Council for Sustainable Development and a member of its Climate and Energy Cluster Board. He is also Chairman of the Hong Kong Member Committee of the World Energy Council and a Board Member of UNSW Hong Kong Foundation and a Member of Operations Review Committee of the Independent Commission Against Corruption.

Further particulars

Further particulars of Mr. Lancaster, including his directorships in the subsidiary and/or affiliated companies of the CLP Group and other major appointments are available on the website of CLP Holdings Limited at <https://www.clpgroup.com>.

Chiang Tung Keung

Current position/responsibilities

Managing Director – CLP Power

Mr. Chiang holds overall responsibility for the operations of CLP's Hong Kong regulated business, which includes a vertically integrated electricity utility serving customers in Kowloon, the New Territories and Lantau Island.

Titles, qualifications and education

Chartered Engineer

Member of the Institution of Engineering and Technology

Fellow of the Hong Kong Institution of Engineers

Master of Science in Electrical Engineering, the Hong Kong Polytechnic University

Master of Business Administration, the Chinese University of Hong Kong

Bachelor of Science in Electrical & Electronic Engineering, the University of Hong Kong

Past/Other experience

Mr. Chiang joined CLP Power as a Graduate Trainee in 1988. He has extensive experience in generation, transmission and distribution systems as well as regulatory strategy. He has held various posts in different areas including power system asset management, planning, design, operation and maintenance, power quality, and corporate and regulatory strategy. Mr. Chiang was the Chief Operating Officer – CLP Power before taking up his current position in June 2017. He is also a Director of CLP Power and Castle Peak Power Finance Company Limited.

Further particulars

Further particulars of Mr. Chiang, including his directorships in the subsidiary and/or affiliated companies of the CLP Group and other major appointments are available on the website of CLP Holdings Limited at <https://www.clpgroup.com>.

Zhang Tanzhi

Current position/responsibilities

Director and Vice President of China Southern Power Grid International (HK) Co., Limited and 南方电网国际有限责任公司 (China Southern Power Grid International Co., Ltd.)

Titles, qualifications and education

Master Degree in Electric Power System and Automation, North China Electric Power University

Past/Other experience

Mr. Zhang is a senior Engineer with over 31 years of experience in the power industry. He is a Director and Vice President of China Southern Power Grid International (HK) Co., Limited and China Southern Power Grid International Co., Ltd., in charge of cross-border assets management of power transmission projects, and oversea power related project investment and management. He used to work in China Southern Power Grid Co., Ltd., Executive Office of Guangdong Power Grid Co., Ltd., Guangdong Transmission Engineering Co., Ltd. and Guangdong Power Engineering Co., Ltd. He is also a Director of Hong Kong LNG Terminal Limited.

Su Bingli

Current position/responsibilities

Deputy General Engineer and Director of Hongkong and Macau Business Department of 南方电网国际有限责任公司 (China Southern Power Grid International Co., Ltd.)

Titles, qualifications and education

Bachelor's degree in Process Control and Automation, Wuhan University of Hydraulic and Electrical Engineering

Past/Other experience

Mr. Su is a senior engineer with over 30 years of experience in the power industry.

Alternate Directors

Tong Chi Leung David

Current position/responsibilities

Director of CLP Power

Titles, qualifications and education

Bachelor of Engineering, Imperial College, University of London
Associateship of the City and Guilds of London Institute
Chartered Engineer
Member of The Institution of Mechanical Engineers
Fellow of The Hong Kong Institution of Engineers

Past/Other experience

Mr. Tong is a Chartered Engineer with working and management experience in Hong Kong, Scotland and Texas. Mr. Tong is a Director of Sir Elly Kadoorie & Sons Limited, CLP Power and Hong Kong Nuclear Investment Company Limited as well as an Alternate Director of Hong Kong Pumped Storage Development Company, Limited. He also serves on several other corporate boards in Hong Kong.

Law Ka Chun

Current position/responsibilities

Chief Operating Officer – CLP Power

Titles, qualifications and education

Master of Business Administration (Finance), University of British Columbia
Bachelor of Commerce (Accounting), University of British Columbia
Certified Public Accountant
Chartered Financial Analyst

Past/Other experience

Mr. Law worked in banking before joining CLP in 2001. His experience in the energy industry ranges from finance, renewable energy development, fuel procurement, strategic planning to commercial development. He assumed his current position in January 2021. He currently serves as a Director of CLP Power and Hong Kong Pumped Storage Development Company, Limited.

Ma Fanghua

Current position/responsibilities

Deputy Director of Finance Department of 南方电网国际有限责任公司 (China Southern Power Grid International Co., Ltd.)

Titles, qualifications and education

Postgraduate degree in Management, Hunan University

Past/Other experience

Ms. Ma started to work in Changsha Electric Power Bureau after graduation from Hunan University in June 2001. In 2011, she joined 中国南方电网有限责任公司 (China Southern Power Grid Co., Ltd.) and held the position of plan management specialist of Finance Department and joined 南方电网国际有限责任公司 (China Southern Power Grid International Co., Ltd.) in June 2017. She has been working as the Deputy Director for the Finance Department since June 2018 and has 20 years of experience in financial management of power sector. She is also a Director of Castle Peak Power Finance Company Limited.

Zhong Sihong

Current position/responsibilities

Senior Manager of Hongkong & Macau Business Department of 南方电网国际有限责任公司 (China Southern Power Grid International Co., Ltd.)

Past/Other experience

Ms. Zhong joined 南方电网国际有限责任公司 (China Southern Power Grid International Co., Ltd.) in 2016 and has been serving in Investment & Finance Department and Assets Management Department. She was also an alternate director and a finance committee member of a Chilean leading transmission company in the last three years.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, Clearstream or the CMU Service (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantor believe to be reliable, but none of the Issuer, the Guarantor, the Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer, the Guarantor, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“**Participants**”) deposit with DTC. DTC also facilitates the clearance and settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants, as the term is used herein, include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “**Rules**”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“**DTC Notes**”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“**Owners**”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest(s) in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

All payments in respect of Registered Global Notes held with Euroclear and Clearstream will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25th December and 1st January.

CMU Service

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

The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the services is open to financial institutions regulated by the HKMA, the Securities and Futures Commission, the Insurance Authority or the Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU Service’s custodial services, please refer to the CMU Reference Manual.

The CMU Service has an income distribution service which is a service offered by the CMU Service to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the “**income proceeds**”) by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement or notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual. An investor holding an interest in the Notes through an account with either Euroclear or Clearstream will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU Service.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer will apply to DTC in order to have each Tranche of Notes represented by Registered Global Notes accepted in its book-entry settlement system. Upon the issue of any Registered Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in a Registered Global Note will be limited to Direct Participants or Indirect Participants, including the respective depositories of Euroclear and Clearstream. Ownership of beneficial interests in a Registered Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note registered in the name of DTC’s nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC’s nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants’ account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Trustee, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream and/or the CMU Service will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System.

The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system. Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale and Transfer and Selling Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (“**Custodian**”) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream or Euroclear and DTC Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC Participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Euroclear and the CMU Service have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among Participants of DTC, the accountholders of Clearstream and Euroclear and the CMU Accountholders. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Trustee, the Agents and the Dealers will be responsible for any performance by DTC, Clearstream, Euroclear or the CMU Service or their respective Direct or Indirect Participants or accountholders (as appropriate) of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

Hong Kong

Withholding Tax

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

Profits Tax

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

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

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

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

Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

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

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

- (i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the “SDO”)).

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

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

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

- (i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. The Hong Kong government has passed the Revenue (Stamp Duty) Bill 2021 to increase such rate from 0.2 per cent. to 0.26 per cent. (of which 0.13 per cent. is payable by the seller and 0.13 per cent. by the purchaser), with such increase due to take effect on 1 August 2021. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

British Virgin Islands

The following is a general description of certain British Virgin Islands tax considerations relating to any Notes. It does not purport to be a complete analysis of all tax considerations relating to any Notes. Prospective purchasers of any Note 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 British Virgin Islands of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under any Notes. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

As the Issuer is registered under the BVI Business Companies Act, 2004 of the British Virgin Islands, payment of principal and interest in respect of the Notes are not subject to taxation in the British Virgin Islands and no withholding tax is required to be deducted by the Issuer on such payments made to any holder of a Note.

In addition, the Notes will not be liable to any stamp duty in the British Virgin Islands. Gains derived from the sale or exchange of Notes by persons who are not otherwise liable to British Virgin Islands income tax will not be subject to British Virgin Islands income tax. The British Virgin Islands currently has no relevant capital gains tax, estate duty, inheritance tax or gift tax.

Holders of Notes who are not resident in the British Virgin Islands, and who do not engage in trade or business through a permanent establishment in the British Virgin Islands, will not be subject to the British Virgin Islands taxes or duties on gains realised on the sale or redemption of such Notes. No holder of a Note will be deemed to be resident or domiciled in the British Virgin Islands simply by virtue of holding a Note.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the Code, commonly known as FATCA, a “**foreign financial institution**” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under “Terms and Conditions — Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a programme agreement dated 7 June 2017 as amended and/or supplemented from time to time (the “**Programme Agreement**”), agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes or, in the case of Definitive IAI Registered Notes, procure purchasers of, Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

In order to facilitate the offering of any Tranche of the Notes, a nominated Dealer participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect, which support the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level higher than that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilisation or other transactions. Such transactions, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either:
 - (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A;
 - (b) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter;
or
 - (c) it is outside the United States and is not a U.S. person;
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the Guarantee have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

- (iii) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States who is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available), (e) to an institutional “accredited investor” within the meaning of sub-paragraph (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act that is acquiring the Notes for its own account or for the account of such an institutional “accredited investor” for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or (f) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws. If any resale or other transfer of the Notes is proposed to be made pursuant to clause (e) above, the transferor shall deliver (i) an IAI Investment Letter to the Registrar, which shall provide, among other things, that the transferee is an institutional “accredited investor” within the meaning of sub-paragraph (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act, that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act, and that it will acquire Notes having a minimum purchase price of at least U.S.\$500,000 (or the approximate equivalent in another specified currency (as defined in the Agency Agreement)); and (ii) such other satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction;
- (iv) it will, and will require each subsequent Noteholder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITY REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “**INSTITUTIONAL ACCREDITED INVESTOR**”); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2)

INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, UNDER THE SECURITIES ACT, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (5) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF SUB-PARAGRAPH (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT THAT IS ACQUIRING THE NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL “ACCREDITED INVESTOR” FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF IN VIOLATION OF THE SECURITIES ACT, OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; IF ANY RESALE OR OTHER TRANSFER OF THE NOTES IS PROPOSED TO BE MADE PURSUANT TO CLAUSE (5) ABOVE, THE TRANSFEROR SHALL DELIVER A LETTER SUBSTANTIALLY IN THE FORM SET OUT IN SCHEDULE 4 TO THE AGENCY AGREEMENT TO THE REGISTRAR, WHICH SHALL PROVIDE, AMONG OTHER THINGS, THAT THE TRANSFEREE IS AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF SUB-PARAGRAPH (A)(1), (2), (3) OR (7) OF RULE 501 UNDER THE SECURITIES ACT, THAT IT IS ACQUIRING SUCH NOTES FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, AND THAT IT WILL ACQUIRE NOTES HAVING A MINIMUM PURCHASE PRICE OF AT LEAST U.S.\$500,000 (OR THE APPROXIMATE EQUIVALENT IN ANOTHER SPECIFIED CURRENCY (AS SPECIFIED IN THE APPLICABLE PRICING SUPPLEMENT)) AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A FOR REALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the Distribution Compliance Period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (i) in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act; (ii) upon receipt by the Registrar of a written certification substantially in the form set out in Schedule 3 to the Agency Agreement, amended as appropriate (a “**Transfer Certificate**”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made: (a) to

a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or (b) to a person who is an Institutional Accredited Investor, together with, in the case of (b), a duly executed investment letter from the relevant transferee substantially in the form set out in Schedule 4 to the Agency Agreement and such other satisfactory evidence as the Issuer may reasonably require from the transferor, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States; (iii) to the Issuer or any affiliate thereof; or (if available) (iv) otherwise pursuant to an effective registration statement under the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITY REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT EXCEPT IN ACCORDANCE WITH THE TRUST DEED AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”; and

- (viii) that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Regulation D of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “Form of the Notes”.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of the Offering Circular and such other information as it deems necessary in order to make its investment decision;
- (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Offering Circular and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;

- (iv) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;
- (v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (vi) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.\$500,000 (or the approximate equivalent in another Specified Currency).

