

Cathay Pacific MTN Financing (HK) Limited

**Directors' report and financial statements for the period from
4 July 2019 (date of incorporation) to 31 December 2019**

Directors' report

The directors have pleasure in submitting their first annual report together with the audited financial statements for the period from 4 July 2019 (date of incorporation) to 31 December 2019.

Principal place of business

Cathay Pacific MTN Financing (HK) Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office at 33/F, One Pacific Place, 88 Queensway, Hong Kong and principal place of business at 7/F Central Tower, Cathay Pacific City, 8 Scenic Road, Hong Kong International Airport, Lantau, Hong Kong.

Principal activity

The principal activity of the Company is provision of financial services.

Financial statements

The financial performance of the Company for the period from 4 July 2019 (date of incorporation) to 31 December 2019 and the financial position of the Company as at 31 December 2019 are set out in the financial statements on pages 9 to 20.

Share capital

Details of the movement in share capital of the Company are set out in note 9 to the financial statements. 1 ordinary share was issued and paid at HK\$1 during the period from 4 July 2019 (date of incorporation) to 31 December 2019 to provide the initial capital to the Company.

Directors

The directors during the financial period and up to the date of this report were:

M.J. Murray	(Chairman)	(appointed as a director and elected chairman on 4 July 2019)
C.J. Buckley		(appointed on 4 July 2019)
S.C. Pelling		(appointed on 4 July 2019)

There being no provision in the Company's Articles of Association in connection with the retirement of directors, all existing directors continue in office for the following year.

At no time during the period was the Company, or its holding company or any of its fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Permitted indemnity

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), every director of the Company is entitled to be indemnified out of the assets of the Company in connection with the matters specified in the Articles of Association of the Company and in the manner and to the extent so specified. To the extent permitted by such Ordinance, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Company.

Directors' interests in transactions, arrangements or contracts

Save as disclosed in notes 2, 3, 6, 7, 8, 11 and 13(b) to the financial statements, no transaction, arrangement or contract of significance to which the Company, or its holding company or any of its fellow subsidiaries was a party, and in which a director of the Company or an entity connected with a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Auditors

KPMG were appointed as first auditors of the Company.

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



M.J. Murray
Chairman

Hong Kong, 05 AUG 2020

Independent auditor's report to the sole member of Cathay Pacific MTN Financing (HK) Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Cathay Pacific MTN Financing (HK) Limited ("the Company") set out on pages 9 to 20, which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income and the statement of changes in equity for the period from 4 July 2019 (date of incorporation) to 31 December 2019 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the period from 4 July 2019 (date of incorporation) to 31 December 2019 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 financial statements* section of our report. We are independent of the Company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the sole member of Cathay Pacific MTN Financing (HK) Limited (Incorporated in Hong Kong with limited liability)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of loans to and amount due from the ultimate holding company	
<i>Refer to accounting policy 1(d) and notes 6, 7 and 10(a) to the financial statements</i>	
The key audit matter	How the matter was addressed in our audit
The Company's principal activity is the raising of finance through the issuance of guaranteed notes to external parties and the lending of the funds raised to its ultimate holding company. The loans to and the amount due from the ultimate holding company are not secured by any assets of the ultimate holding company, although the guaranteed notes are unconditionally and irrevocably guaranteed by the ultimate holding company. We identified assessing the recoverability of the loans to and amount due from the ultimate holding company as a key audit matter because they represent the principal assets on the Company's statement of financial position and because the ability of the Company to meet its financial obligations as and when they fall due in respect of the guaranteed notes is dependent on the ultimate holding company's punctual repayment of the loans to and the amount due from it.	Our audit procedures to assess