Each purchaser of Bearer Notes will be required to acknowledge, represent and agree:

- (i) that it is a non-U.S. person and it is located outside the United States (within the meaning of Regulation S);
- (ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered, sold, pledged or otherwise transferred except as set forth below;
- (iii) that if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date that is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof or (b) outside the United States to a non-U.S. person in compliance with Rule 903 or Rule 904 under the Securities Act;
- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iii) above, if then applicable; and
- (v) that the Issuer and others will rely upon the trust and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer, and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make, and does make, the foregoing acknowledgements, representations and agreements on behalf of such account.

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) nominal amount or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) nominal amount and no Legended Note will be issued in connection with such a sale in a smaller nominal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.\$500,000 (or its foreign currency equivalent) nominal amount of Registered Notes.

Selling Restrictions

United States

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) The Notes and the Guarantee have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.
- (ii) The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Notes will be issued in accordance with the provisions of U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (“**TEFRA D**”), unless (i) the relevant Pricing Supplement specifies that Notes will be issued in accordance with the provisions of U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (“**TEFRA C**”) or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable. Terms used in this paragraph have the meanings given to them by the Code, and regulations thereunder.
- (iii) In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“**Regulation S Notes**”), 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, sold or delivered and will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons.
- (iv) Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes 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 an available exemption from registration under the Securities Act.
- (v) Notwithstanding anything above to the contrary, dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate nominal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.\$200,000 (or the approximate equivalent thereof in any other currency). To the extent that the Guarantor is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Guarantor has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

- (vi) Notwithstanding anything above to the contrary, it is understood that Registered Notes may be offered and sold pursuant to a private placement in the United States to Institutional Accredited Investors, and in connection therewith each Dealer represents and agrees that:
 - (a) offers, sales, resales and other transfers of Notes made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption from the registration requirements of the Securities Act;
 - (b) offers, sales, resales and other transfers of Notes made in the United States will be made only in private transactions to a limited number of Institutional Accredited Investors;
 - (c) the Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act will be used in connection with the offering of the Notes in the United States; and
 - (d) no sale of Notes in the United States to any one Institutional Accredited Investor will be for less than U.S.\$500,000 principal amount (or the approximate equivalent in the applicable Specified Currency) and if such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$500,000 principal amount (or the approximate equivalent in the applicable Specified Currency) of the Notes.
- (vii) Each issuance of Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.
- (viii) In addition (in relation to Notes in bearer form with a maturity of more than one year except where TEFRA “C” is specified in the applicable Pricing Supplement):
 - (a) except to the extent permitted under U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the “**D Rules**”), each Dealer has:
 - (i) represented and covenanted that it has not offered or sold, and agreed that during the restricted period it will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person, and
 - (ii) represented and covenanted that it has not delivered and agrees and covenants that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
 - (b) each Dealer has represented and covenanted that it has and agreed and covenanted that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
 - (c) if it is a United States person, each Dealer has represented and covenanted that it is acquiring the Notes for purposes of resale in connection with their original issue and if it retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulation §1.163-5(c)(2)(i)(D)(6); and

- (d) with respect to each affiliate that acquires from it Notes for the purpose of offering or selling such Notes during the restricted period, each Dealer has either:
 - (i) repeated and confirmed the representations, covenants and agreements contained in sub-paragraphs (a), (b) and (c) on its behalf; or
 - (ii) agreed and covenanted that it will obtain from such affiliate for the benefit of the Issuer and the Guarantor the representations, covenants and agreements contained in sub-paragraphs (a), (b) and (c).

No obligations will be delivered in definitive form unless the TEFRA “D” certification requirements have been complied with. Terms used in sub-paragraphs (a), (b), (c) and (d) have the meaning given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States, the offer and sale of the Registered Notes in the United States as described in (vi) above, and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person, other than (A) any accredited investor within the meaning of Rule 501(A)(1), (2), (3) or (7) under the Securities Act to whom an offer has been made as described in (vi) above or (B) 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 Offering Circular by any non-U.S. person outside the United States or by any qualified institutional buyer or institutional accredited investor referred to in (vi) above in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer or institutional accredited investor referred to in (vi) above and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer or institutional accredited investor 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 or institutional accredited investor referred to in (vi) above and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer or institutional accredited investor, is prohibited.

European Economic Area — Prohibition of Sales to EEA Retail Investors

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, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (i) the expression “retail investor” means a person who is one (or more) of the following:
 - A. a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - B. a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - C. not a qualified investor as defined in the Prospectus Regulation; and
- (ii) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

The Netherlands

Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of Euronext (Amsterdam) admitted in a function on one or more of the markets or systems

operated by Euronext Amsterdam N.V., in full compliance with the Dutch Savings Certificates Act (“**Wet inzake Spaarbewijzen**”) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required in respect of: (i) the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form; (ii) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof; or (iii) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession; or (iv) the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside the Netherlands and are not distributed within the Netherlands in the course of initial distribution or immediately thereafter. In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with.

For purposes of the paragraph above, “**Zero Coupon Notes**” are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

United Kingdom

Prohibition of Sales to UK Retail Investors

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, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (i) the expression “retail investor” means a person who is one (or more) of the following:
 - A. a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - B. a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - C. not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and
- (ii) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes 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 Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”). Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”)) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMPO)**”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused any Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification — In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

British Virgin 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 has been or will be made to the public in the British Virgin Islands to purchase the Notes and the Notes offered in this Offering Circular may not be offered or sold, directly or indirectly, in the British Virgin Islands or to any resident of the British Virgin Islands, except for (i) companies incorporated under the BVI Business Companies Act, 2004 and (ii) as otherwise permitted by British Virgin Islands law.

For Residents of the British Virgin Islands only

This Offering Circular is not an offer to the public in the British Virgin Islands. No action has been taken to permit an offer of the Notes in the British Virgin Islands and this Offering Circular is not a registered prospectus within the meaning of section 25 of the Securities and Investment Business Act, 2010 (“SIBA”).

Subscriptions for the securities contained in this Offering Circular will not be accepted from any person in the British Virgin Islands and no Notes will be issued to any person in the British Virgin Islands unless: (a) that person is a Qualified Investor as defined in Schedule 4 of SIBA and, to the extent that person is a professional investor for the purposes of Schedule 4 of SIBA, it declares that (i) its ordinary business involves, whether for its own account or the account of others, the acquisition or disposal of property of the same kind as the property constituting the Notes, or a substantial part of the property; or (ii) it has net worth in excess of U.S.\$1,000,000 or its equivalent in any other currency and that it consents to being treated as a professional investor within the meaning of section 40 of SIBA; or (b) that person is a BVI business company and neither this Offering Circular nor any other document relating to this offer has been received by that person at an address in the British Virgin Islands other

than its registered office in the British Virgin Islands; or (c) that person has a close connection (within the meaning of section 2(3) of SIBA) with the Issuer; or (d) that person is the Government of the British Virgin Islands.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

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

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer, the Guarantor and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

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 Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

The Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to Notes 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 Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of Notes).

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 19th May, 2017 and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 22nd March, 2017.

Listing

Application has been made to list the Programme on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular. Separate application will be made for the listing of Notes issued under the Programme on the Hong Kong Stock Exchange. The issue price of Notes on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing of the relevant Notes.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will be available from the registered office of the Issuer and the Guarantor:

- (i) the Memorandum and Articles of Association of the Issuer and the Articles of Association of the Guarantor;
- (ii) the audited financial statements of the Issuer in respect of the financial years ended 31st December, 2019 and 2020;
- (iii) the audited consolidated annual financial statements of the Guarantor in respect of the financial years ended 31st December, 2019 and 2020 respectively, and the most recently issued consolidated annual financial statements of the Guarantor;
- (iv) the Trust Deed, the Agency Agreement, the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (v) a copy of this Offering Circular;
- (vi) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Legal Entity Identifier of the Issuer is 254900LYMFL8O07R2452.

The Notes have been accepted for clearance through Euroclear and Clearstream. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU Service. The relevant CMU instrument number will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS

numbers for each Tranche of Registered Notes, together with the relevant ISIN and Common Code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

Significant or Material Change

Save as disclosed in this Offering Circular, there has been no significant or material adverse change in the financial or trading position of each of the Issuer and the Guarantor since 31st December, 2020.

Litigation

Save as disclosed in this Offering Circular, neither the Issuer nor the Guarantor 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 document a significant effect on the financial position of the Issuer or the Guarantor.

Auditor

The Issuer has not published and does not propose to publish any financial statements. The independent auditor of the Guarantor is PricewaterhouseCoopers, Certified Public Accountants, who has audited the Guarantor's consolidated financial statements, without qualification, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants for the financial year ended 31st December, 2020. Solely in respect of the listing of the Programme on the Hong Kong Stock Exchange, PricewaterhouseCoopers has given and not withdrawn its written consent to the inclusion of its audit report in relation to the Guarantor included in this Offering Circular in the form and context in which it appears.

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SUMMARY OF FINANCIAL STATEMENTS

The information on pages F-3 to F-7 has been extracted from the audited consolidated financial statements of the Guarantor for the year ended 31st December, 2020. For the convenience of the reader, the U.S. dollar amounts for 2020 have been added. The U.S. dollar balances have been calculated using a rate of HK\$7.8 to U.S.\$1.00. These translations should not be construed as representations that the Hong Kong dollar amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated.

The Summary of financial Statements contained in this Offering Circular does not constitute the Guarantor's statutory annual consolidated financial statements for the financial year ended 31st December, 2020 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Guarantor is a private company, the Guarantor is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Company's auditor has reported on the financial statements for the year ended 31st December, 2020. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

CASTLE PEAK POWER COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year ended 31st December,		
	2019	2020	2020
	HK\$'000	HK\$'000	US\$'000
Revenue	16,813,856	17,673,975	2,265,894
Expenses			
Fuel	(11,968,895)	(12,453,891)	(1,596,653)
Operating expenses	(1,169,640)	(1,331,729)	(170,734)
Depreciation	(13,555)	(12,761)	(1,636)
Staff expenses	(288,724)	(313,149)	(40,147)
	(13,440,814)	(14,111,530)	(1,809,170)
Operating profit	3,373,042	3,562,445	456,724
Net finance costs	(30,152)	(90,118)	(11,554)
Profit before income tax	3,342,890	3,472,327	445,170
Income tax expense	(598,260)	(613,252)	(78,622)
Profit for the year	2,744,630	2,859,075	366,548

CASTLE PEAK POWER COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31st December,		
	2019	2020	2020
	HK\$'000	HK\$'000	US\$'000
Profit for the year	<u>2,744,630</u>	<u>2,859,075</u>	<u>366,548</u>
Other comprehensive income			
Items that can be reclassified to profit or loss			
Cash flow hedges			
Net fair value gain/(loss)	111,593	(299,190)	(38,358)
Reclassification to profit or loss	(53,873)	82,829	10,619
Tax on the above items	<u>(9,524)</u>	<u>35,700</u>	<u>4,577</u>
	<u>48,196</u>	<u>(180,661)</u>	<u>(23,162)</u>
Cost of hedging			
Net fair value (loss)/gain	(10,516)	66,863	8,572
Amortisation/reclassification to profit or loss	22,010	4,188	537
Tax on the above items	<u>(1,896)</u>	<u>(11,724)</u>	<u>(1,503)</u>
	<u>9,598</u>	<u>59,327</u>	<u>7,606</u>
Other comprehensive income for the year, net of tax	<u>57,794</u>	<u>(121,334)</u>	<u>(15,556)</u>
Total comprehensive income for the year	<u>2,802,424</u>	<u>2,737,741</u>	<u>350,992</u>

CASTLE PEAK POWER COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31st December,		
	2019	2020	2020
	HK\$'000	HK\$'000	US\$'000
Non-current assets			
Fixed assets	5,808,911	1,256,114	161,040
Right-of-use assets	362,911	119,029	15,260
Interests in and loans to a joint venture	98,455	649,135	83,222
Finance lease receivables	27,799,669	32,991,649	4,229,699
Derivative financial instruments	80,617	59,381	7,613
	<u>34,150,563</u>	<u>35,075,308</u>	<u>4,496,834</u>
Current assets			
Inventory - stores and fuel	1,203,406	1,089,200	139,641
Sundry debtors and prepayments	83,290	561,358	71,969
Current account with CLP Power Hong Kong Limited	1,293,581	1,683,353	215,814
Finance lease receivables	2,470,023	2,860,694	366,756
Derivative financial instruments	8,659	18,822	2,413
Deposits, bank balances and cash	520,542	1,222,966	156,791
	<u>5,579,501</u>	<u>7,436,393</u>	<u>953,384</u>
Current liabilities			
Bank loans	(4,959,047)	(2,772,264)	(355,419)
Trade and other payables	(1,797,708)	(1,842,721)	(236,246)
Advances from shareholders	(4,480,650)	(3,402,550)	(436,224)
Derivative financial instruments	(44,937)	(81,852)	(10,494)
Income tax payable	(502,579)	(566,517)	(72,630)
	<u>(11,784,921)</u>	<u>(8,665,904)</u>	<u>(1,111,013)</u>
Net current liabilities	<u>(6,205,420)</u>	<u>(1,229,511)</u>	<u>(157,629)</u>
Total assets less current liabilities	<u>27,945,143</u>	<u>33,845,797</u>	<u>4,339,205</u>
Financed by:			
Equity			
Share capital			
500,000 shares issued and fully paid	50,000	50,000	6,410
Shareholder tranche A capital	17,050,000	17,050,000	2,185,897
Reserves	892,405	778,728	99,837
	<u>17,992,405</u>	<u>17,878,728</u>	<u>2,292,144</u>
Non-current liabilities			
Bank loans and other borrowings	5,090,109	10,800,711	1,384,707
Deferred tax liabilities	3,659,426	3,716,479	476,472
Derivative financial instruments	22,338	129,709	16,629
Asset decommissioning liabilities	1,178,744	1,320,127	169,247
Other non-current liabilities	2,121	43	6
	<u>9,952,738</u>	<u>15,967,069</u>	<u>2,047,061</u>
Equity and non-current liabilities	<u>27,945,143</u>	<u>33,845,797</u>	<u>4,339,205</u>

CASTLE PEAK POWER COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Shareholder tranche A capital (Note) HK\$'000	Reserves		Retained profits HK\$'000	Total HK\$'000	Total US\$'000
			Cash flow hedge reserve HK\$'000	Costs of hedging reserve HK\$'000			
Balance at 1st January 2019	50,000	17,050,000	42,222	(75,245)	739,677	17,806,654	2,282,904
Profit for the year	-	-	-	-	2,744,630	2,744,630	351,876
Other comprehensive income for the year	-	-	48,196	9,598	-	57,794	7,410
Transfer to fixed assets	-	-	1,930	(1,103)	-	827	106
Dividends							
2018 final	-	-	-	-	(657,500)	(657,500)	(84,295)
2019 interim	-	-	-	-	(1,960,000)	(1,960,000)	(251,282)
Balance at 31st December 2019	<u>50,000</u>	<u>17,050,000</u>	<u>92,348</u>	<u>(66,750)</u>	<u>866,807</u>	<u>17,992,405</u>	<u>2,306,719</u>
Balance at 1st January 2020	50,000	17,050,000	92,348	(66,750)	866,807	17,992,405	2,306,719
Profit for the year	-	-	-	-	2,859,075	2,859,075	366,548
Other comprehensive income for the year	-	-	(180,661)	59,327	-	(121,334)	(15,556)
Transfer to fixed assets	-	-	1,096	(1,814)	-	(718)	(92)
Dividends							
2019 final	-	-	-	-	(784,700)	(784,700)	(100,603)
2020 interim	-	-	-	-	(2,066,000)	(2,066,000)	(264,872)
Balance at 31st December 2020	<u>50,000</u>	<u>17,050,000</u>	<u>(87,217)</u>	<u>(9,237)</u>	<u>875,182</u>	<u>17,878,728</u>	<u>2,292,144</u>

Note

The shareholder Tranche A capital is subordinated, unsecured, interest free and has no fixed terms of repayment. The Company can, at its sole discretion, redeem all or part of the Tranche A capital at any time after 31 December 2032. The shareholder Tranche A capital is considered capital in nature.

CASTLE PEAK POWER COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31st December,		
	2019	2020	2020
	HK\$'000	HK\$'000	US\$'000
Operating activities			
Net cash inflow from operations	3,981,468	3,595,427	460,952
Income tax paid	(138,640)	(468,143)	(60,018)
Net cash inflow from operating activities	<u>3,842,828</u>	<u>3,127,284</u>	<u>400,934</u>
Investing activities			
Capital expenditure	(4,428,926)	(3,863,485)	(495,319)
Loan to a joint venture	(98,455)	(550,680)	(70,600)
Capital repayment of finance lease receivables	2,340,314	2,632,958	337,559
Decrease in deposits with maturities of more than three months	2,237,120	-	-
Interest received	428	12,485	1,601
Net cash inflow/(outflow) from investing activities	<u>50,481</u>	<u>(1,768,722)</u>	<u>(226,759)</u>
Net cash inflow before financing activities	<u>3,893,309</u>	<u>1,358,562</u>	<u>174,175</u>
Financing activities			
Proceeds from long-term borrowings	346,598	4,468,649	572,904
Repayment of long-term borrowings	-	(949,823)	(121,772)
Repayment of principal portion of lease liabilities	(1,092)	(489)	(63)
(Decrease)/increase in short-term borrowings	(323,030)	12,900	1,654
Decrease in shareholders' advances	(563,050)	(1,078,100)	(138,218)
Interest paid	(215,065)	(258,575)	(33,151)
Dividends paid	(2,617,500)	(2,850,700)	(365,474)
Net cash outflow from financing activities	<u>(3,373,139)</u>	<u>(656,138)</u>	<u>(84,120)</u>
Net increase in cash and cash equivalents	520,170	702,424	90,055
Cash and cash equivalents at beginning of year	372	520,542	66,736
Cash and cash equivalents at end of year	<u>520,542</u>	<u>1,222,966</u>	<u>156,791</u>
Analysis of cash and cash equivalents			
Deposits, bank balances and cash	<u>520,542</u>	<u>1,222,966</u>	<u>156,791</u>

EXHIBIT A

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CASTLE PEAK POWER COMPANY LIMITED FOR THE YEAR ENDED 31ST DECEMBER, 2020

The information in this Exhibit A has been extracted from the audited consolidated financial statements of the Guarantor for the year ended 31st December, 2020. References to page numbers in this Exhibit A are to pages of such documents.



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CASTLE PEAK POWER COMPANY LIMITED
青山發電有限公司
(Incorporated in Hong Kong with limited liability)**

Opinion

What we have audited

The consolidated financial statements of Castle Peak Power Company Limited (the “Company”) and its subsidiary (the “Group”) set out on pages 10 to 47, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CASTLE PEAK POWER COMPANY LIMITED (CONTINUED)**
青山發電有限公司
(Incorporated in Hong Kong with limited liability)

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the directors' report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CASTLE PEAK POWER COMPANY LIMITED (CONTINUED)**
青山發電有限公司
(Incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CASTLE PEAK POWER COMPANY LIMITED (CONTINUED)**
青山發電有限公司
(Incorporated in Hong Kong with limited liability)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 4 February 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK\$'000	2019 HK\$'000
Revenue	5	<u>17,673,975</u>	<u>16,813,856</u>
Expenses			
Fuel		(12,453,891)	(11,968,895)
Operating expenses		(1,331,729)	(1,169,640)
Depreciation		(12,761)	(13,555)
Staff expenses	6	<u>(313,149)</u>	<u>(288,724)</u>
		<u>(14,111,530)</u>	<u>(13,440,814)</u>
Operating profit	6	3,562,445	3,373,042
Net finance costs	7	<u>(90,118)</u>	<u>(30,152)</u>
Profit before income tax		3,472,327	3,342,890
Income tax expense	8	<u>(613,252)</u>	<u>(598,260)</u>
Profit for the year		<u>2,859,075</u>	<u>2,744,630</u>

The notes on pages 16 to 47 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK\$'000	2019 HK\$'000
Profit for the year	<u>2,859,075</u>	<u>2,744,630</u>
Other comprehensive income		
Items that can be reclassified to profit or loss		
Cash flow hedges		
Net fair value (loss)/gain	(299,190)	111,593
Reclassification to profit or loss	82,829	(53,873)
Tax on the above items	<u>35,700</u>	<u>(9,524)</u>
	<u>(180,661)</u>	<u>48,196</u>
Costs of hedging		
Net fair value gain/(loss)	66,863	(10,516)
Amortisation/reclassification to profit or loss	4,188	22,010
Tax on the above items	<u>(11,724)</u>	<u>(1,896)</u>
	<u>59,327</u>	<u>9,598</u>
Other comprehensive income for the year, net of tax	<u>(121,334)</u>	<u>57,794</u>
Total comprehensive income for the year	<u>2,737,741</u>	<u>2,802,424</u>

The notes on pages 16 to 47 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Fixed assets	10	1,256,114	5,808,911
Right-of-use assets	11	119,029	362,911
Interests in and loans to a joint venture	13	649,135	98,455
Finance lease receivables	14	32,991,649	27,799,669
Derivative financial instruments	15	59,381	80,617
		<u>35,075,308</u>	<u>34,150,563</u>
Current assets			
Inventory - stores and fuel		1,089,200	1,203,406
Sundry debtors and prepayments		561,358	83,290
Current account with CLP Power Hong Kong Limited	16	1,683,353	1,293,581
Finance lease receivables	14	2,860,694	2,470,023
Derivative financial instruments	15	18,822	8,659
Deposits, bank balances and cash		<u>1,222,966</u>	<u>520,542</u>
		<u>7,436,393</u>	<u>5,579,501</u>
Current liabilities			
Bank loans	17	(2,772,264)	(4,959,047)
Trade and other payables		(1,842,721)	(1,797,708)
Advances from shareholders	18	(3,402,550)	(4,480,650)
Derivative financial instruments	15	(81,852)	(44,937)
Income tax payable		<u>(566,517)</u>	<u>(502,579)</u>
		<u>(8,665,904)</u>	<u>(11,784,921)</u>
Net current liabilities		<u>(1,229,511)</u>	<u>(6,205,420)</u>
Total assets less current liabilities		<u>33,845,797</u>	<u>27,945,143</u>

The notes on pages 16 to 47 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 (CONTINUED)

	Note	2020 HK\$'000	2019 HK\$'000
Financed by :			
Equity			
Share capital			
500,000 shares issued and fully paid		50,000	50,000
Shareholder tranche A capital		17,050,000	17,050,000
Reserves		778,728	892,405
		<u>17,878,728</u>	<u>17,992,405</u>
Non-current liabilities			
Bank loans and other borrowings	17	10,800,711	5,090,109
Deferred tax liabilities	19	3,716,479	3,659,426
Derivative financial instruments	15	129,709	22,338
Asset decommissioning liabilities	20	1,320,127	1,178,744
Other non-current liabilities		43	2,121
		<u>15,967,069</u>	<u>9,952,738</u>
Equity and non-current liabilities		<u>33,845,797</u>	<u>27,945,143</u>

.....
William Mocatta
Chairman

.....
Chiang Tung Keung
Director

4 February 2021

The notes on pages 16 to 47 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital HK\$'000	Shareholder tranche A capital ^(Note) HK\$'000	Reserves			Total HK\$'000
			Cash flow hedge reserve HK\$'000	Costs of hedging reserve HK\$'000	Retained profits HK\$'000	
Balance at 1 January 2019	50,000	17,050,000	42,222	(75,245)	739,677	17,806,654
Profit for the year	-	-	-	-	2,744,630	2,744,630
Other comprehensive income for the year	-	-	48,196	9,598	-	57,794
Transfer to fixed assets	-	-	1,930	(1,103)	-	827
Dividends						
2018 final	-	-	-	-	(657,500)	(657,500)
2019 interim	-	-	-	-	(1,960,000)	(1,960,000)
Balance at 31 December 2019	<u>50,000</u>	<u>17,050,000</u>	<u>92,348</u>	<u>(66,750)</u>	<u>866,807</u>	<u>17,992,405</u>
Balance at 1 January 2020	50,000	17,050,000	92,348	(66,750)	866,807	17,992,405
Profit for the year	-	-	-	-	2,859,075	2,859,075
Other comprehensive income for the year	-	-	(180,661)	59,327	-	(121,334)
Transfer to fixed assets	-	-	1,096	(1,814)	-	(718)
Dividends						
2019 final	-	-	-	-	(784,700)	(784,700)
2020 interim	-	-	-	-	(2,066,000)	(2,066,000)
Balance at 31 December 2020	<u>50,000</u>	<u>17,050,000</u>	<u>(87,217)</u>	<u>(9,237)</u>	<u>875,182</u>	<u>17,878,728</u>

Note

The shareholder Tranche A capital is subordinated, unsecured, interest free and has no fixed terms of repayment. The Company can, at its sole discretion, redeem all or part of the Tranche A capital at any time after 31 December 2032. The shareholder Tranche A capital is considered capital in nature.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK\$'000	2019 HK\$'000
Operating activities			
Net cash inflow from operations	21	3,595,427	3,981,468
Income tax paid		(468,143)	(138,640)
Net cash inflow from operating activities		<u>3,127,284</u>	<u>3,842,828</u>
Investing activities			
Capital expenditure		(3,863,485)	(4,428,926)
Loan to a joint venture		(550,680)	(98,455)
Capital repayment of finance lease receivables		2,632,958	2,340,314
Decrease in deposits with maturities of more than three months		-	2,237,120
Interest received		12,485	428
Net cash (outflow)/inflow from investing activities		<u>(1,768,722)</u>	<u>50,481</u>
Net cash inflow before financing activities		<u>1,358,562</u>	<u>3,893,309</u>
Financing activities	22		
Proceeds from long-term borrowings		4,468,649	346,598
Repayment of long-term borrowings		(949,823)	-
Repayment of principal portion of lease liabilities		(489)	(1,092)
Increase/(decrease) in short-term borrowings		12,900	(323,030)
Decrease in shareholders' advances		(1,078,100)	(563,050)
Interest paid		(258,575)	(215,065)
Dividends paid		(2,850,700)	(2,617,500)
Net cash outflow from financing activities		<u>(656,138)</u>	<u>(3,373,139)</u>
Net increase in cash and cash equivalents		702,424	520,170
Cash and cash equivalents at beginning of year		<u>520,542</u>	<u>372</u>
Cash and cash equivalents at end of year		<u>1,222,966</u>	<u>520,542</u>
Analysis of cash and cash equivalents			
Deposits, bank balances and cash		<u>1,222,966</u>	<u>520,542</u>

The notes on pages 16 to 47 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 8 Laguna Verde Avenue, Hung Hom, Kowloon, Hong Kong.

The financial operations of the Company and its 70% shareholder, CLP Power (the “SoC Companies”) are governed by a Scheme of Control (“SoC”) Agreement entered with the Government of the HKSAR. The current SoC took effect from 1 October 2018 and covers a term of over 15 years ending on 31 December 2033. The annual permitted return under the current SoC is 8%.

The principal activity of the Company is the generation and sale of electricity exclusively to CLP Power under the power purchase arrangement at cost plus profit calculated in accordance with the SoC Agreements. Under the Hong Kong Financial Reporting Standards, this agreement is accounted for as a lease. Particulars of the Company’s subsidiary are set out in Note 12. The Company and its subsidiary are collectively referred to as the “Group” in the financial statements.

These financial statements have been approved by the Company’s Board of Directors on 4 February 2021.

2 Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative financial instruments) which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are especially significant to the consolidated financial statements are disclosed in Note 4.

(i) Amendments to HKFRS effective 1 January 2020

There have been a number of amendments to standards effective from 1 January 2020. Amendments which are applicable to the Group include:

- The Conceptual Framework for Financial Reporting 2018
- Amendments to HKAS 1 and HKAS 8 Definition of Material
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform – Phase 1 (the Reform – Phase 1)

The impact of these amendments to the Group is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Amendments to HKFRS effective after 2020 and have not yet been adopted

For the year ended 31 December 2020, the Group has not early adopted any amendments to standards which have been issued and are effective after 2020. The adoption of those amendments which are relevant to the Group is not expected to have any significant impact on the results and the financial position of the Group.

At 31 December 2020, the Group has net current liabilities of HK\$1,229,511,000 (2019: HK\$6,205,420,000). The Group has assessed the net current liabilities position as at the end of the reporting period and believe that the Group can continue in operational existence for the foreseeable future based on a stable operating cash flow from the SoC and continued support from shareholders. Therefore, the Group continues to adopt the going concern basis in preparing the financial statements.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary made up to 31 December and include the Group's interests in its joint venture on the basis set out in Note 2(c).

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

A subsidiary company is fully consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date that control ceases.

Inter-company transactions and balances within the Group are eliminated on consolidation.

(c) Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in joint venture is accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of post-acquisition profit or loss and other comprehensive income, until the date on which joint control ceases. Distributions received from the joint venture reduce the carrying amounts of the investments.

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

(d) Fixed assets

Fixed assets of the Group are primarily constructed for the generation of electricity supplied to CLP Power under the power purchase arrangement. Following the completion of construction, these assets are derecognised from assets under construction as they become the leased assets of the lessee in accordance with HKFRS 16. Assets under construction are not subject to depreciation.

Other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the fixed assets. For any asset replacement, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the period in which they are incurred.

Depreciation of fixed assets is calculated, using the straight line method, to allocate their costs to their estimated residual values over their estimated useful lives. Their estimated useful lives are set out below:

Useful lives of fixed assets	
Buildings and civil structures	20 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Right-of-use assets

The Group as a lessee recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets. The right-of-use asset is subject to impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

(f) Leases

The Group assesses at contract inception whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset if the customer has both of the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

For the Group as a lessee, the Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets which are recognised as expenses on a straight-line basis over the lease terms. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments with reference to an expected lease term, which includes optional lease periods when the lessee is reasonably certain to exercise the option to extend or not to terminate the lease. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Lease payments are discounted using the interest rate implicit in the lease, if this cannot be readily determined, an incremental borrowing rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment, over a similar term and with a similar security. Lease liabilities are subsequently measured by increasing the carrying amounts to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amounts to reflect the lease payments made. Lease liabilities are remeasured (with a corresponding adjustment made to the related right-of-use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options under certain conditions.

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

(f) Leases (continued)

For the Group as a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease.

(i) Finance lease

Leases of assets where the Group has transferred substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Assets held under a finance lease are presented in the statement of financial position as a receivable at an amount equal to the net investment in the lease. The difference between the gross receivable and the net investment is recognised as unearned finance income.

Lease payments relating to the period are applied against the gross investment in the lease to reduce both the principal and the unearned finance income. Finance lease income shall be recognised so as to produce a constant periodic rate of return on the net investment in the finance lease.

The power purchase arrangement between the Company and CLP Power was assessed to contain finance leases with the return element contained in the lease being a variable lease payment and is recognised in profit or loss in the period in which it is incurred.

(ii) Operating lease

A leases in which the Group does not transfer substantially all of the risks and rewards incidental to the ownership of an underlying asset to the customer, is classified as an operating lease. The respective leased asset is included in the financial statements according to its nature. Operating lease income is recognised in profit or loss on a straight-line basis over the term of the lease.

(g) Derivative financial instruments and hedging activities

A derivative is initially recognised at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of the cash flows of recognised financial assets or financial liabilities or highly probable forecast transactions (cash flow hedges).

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

(g) Derivative financial instruments and hedging activities (continued)

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging relationship meets the hedge effectiveness requirements.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit and loss. However, when the highly probable forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are reclassified from equity and included in the measurement of the initial cost of the asset at the time of acquisition.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss remains in equity at that time is accounted for according to the nature of the underlying transactions (as discussed above) once the hedged cash flow occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that has been deferred in equity is reclassified to profit or loss immediately.

(ii) Derivatives not qualifying for hedge accounting

Certain derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of these derivative financial instruments are recognised immediately in profit or loss.

(iii) Costs of hedging

Foreign currency basis spread of financial instruments may be separated and excluded from the designated hedging instruments. In such case, the Group treats the excluded elements as costs of hedging. The fair value changes of these elements are recognised in a separate component of equity to the extent that the contract terms are aligned with the attributes of the hedged exposure. For time-period related hedged items, these elements at the date of designation (to the extent that it relates to the hedged item) are amortised on a systematic and rational basis to profit or loss over the period. For transaction related hedged items, the cumulative change of these elements is included in the initial carrying amount of any non-financial asset recognised when the hedged transaction occurs or is recognised in profit or loss if the hedged transaction affects profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

(h) Inventory

Inventory comprises stores and fuel which are stated at the lower of cost and net realisable value. Cost for inventory is determined using a weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, short-term highly liquid investments that are readily convertible to cash, subjected to insignificant risk of change in value and with a maturity of three months or less from date of investment, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled. Deferred tax is also provided on temporary differences arising on investments in joint venture, except where the timing of the reversal of temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(k) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Revenue

Revenue primarily represents lease income and lease service income from CLP Power. Lease income is recognised in accordance with Note 2(f). Revenue on lease service income is recognised when it is paid or becomes payable by CLP Power to the Group when the related services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

(m) Borrowings, finance costs and interest income

Borrowings are recognised initially at fair value of proceeds received, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial liability. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is amortised to profit or loss or capitalised as cost of the qualifying assets over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

Borrowing costs are recognised as an expense in the year in which they are incurred, except to the extent that they are capitalised when they are directly attributable to the acquisition, construction or production of an asset which necessarily take a substantial period of time to get ready for their intended use.

Interest income is recognised on a time proportion basis using the effective interest method.

(n) Foreign currency

Items included in the financial statements of each of the Group entities are measured in Hong Kong dollars, which is the currency of the primary economic environment in which each company entity operates (the functional currency). The consolidated financial statements are presented in Hong Kong dollars, which is the Group's presentation currency.

Foreign currency transactions are translated into Hong Kong dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges.

(o) Related parties

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries, joint ventures, associated companies and key management personnel, where the individual or company has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. A close family member of any such individual is considered to be a related party.

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the impact of exchange rate and interest rate fluctuations on the Group's financial performance. The Group uses different derivative financial instruments to manage its exposure in these areas. All derivative financial instruments are employed solely for hedging purposes.

Risk management for the Group is carried out by its ultimate holding company's central treasury department ("Group Treasury") under policies approved by the Board of Directors of respective companies of the Group. The Group has written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and cash management.

(i) Foreign exchange risk

The Group's major foreign exchange risk arises from its debts denominated in U.S. dollar and the non-Hong Kong dollars payment obligations for fuel purchases, spare parts and capital projects. The Group uses forward contracts to manage its foreign exchange risk arising from fuel-related payments and major capital projects and currency swaps to hedge all its U.S. dollar denominated debt repayment obligations for the full tenor. Foreign exchange gains and losses other than those arising from capital project payments which will be capitalised, are ultimately recoverable from CLP Power under the current electricity supply contract and as a result the Group does not retain any foreign exchange risk on such exposures over the long term.

(ii) Interest rate risk

The Group's interest rate risk arises from debt borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, whilst borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate risk with a mix between fixed and floating rate borrowings appropriate for its business profile which is subject to annual review, and by use of interest rate swaps. As at 31 December 2020, 56% (2019: 50%) of the Group's borrowings were at fixed interest rates.

The extent of the impact of the movements in interest rates, with all other variables held constant, on the Group's post-tax profit for the year (as a result of change in interest expense on floating rate borrowings) is shown in the table below:

	2020 HK\$'000	2019 HK\$'000
If interest rates were 0.1% (2019: 0.7%) higher		
Post-tax profit for the year	(4,132)	(21,252)
Equity – cash flow hedge reserve	4,458	29,653
If interest rates were 0.1% (2019: 0.7%) lower		
Post-tax profit for the year	4,132	21,252
Equity – cash flow hedge reserve	(4,458)	(29,653)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iii) Credit risk

Almost all of the Group's revenue comes from CLP Power which has investment grade credit ratings of A+ and A1 from Standard & Poor's and Moody's respectively as at 31 December 2020 and 31 December 2019. The receivables from CLP Power under the power purchase arrangement are the only trade receivables of the Company. The outstanding trade receivables from CLP Power for a given month will be settled in the following month. The expected credit risk is considered to be minimal.

On the treasury side, all finance-related hedging transactions and bank deposits of the Group is made with counterparties with good credit quality in conformance to the Group treasury policies to minimise credit exposure. Good credit ratings from reputable credit rating agencies is an important criterion in the selection of counterparties. The credit quality of counterparties will be closely monitored over the life of the transaction. The Group further assigns mark-to-market limits to its financial counterparties to reduce credit risk concentrations relative to the underlying size and credit strength of each counterparty; and regularly monitors potential exposures to all counterparties utilising value-at-risk methodology.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and making available an adequate amount of committed credit facilities with staggered maturities to reduce refinancing risk in any year and to fund working capital, debt servicing, dividend payments and capital investments. The Group will fund its committed contractual maturities through cash flows earned under the terms of the SoC and financing available under its credit lines and MTN programme. Management also monitors rolling forecasts of the Group's undrawn borrowing facilities and cash and cash equivalents on the expected cash flow.

The table on page 26 analyses the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, derivative financial liabilities (both net settled and gross settled) and derivative financial assets (gross settled) based on contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk (continued)

	Within 1 Year HK\$'000	Between 1 to 2 years HK\$'000	Between 2 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2020					
Non-derivative financial liabilities					
Bank loans	2,828,824	3,112,734	425,682	685,522	7,052,762
Other borrowings	190,392	190,412	571,229	7,360,827	8,312,860
Trade and other payables ⁽ⁱ⁾	1,842,751	44	-	-	1,842,795
Shareholders' advances	3,402,550	-	-	-	3,402,550
Asset decommissioning liabilities	-	-	-	1,320,127	1,320,127
	<u>8,264,517</u>	<u>3,303,190</u>	<u>996,911</u>	<u>9,366,476</u>	<u>21,931,094</u>
Derivatives financial liabilities - net settled					
Interest rate swaps	<u>19,200</u>	<u>17,424</u>	<u>36,479</u>	<u>21,260</u>	<u>94,363</u>
Derivatives financial liabilities – gross settled					
Gross contractual amounts payable					
Forward foreign exchange contracts	10,852,308	-	-	-	10,852,308
Cross currency interest rate swaps	<u>66,198</u>	<u>66,198</u>	<u>198,774</u>	<u>3,010,910</u>	<u>3,342,080</u>
	<u>10,918,506</u>	<u>66,198</u>	<u>198,774</u>	<u>3,010,910</u>	<u>14,194,388</u>
Gross contractual amounts receivable					
Forward foreign exchange contracts	(10,819,376)	-	-	-	(10,819,376)
Cross currency interest rate swaps	<u>(59,678)</u>	<u>(59,693)</u>	<u>(179,035)</u>	<u>(2,979,003)</u>	<u>(3,277,409)</u>
	<u>(10,879,054)</u>	<u>(59,693)</u>	<u>(179,035)</u>	<u>(2,979,003)</u>	<u>(14,096,785)</u>
Net payable	<u>39,452</u>	<u>6,505</u>	<u>19,739</u>	<u>31,907</u>	<u>97,603</u>
Derivatives financial assets – gross settled					
Gross contractual amounts payable					
Forward foreign exchange contracts	320,701	15,706	-	-	336,407
Cross currency interest rate swaps	<u>115,816</u>	<u>116,454</u>	<u>350,319</u>	<u>4,105,076</u>	<u>4,687,665</u>
	<u>436,517</u>	<u>132,160</u>	<u>350,319</u>	<u>4,105,076</u>	<u>5,024,072</u>
Gross contractual amounts receivable					
Forward foreign exchange contracts	(340,915)	(15,397)	-	-	(356,312)
Cross currency interest rate swaps	<u>(125,954)</u>	<u>(125,958)</u>	<u>(377,898)</u>	<u>(4,123,600)</u>	<u>(4,753,410)</u>
	<u>(466,869)</u>	<u>(141,355)</u>	<u>(377,898)</u>	<u>(4,123,600)</u>	<u>(5,109,722)</u>
Net receivable	<u>(30,352)</u>	<u>(9,195)</u>	<u>(27,579)</u>	<u>(18,524)</u>	<u>(85,650)</u>
Total payable/(receivable)	<u>9,100</u>	<u>(2,690)</u>	<u>(7,840)</u>	<u>13,383</u>	<u>11,953</u>

Note:

(i) Also includes lease liabilities with tenures of the leases up to 3 years.

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk (continued)

	Within 1 Year HK\$'000	Between 1 to 2 years HK\$'000	Between 2 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2019					
Non-derivative financial liabilities					
Bank loans	5,102,095	122,272	352,097	788,301	6,364,765
Other borrowings	131,402	131,571	394,793	4,535,856	5,193,622
Trade and other payables ⁽ⁱ⁾	1,797,817	2,107	44	-	1,799,968
Shareholders' advances	4,480,650	-	-	-	4,480,650
Asset decommissioning liabilities	-	-	-	1,178,744	1,178,744
	<u>11,511,964</u>	<u>255,950</u>	<u>746,934</u>	<u>6,502,901</u>	<u>19,017,749</u>
Derivatives financial liabilities - net settled					
Interest rate swaps	<u>1,575</u>	<u>4,820</u>	<u>11,464</u>	<u>8,474</u>	<u>26,333</u>
Derivatives financial liabilities – gross settled					
Gross contractual amounts payable					
Forward foreign exchange contracts	8,572,907	-	-	-	8,572,907
Cross currency interest rate swaps	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>8,572,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,572,907</u>
Gross contractual amounts receivable					
Forward foreign exchange contracts	(8,551,568)	-	-	-	(8,551,568)
Cross currency interest rate swaps	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(8,551,568)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,551,568)</u>
Net payable	<u>21,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,339</u>
Derivatives financial assets – gross settled					
Gross contractual amounts payable					
Forward foreign exchange contracts	5,015,889	-	-	-	5,015,889
Cross currency interest rate swaps	<u>117,411</u>	<u>115,816</u>	<u>349,682</u>	<u>4,222,169</u>	<u>4,805,078</u>
	<u>5,133,300</u>	<u>115,816</u>	<u>349,682</u>	<u>4,222,169</u>	<u>9,820,967</u>
Gross contractual amounts receivable					
Forward foreign exchange contracts	(5,055,155)	-	-	-	(5,055,155)
Cross currency interest rate swaps	<u>(126,642)</u>	<u>(126,811)</u>	<u>(380,513)</u>	<u>(4,272,951)</u>	<u>(4,906,917)</u>
	<u>(5,181,797)</u>	<u>(126,811)</u>	<u>(380,513)</u>	<u>(4,272,951)</u>	<u>(9,962,072)</u>
Net receivable	<u>(48,497)</u>	<u>(10,995)</u>	<u>(30,831)</u>	<u>(50,782)</u>	<u>(141,105)</u>
Total receivable	<u>(27,158)</u>	<u>(10,995)</u>	<u>(30,831)</u>	<u>(50,782)</u>	<u>(119,766)</u>

Note:

(i) Also includes lease liabilities with tenures of the leases up to 3 years.

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (continued)

(b) Hedge accounting

The Group seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. The Group determines the economic relationship between the hedged items and the hedging instruments by reviewing the critical terms. As a result the Group concludes that the risk being hedged for the hedged items and risk inherent in the hedging instruments are sufficiently aligned. There is no inherent mismatch in the hedging relationship. Certain ineffectiveness can arise during the hedging process. The main source of hedge ineffectiveness is considered to be the effect of counterparty credit risks on the hedging instruments.

For hedges on debt related transactions, the Group applies cross currency interest rate swaps and interest rate swaps to mitigate exposures arising from the fluctuations in foreign currency and/or interest rate of debt. In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedged items. In view of the nature of the hedging activities, no significant ineffectiveness is expected at inception.

For hedges on non-debt related transactions, the Group uses forward contracts to manage its foreign exchange risk arising from payment obligations for fuel purchases and capital expenditures. The Group hedges a high proportion of highly probable forecast transactions.

The tables below summarise the effect of the hedge accounting on the financial position and performance of the Group:

	Notional amount of hedging instruments	Carrying amount of hedging instruments Assets/ (Liabilities)	Favourable/ (Unfavourable) changes in fair value used for measuring ineffectiveness		Hedging loss/(gains) recognised in cash flow hedge reserve	Hedge ineffectiveness charged to profit or loss	Amount reclassified from cash flow hedge reserve and credited/(charged) to profit or loss	
			Hedging instruments	Hedged items			Hedged items affected profit or loss	Hedged future cash flows no longer expected to occur
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2020								
Debt related transactions								
Interest rate risk ⁽ⁱⁱ⁾	7,539,498	(119,873)	(235,384)	237,492	234,542	842	(30,459)	-
Non-debt related transactions								
Foreign currency risk	10,332,987	(21,269)	(64,648)	64,655	64,648	-	(52,370)	-
As at 31 December 2019								
Debt related transactions								
Interest rate risk ⁽ⁱⁱ⁾	4,843,350	33,123	78,350	(79,818)	(78,350)	-	(17,414)	-
Non-debt related transactions								
Foreign currency risk	13,230,497	(10,907)	33,243	(33,225)	(33,243)	-	71,287	-

Note:

(i) Hedge ineffectiveness and amounts reclassified from cash flow hedge reserve on non-debt and debt related transactions are recognised in fuel and finance costs respectively.

(ii) Also includes foreign currency risk for foreign currency debts.

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (continued)

(b) Hedge accounting (continued)

The reconciliation of the components in equity that arise in connection with hedge accounting and an analysis of other comprehensive income by risk category are as follows:

	Interest ⁽ⁱ⁾ rate risk HK\$'000	Foreign currency risk HK\$'000	Total HK\$'000
<u>Cash Flow Hedge Reserve</u>			
Balance at 1 January 2019	7,129	35,093	42,222
Hedging gains	78,350	33,243	111,593
Reclassification to profit or loss			
Hedged items affected profit or loss	17,414	(71,287)	(53,873)
Hedged items no longer expected to occur	-	-	-
Amount transferred to hedged assets	-	2,312	2,312
Related deferred tax	(15,801)	5,895	(9,906)
Balance at 31 December 2019	<u>87,092</u>	<u>5,256</u>	<u>92,348</u>
Balance at 1 January 2020	87,092	5,256	92,348
Hedging losses	(234,542)	(64,648)	(299,190)
Reclassification to profit or loss			
Hedged items affected profit or loss	30,459	52,370	82,829
Hedged items no longer expected to occur	-	-	-
Amount transferred to hedged assets	-	1,313	1,313
Related deferred tax	33,674	1,809	35,483
Balance at 31 December 2020	<u>(83,317)</u>	<u>(3,900)</u>	<u>(87,217)</u>
			HK\$'000
<u>Costs of Hedging Reserve - Foreign currency basis spread</u>			
Balance at 1 January 2019			(75,245)
Changes due to transaction related hedged items:			
Fair value changes			(16,836)
Amount transferred to hedged assets			(1,320)
Amount reclassified to profit or loss			28,635
Changes due to time-period related hedged items:			
Fair value changes			6,320
Amount reclassified to profit or loss for amortisation			(6,625)
Related deferred tax			(1,679)
Balance at 31 December 2019			<u>(66,750)</u>
Balance at 1 January 2020			(66,750)
Changes due to transaction related hedged items:			
Fair value changes			(16,598)
Amount transferred to hedged assets			(2,173)
Amount reclassified to profit or loss			19,374
Changes due to time-period related hedged items:			
Fair value changes			83,461
Amount reclassified to profit or loss for amortisation			(15,186)
Related deferred tax			(11,365)
Balance at 31 December 2020			<u>(9,237)</u>

Note:

(i) Also includes foreign currency risk for foreign currency debts.

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (continued)

(c) Fair value estimation and hierarchy of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using appropriate valuation techniques and making assumptions that are based on market conditions existing at the end of each reporting period.

For the Group's financial instruments that are not measured at fair value, their carrying values approximate their fair values.

Financial instruments that are measured at fair value are analysed into the following fair value measurement hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the fair value hierarchy for those financial instruments carried at fair value in the statement of financial position at 31 December.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2020				
Financial assets				
Forward foreign exchange contracts	-	19,891	-	19,891
Cross currency interest rate swaps	-	58,312	-	58,312
Interest rate swaps	-	-	-	-
	<u>-</u>	<u>78,203</u>	<u>-</u>	<u>78,203</u>
Financial liabilities				
Forward foreign exchange contracts	-	33,376	-	33,376
Cross currency interest rate swaps	-	86,518	-	86,518
Interest rate swaps	-	91,667	-	91,667
	<u>-</u>	<u>211,561</u>	<u>-</u>	<u>211,561</u>
At 31 December 2019				
Financial assets				
Forward foreign exchange contracts	-	8,659	-	8,659
Cross currency interest rate swaps	-	80,617	-	80,617
Interest rate swaps	-	-	-	-
	<u>-</u>	<u>89,276</u>	<u>-</u>	<u>89,276</u>
Financial liabilities				
Forward foreign exchange contracts	-	19,781	-	19,781
Cross currency interest rate swaps	-	23,615	-	23,615
Interest rate swaps	-	23,879	-	23,879
	<u>-</u>	<u>67,275</u>	<u>-</u>	<u>67,275</u>

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (continued)

(c) Fair value estimation and hierarchy of financial instruments (continued)

The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During 2020 and 2019, there were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy.

The valuation technique and inputs used in the fair value measurements within level 2 are as follows:

	Valuation technique	Significant Inputs
Forward foreign exchange contracts	Discounted cash flow	Observable exchange rates
Cross currency interest rate swaps	Discounted cash flow	Observable exchange rates and swap rates of respective currency
Interest rate swaps	Discounted cash flow	Observable swap rates of respective currency

(d) Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and maintain a healthy capital ratio to support the business and enhance shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and business strategies. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders or raise and repay debts and shareholders' advances. The Group's capital management objectives, policies or processes were unchanged during 2020 and 2019.

Pursuant to a bank covenant, the Company undertakes to maintain a defined ratio of borrowed moneys to shareholders' fund. The Company has complied with this requirement during 2020 and 2019.

The Group monitors capital using "total debt to total capital" ratio. Total debt comprises the Group's bank loans and other borrowings. For the purpose of the calculation of total debt to total capital ratio, shareholders' funds comprise shareholders' advances and shareholders' equity. The total debt to total capital ratios at 31 December 2020 and 2019 were as follows:

	2020 HK\$'000	2019 HK\$'000
Total debt (i)	13,572,975	10,049,156
Total shareholders' funds (ii)	21,281,278	22,473,055
Total capital (iii)	34,854,253	32,522,211
Total debt to total capital ratio	38.9%	30.9%

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (continued)

(d) Capital management (continued)

- (i) Total debt equals bank loans and other borrowings
- (ii) Total shareholders' funds equals equity plus advances from shareholders
- (iii) Total capital equals total debt plus total equity

(e) Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Effect of offsetting in the consolidation statement of financial position			Related amounts not offset in the consolidated statement of financial position ⁽ⁱ⁾	
	Gross amounts recognised HK\$'000	Gross amounts offset HK\$'000	Net amounts included in the respective line HK\$'000	Financial instruments HK\$'000	Net amount HK\$'000
At 31 December 2020					
Financial assets					
Derivative financial instruments	54,920	-	54,920	(54,298) ⁽ⁱⁱ⁾	622
Financial liabilities					
Derivative financial instruments	(188,278)	-	(188,278)	54,298 ⁽ⁱⁱ⁾	(133,980)
At 31 December 2019					
Financial assets					
Derivative financial instruments	65,661	-	65,661	(32,379) ⁽ⁱⁱ⁾	33,282
Financial liabilities					
Derivative financial instruments	(43,659)	-	(43,659)	32,379 ⁽ⁱⁱ⁾	(11,280)

Notes:

- (i) Under HKFRS, amounts cannot be offset if the rights of set-off are conditional on a future event e.g. default of payment.
- (ii) For derivative financial instruments, the Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master agreements in which there is a set-off provision. Under certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, a termination value is assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position since the Company does not have any currently legally enforceable right to offset recognised amounts. The right to offset is enforceable only on the occurrence of future events such as a default on the bank transactions or other credit events.

NOTES TO THE FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements

(a) Lease accounting

The application of lease accounting standard has resulted in finance lease accounting being applied to the Company as lessor for its power purchase arrangement with CLP Power. To apply finance lease accounting, a number of assumptions in the lease models have been made, such as minimum fixed lease payments, implicit interest rates and residual values of the power plants at the end of contract periods. In determining the minimum fixed lease payments the assumption has been made that the return contained in the lease is a variable payment which is recognised in profit or loss in the period in which it is incurred. Any future changes to these assumptions will affect the value of the lease receivables recognised and the corresponding lease income in the Group's financial statements.

(b) Asset retirement obligation

As part of the new development plan agreed with the Hong Kong Government in 2018, the Company will retire the coal-fired generation units at Castle Peak "A" Station (CPA) between 2022 to 2025. Following this retirement, the removal of CPA's coal-fired generation units has become probable. It is also envisaged that with the Government's continued commitment to reduce carbon intensity, the removal of the Company's other fossil-fuel generation units from the existing land sites may be possible at some point of time in the future. Under the SoC, the Company makes a periodic charge to accrue in the statement of financial position a liability balance to be utilised in discharging asset decommissioning costs if and when incurred. The Company considers that the dismantling obligation for the CPA units is covered under the asset decommissioning liability accrued under the SoC as at 31 December 2020. While no provision for asset retirement obligations for the other generation units has been recognised, it is expected that if such an obligation be incurred, it will be met by the liability accrued and the cost recovery mechanism under the SoC.

5 Revenue

Revenue comprises:

	2020 HK\$'000	2019 HK\$'000
Lease service charges to CLP Power	14,951,800	14,319,818
Finance lease income from CLP Power (Note)	2,682,389	2,454,252
Other revenue	39,786	39,786
	<u>17,673,975</u>	<u>16,813,856</u>

Note: The finance lease income from CLP Power represents the variable lease payments not included in the measurement of net finance lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

6 Operating profit

	2020 HK\$'000	2019 HK\$'000
Operating profit is stated after charging/(crediting) the following:		
Staff expenses (a)		
Salaries and other costs	279,481	257,699
Retirement benefits costs	33,668	31,025
Auditor's remuneration		
Audit	2,311	2,414
Permissible non-audit services (b)	747	655
Net fair value (gain)/loss on derivative financial instruments		
– Reclassified from cash flow hedge reserve and costs of hedging reserve to fuel expense	71,744	(42,652)
– Transactions not qualifying as hedges	(3,814)	1,966
Net exchange gain	<u>(2,723)</u>	<u>(8,074)</u>

- (a) The staff expenses represented amounts recharged from CLP Power under the operating and maintenance arrangement with the Company.
- (b) Permissible non-audit services for the year amounted to HK\$1,002,000 (2019: HK\$655,000), of which HK\$255,000 (2019: HK\$Nil) was capitalised.

7 Net finance costs

	2020 HK\$'000	2019 HK\$'000
Finance costs		
Interest expenses on bank loans and overdrafts	92,662	112,804
Interest expenses on other borrowings	153,771	99,459
Interest expenses on lease liabilities	13	83
Finance charges	39,586	12,469
Exchange gain	(16,346)	(21,574)
Net fair value loss on derivative financial instruments		
Reclassified from cash flow hedge reserve and costs of hedging reserve	15,273	10,789
Ineffectiveness of cash flow hedges	842	-
	<u>285,801</u>	<u>214,030</u>
Less: Amount capitalised (Note)	<u>(182,295)</u>	<u>(183,310)</u>
	<u>103,506</u>	<u>30,720</u>
Finance income		
Interest income from shareholder's loans	<u>13,388</u>	<u>568</u>
Net finance costs	<u>90,118</u>	<u>30,152</u>

Note: Finance costs have been capitalised at an average interest rate of 2.17% (2019: 2.40%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

8 Income tax expense

Income tax in the consolidated profit or loss is analysed below:

	2020 HK\$'000	2019 HK\$'000
Current income tax	532,081	465,601
Deferred tax	81,171	132,659
	<u>613,252</u>	<u>598,260</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits of the year.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2020 HK\$'000	2019 HK\$'000
Profit before income tax	<u>3,472,327</u>	<u>3,342,890</u>
Calculated at an income tax rate of 16.5% (2019: 16.5%)	572,934	551,577
Expenses not deductible for tax purposes	40,338	46,703
Over-provision in prior year	(20)	(20)
Total income tax expense	<u>613,252</u>	<u>598,260</u>

9 Dividends

	2020		2019	
	HK\$ per share	HK\$'000	HK\$ per share	HK\$'000
Interim dividends paid	4,132.00	2,066,000	3,920.00	1,960,000
Final dividend proposed	<u>1,586.00</u>	<u>793,000</u>	<u>1,569.40</u>	<u>784,700</u>
	<u>5,718.00</u>	<u>2,859,000</u>	<u>5,489.40</u>	<u>2,744,700</u>

NOTES TO THE FINANCIAL STATEMENTS

10 Fixed assets

	Buildings HK\$'000	Plant, machinery and equipment HK\$'000	Total HK\$'000
Net book value at 1 January 2019	918,929	2,669,327	3,588,256
Additions	1,053,786	3,358,276	4,412,062
De-recognised to finance lease receivable	(302,224)	(1,885,819)	(2,188,043)
Depreciation	(3,364)	-	(3,364)
Net book value at 31 December 2019	<u>1,667,127</u>	<u>4,141,784</u>	<u>5,808,911</u>
Cost	1,687,315	4,141,784	5,829,099
Accumulated depreciation	<u>(20,188)</u>	<u>-</u>	<u>(20,188)</u>
Net book value at 31 December 2019	<u>1,667,127</u>	<u>4,141,784</u>	<u>5,808,911</u>
Net book value at 1 January 2020	1,667,127	4,141,784	5,808,911
Additions	1,002,828	2,431,266	3,434,094
De-recognised to finance lease receivable	(2,504,228)	(5,479,298)	(7,983,526)
Depreciation	<u>(3,365)</u>	<u>-</u>	<u>(3,365)</u>
Net book value at 31 December 2020	<u>162,362</u>	<u>1,093,752</u>	<u>1,256,114</u>
Cost	185,915	1,093,752	1,279,667
Accumulated depreciation	<u>(23,553)</u>	<u>-</u>	<u>(23,553)</u>
Net book value at 31 December 2020	<u>162,362</u>	<u>1,093,752</u>	<u>1,256,114</u>

With the adoption of lease accounting for the power purchase arrangement with CLP Power, the operational generating plants and associated fixed assets of the Company used for the generation of electricity supply to CLP Power under the arrangement are recognised as leased assets of CLP Power. The Company's assets under construction are de-recognised and accounted for as net finance lease receivable when they become part of the operational generating plants and associated fixed assets under finance lease.

NOTES TO THE FINANCIAL STATEMENTS

11 Right-of-use assets

	Prepaid leasehold land ^(a) HK\$'000	Buildings ^(b) HK\$'000	Machinery and equipment ^(b) HK\$'000	Total HK\$'000
Net book value at 1 January 2019	382,050	6,131	547	388,728
Additions	-	378	-	378
Transfers and disposal	(14,688)	(1,316)	-	(16,004)
Depreciation	(8,993)	(972)	(226)	(10,191)
Net book value at 31 December 2019	358,369	4,221	321	362,911
Net book value at 1 January 2020	358,369	4,221	321	362,911
Additions	-	141	-	141
Transfers/de-recognised to finance lease receivables	(232,469)	(2,158)	-	(234,627)
Depreciation	(8,992)	(177)	(227)	(9,396)
Net book value at 31 December 2020	116,908	2,027	94	119,029

(a) Prepaid leasehold land represents upfront lease payments, including land premium, on lease of land with the tenure of 35 to 50 years.

(b) The Group has lease contracts for buildings and equipment for use in its operation. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions, with tenures of the leases up to 3 years.

12 Subsidiary

Details of the subsidiary of the Group are as below:

Name	% of Ownership Interest at 31 December 2020 and 2019	Place of Incorporation / Business
Castle Peak Power Finance Company Limited	100%	British Virgin Islands

NOTES TO THE FINANCIAL STATEMENTS

13 Interests in and loans to a joint venture

	2020 HK\$'000	2019 HK\$'000
Interests in joint venture - share of net assets	-	-
Loans	649,135	98,455
	<u>649,135</u>	<u>98,455</u>

Hong Kong LNG Terminal Limited (HKLTL) is incorporated in Hong Kong and 70% owned by the Company. HKLTL's principal activity is to develop, construct, operate, maintain and own an LNG terminal in Hong Kong and to provide related services.

Pursuant to an agreement between shareholders of HKLTL, shareholders' loan facilities are provided to HKLTL by the shareholders pro-rata to their shareholdings to finance the construction of the LNG terminal. The loans to HKLTL are unsecured and carry interest at rates which are benchmarked to market interest rates. Instalment repayment of the loans will commence after the commissioning of the LNG terminal with final maturity at the end of the related asset lives of the LNG terminal. As at 31 December 2020, outstanding committed shareholder's loan facilities by the Company amounted to HK\$982,565,000 (2019: HK\$1,533,245,000).

Summarised financial information and the Group's share of results and net assets of HKLTL are as follows:

	2020 HK\$'000	2019 HK\$'000
Revenue	1,156	1,090
Other expenses	(1,156)	(1,090)
Profit before income tax	-	-
Income tax expense	-	-
Profit and other comprehensive income	<u>-</u>	<u>-</u>
Group's share of profit and other comprehensive income	<u>-</u>	<u>-</u>
Non-current assets	699,074	164,731
Cash and cash equivalents	412	4,048
Other current assets	230,666	606
Other current liabilities	(2,817)	(28,736)
Non-current financial liabilities	(927,335)	(140,649)
Net assets	<u>-</u>	<u>-</u>
Group's share of net assets	<u>-</u>	<u>-</u>
Group's share of capital commitments	<u>801,221</u>	<u>67,915</u>
Group's share of lease and other commitments in relation to the use and operation of a floating storage and regasification unit	<u>2,713,323</u>	<u>2,725,345</u>

NOTES TO THE FINANCIAL STATEMENTS

14 Finance lease receivables

	2020 HK\$'000	2019 HK\$'000
Amounts receivable from finance lease:		
Within one year	2,860,694	2,470,023
After one year but within five years	9,906,100	8,961,338
Over five years	23,085,549	18,838,331
	<u>35,852,343</u>	<u>30,269,692</u>

The income from finance lease receivables represents the variable lease payments and is recognised in profit and loss in the period in which the income is incurred. The effective interest rate of the finance lease receivables is a floating rate which moves with reference to the return allowed under the SoC. For 2020, the interest rate was 8% (2019: 8%).

15 Derivative financial instruments

	2020		2019	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Cash flow hedge				
Forward foreign exchange contracts	10,402	31,671	4,388	15,295
Cross currency interest rate swaps	58,312	86,518	80,617	23,615
Interest rate swaps	-	91,667	-	23,879
Not qualify as hedge				
Forward foreign exchange contracts	9,489	1,705	4,271	4,486
	<u>78,203</u>	<u>211,561</u>	<u>89,276</u>	<u>67,275</u>
Analysed as :				
Current	18,822	81,852	8,659	44,937
Non-current	59,381	129,709	80,617	22,338
	<u>78,203</u>	<u>211,561</u>	<u>89,276</u>	<u>67,275</u>

As at 31 December 2020, the contractual maturity profile of the hedging instruments from the end of the reporting period is summarised below:

Forward foreign exchange contracts	Up to 2 years
Cross currency interest rate swaps	Up to 10 years
Interest rate swaps	Up to 12 years

16 Current account with CLP Power Hong Kong Limited

The amount due from CLP Power mainly represents the amount receivable under the power purchase arrangement for the month of December 2020, to be settled in the following month.

NOTES TO THE FINANCIAL STATEMENTS

17 Bank loans and other borrowings

	2020 HK\$'000	2019 HK\$'000
Current		
Short-term bank loans	2,676,200	2,663,300
Current portion of long-term bank loans	96,064	2,295,747
	<u>2,772,264</u>	<u>4,959,047</u>
Non-current		
Long-term bank loans	4,097,355	1,052,174
Notes under MTN programme	6,703,356	4,037,935
	<u>10,800,711</u>	<u>5,090,109</u>
Total bank loans and other borrowings	<u>13,572,975</u>	<u>10,049,156</u>

During the year, the Company's subsidiary, Castle Peak Power Finance Company Limited, issued senior unsecured notes of US\$350 million (net proceeds of HK\$2,677 million after deducting issuance costs) under the Medium Term Note programme for financing the construction of an offshore LNG terminal and the associated subsea pipeline and gas receiving station of the Company.

At 31 December 2020 and 2019, all the bank loans and other borrowings are either denominated in or hedged into Hong Kong dollars.

18 Advances from shareholders

The advances from shareholders are as follows:

	2020 HK\$'000	2019 HK\$'000
CLP Power	2,381,785	3,136,455
China Southern Power Grid International (HK) Co., Limited	1,020,765	1,344,195
	<u>3,402,550</u>	<u>4,480,650</u>

The advances from shareholders are unsecured, interest free and repayable on demand. The shareholders' advances are denominated in Hong Kong dollars.

NOTES TO THE FINANCIAL STATEMENTS

19 Deferred tax liabilities

The movement on the deferred tax liabilities account is as follows:

	Accelerated tax depreciation		Derivatives		Total	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	3,654,402	3,523,030	5,024	(7,848)	3,659,426	3,515,182
Charged to profit or loss	79,990	131,372	1,181	1,287	81,171	132,659
Charged/(credited) to other comprehensive income	-	-	(24,118)	11,585	(24,118)	11,585
At 31 December	<u>3,734,392</u>	<u>3,654,402</u>	<u>(17,913)</u>	<u>5,024</u>	<u>3,716,479</u>	<u>3,659,426</u>

20 Asset decommissioning liabilities

Under the SoC, the Company is to charge a periodic amount of the estimated expenditure for dismantling and removing fixed assets to an asset decommissioning liabilities account. The balance of the asset decommissioning liabilities account of HK\$1,320,127,000 (2019: HK\$1,178,744,000) recognised under the SoC represents a liability of the Group.

21 Reconciliation of profit before income tax to net cash inflow from operations

	2020	2019
	HK\$'000	HK\$'000
Profit before income tax	3,472,327	3,342,890
Adjustments for :		
Net finance costs	90,118	30,152
Depreciation	12,761	13,555
Other financing costs and exchange differences	(13,643)	11,966
Decrease in inventory - stores and fuel	114,206	499,358
Increase in sundry debtors and prepayments	(92,259)	(13,516)
(Increase)/decrease in current account with CLP Power	(389,772)	26,090
Increase in asset decommissioning liabilities	141,383	187,469
Increase/(decrease) in trade and other payables	260,306	(116,496)
Net cash inflow from operations	<u>3,595,427</u>	<u>3,981,468</u>

NOTES TO THE FINANCIAL STATEMENTS

22 Reconciliation of liabilities arising from financing activities

	Bank Loans and Other Borrowings HK\$'000	Shareholders' advances HK\$'000	Interest Payables HK\$'000	Derivative financial instrument HK\$'000	Total HK\$'000
Balance at 1 January 2019	10,040,523	5,043,700	22,772	40,763	15,147,758
Change from financing cash flows					
Proceeds from long-term borrowings	346,598	-	-	-	346,598
Decrease in short-term borrowings	(323,030)	-	-	-	(323,030)
Interest paid	-	-	(225,850) *	-	(225,850)
Settlement of derivative - interest	-	-	-	10,785	10,785
Decrease in shareholders' advance	-	(563,050)	-	-	(563,050)
Total changes from financing cash flows	23,568	(563,050)	(225,850)	10,785	(754,547)
Non-cash changes					
Fair value gain of derivatives financial instruments	-	-	-	(84,671)	(84,671)
Net exchange and translation difference	(21,574)	-	-	-	(21,574)
Interest expenses	-	-	237,477 *	-	237,477
Other non-cash movements	6,639	-	(1,996)	-	4,643
Balance at 31 December 2019	10,049,156	4,480,650	32,403	(33,123)	14,529,086
Balance at 1 January 2020	10,049,156	4,480,650	32,403	(33,123)	14,529,086
Change from financing cash flows					
Proceeds from long-term borrowings	4,468,649	-	-	-	4,468,649
Repayment of long-term borrowings	(949,823)	-	-	-	(949,823)
Increase in short-term borrowings	12,900	-	-	-	12,900
Interest paid	-	-	(259,648) *	-	(259,648)
Settlement of derivative - interest	-	-	-	1,073	1,073
Decrease in shareholders' advance	-	(1,078,100)	-	-	(1,078,100)
Total changes from financing cash flows	3,531,726	(1,078,100)	(259,648)	1,073	2,195,051
Non-cash changes					
Fair value loss of derivatives financial instruments	-	-	-	151,081	151,081
Net exchange and translation difference	(16,346)	-	-	-	(16,346)
Interest expenses	-	-	256,289 *	842	257,131
Other non-cash movements	8,439	-	(3,139)	-	5,300
Balance at 31 December 2020	13,572,975	3,402,550	25,905	119,873	17,121,303

*Fuel interest included

NOTES TO THE FINANCIAL STATEMENTS

23 Commitments

- (a) Capital expenditure on fixed assets contracted but not recorded in the consolidated statement of financial position amounted to HK\$3,506,821,000 (2019: HK\$2,202,536,000).
- (b) Natural gas for the Black Point Power Station is purchased by the Company on a take-or-pay basis under the following contracts:
 - (i) gas from Yacheng gas fields, a long term contract commencing in January 1996 is expected to end in 2023. The price for the gas is determined by reference to certain market and economic indices;
 - (ii) gas from Wenchang gas fields, a 4-year plateau supply period commenced in August 2018, which is subsumed into a long-term gas supply contract with gas from gas fields in South China Sea from 1 January 2020 onward. The long-term contract is expected to end in 2033. The price for the gas is determined by reference to certain market and economic indices;
 - (iii) importing natural gas from the Second West-East Gas Pipeline commencing in November 2014 up to the end of 2032. The price for such gas is determined by the commodity element reflecting the trend of oil market price, the transportation element reflecting the cost of pipeline transportation, related tax and duties according to applicable laws and other administration costs;
 - (iv) a long-term LNG supply agreement for the supply of LNG which is expected to commence from 2022 up to the end of 2033. The price of the LNG is determined by reference to certain market and economic indices.

NOTES TO THE FINANCIAL STATEMENTS

24 Related party transactions

- (a) The following is a summary of significant related party transactions in addition to those disclosed in Notes 13, 16 and 18, which were carried out in the normal course of business during the year ended 31 December:

	2020 HK\$'000	2019 HK\$'000
Payment from CLP Power under power purchase arrangement (i)		
Lease service charges	14,951,800	14,319,818
Finance lease income	2,682,389	2,454,252
Total related party income (Note 5)	17,634,189	16,774,070
Payment for finance lease receivables and other charges	2,694,211	2,504,891
	<u>20,328,400</u>	<u>19,278,961</u>
Costs reimbursed to CLP Power (ii)	<u>1,747,143</u>	<u>1,491,309</u>
Costs reimbursed from HKLTL (iii)	<u>28,924</u>	<u>111,206</u>

- (i) The Company sells electricity under the power purchase arrangement with CLP Power at cost plus profit calculated in accordance with the SoC.

Pursuant to the requirements of HKFRS, the power purchase arrangement was assessed to contain leases with service payments. The payment receivable from CLP Power pursuant to the contract has been allocated to the different leases and service elements according to the requirements of HKFRS.

- (ii) In accordance with the operating and maintenance arrangement between CLP Power and the Company, CLP Power is responsible to the Company for the efficient and proper construction, commissioning, operation and maintenance of the electricity generating facilities of the Company. In return, the Company reimburses CLP Power for all costs incurred in performance of the agreement. The portion of the amount reimbursed to CLP Power and is accounted for as operating expenses of the Company is covered under the amount payable under the power purchase arrangement in (i) above.
- (iii) Under a Joint Development Agreement between HKLTL and its shareholders (in which the Company is the 70% shareholder), the shareholders will perform project management, development and provide support works to HKLTL in the development and construction of the LNG terminal. HKLTL will reimburse the shareholders for related costs incurred.

NOTES TO THE FINANCIAL STATEMENTS

24 Related party transactions (continued)

- (b) Total remuneration of the Company's directors, who are the key management personnel of the Company, is as follows:

During the year, no emoluments; retirement benefits; payments or benefits in respect of termination of directors' services were made, paid or payable, directly or indirectly, to the directors (2019: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2019: Nil).

There are no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities (2019: Nil).

During the year and at the year end, no director of the Company had or has a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party (2019: Nil).

25 Ultimate and immediate holding company

The Group is 70% owned by CLP Power and 30% owned by China Southern Power Grid International (HK) Co., Limited ("CSG HK"). The ultimate holding company and the immediate holding company of CLP Power is CLP Holdings Limited, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong. The ultimate holding company of CSG HK is China Southern Power Grid Co., Ltd, a company incorporated in the People's Republic of China.

NOTES TO THE FINANCIAL STATEMENTS

26 Statement of financial position of the Company

	2020 HK\$'000	2019 HK\$'000
Non-current assets		
Fixed assets	1,256,114	5,808,911
Right-of-use assets	119,029	362,911
Interests in and loans to a joint venture	649,135	98,455
Finance lease receivables	32,991,649	27,799,669
Derivative financial instruments	59,381	80,617
	<u>35,075,308</u>	<u>34,150,563</u>
Current assets		
Inventory - stores and fuel	1,089,200	1,203,406
Sundry debtors and prepayments	561,358	83,290
Current account with CLP Power Hong Kong Limited	1,683,353	1,293,581
Finance lease receivables	2,860,694	2,470,023
Derivative financial instruments	18,822	8,659
Deposits, bank balances and cash	1,222,966	520,542
	<u>7,436,393</u>	<u>5,579,501</u>
Current liabilities		
Bank loans	(2,772,264)	(4,959,047)
Trade and other payables	(1,842,721)	(1,797,708)
Advances from shareholders	(3,402,550)	(4,480,650)
Derivative financial instruments	(81,852)	(44,937)
Income tax payable	(566,517)	(502,579)
	<u>(8,665,904)</u>	<u>(11,784,921)</u>
Net current liabilities	<u>(1,229,511)</u>	<u>(6,205,420)</u>
Total assets less current liabilities	<u>33,845,797</u>	<u>27,945,143</u>
Financed by :		
Equity		
Share capital		
500,000 shares issued and fully paid	50,000	50,000
Shareholder tranche A capital	17,050,000	17,050,000
Reserves (Note)	778,728	892,405
	<u>17,878,728</u>	<u>17,992,405</u>
Non-current liabilities		
Bank loans and other borrowings	10,800,711	5,090,109
Deferred tax liabilities	3,716,479	3,659,426
Derivative financial instruments	129,709	22,338
Asset decommissioning liabilities	1,320,127	1,178,744
Other non-current liabilities	43	2,121
	<u>15,967,069</u>	<u>9,952,738</u>
Equity and non-current liabilities	<u>33,845,797</u>	<u>27,945,143</u>

William Mocatta
 Chairman
 4 February 2021

Chiang Tung Keung
 Director

NOTES TO THE FINANCIAL STATEMENTS

26 Statement of financial position of the Company (continued)

(Note)

	Cash flow hedge reserve HK\$'000	Costs of hedging reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 1 January 2019	42,222	(75,245)	739,677	706,654
Profit for the year	-	-	2,744,630	2,744,630
Other comprehensive income for the year	48,196	9,598	-	57,794
Transfer to fixed assets	1,930	(1,103)	-	827
Dividends				
2018 final	-	-	(657,500)	(657,500)
2019 interim	-	-	(1,960,000)	(1,960,000)
Balance at 31 December 2019	<u>92,348</u>	<u>(66,750)</u>	<u>866,807</u>	<u>892,405</u>
Balance at 1 January 2020	92,348	(66,750)	866,807	892,405
Profit for the year	-	-	2,859,075	2,859,075
Other comprehensive income for the year	(180,661)	59,327	-	(121,334)
Transfer to fixed assets	1,096	(1,814)	-	(718)
Dividends				
2019 final	-	-	(784,700)	(784,700)
2020 interim	-	-	(2,066,000)	(2,066,000)
Balance at 31 December 2020	<u>(87,217)</u>	<u>(9,237)</u>	<u>875,182</u>	<u>778,728</u>

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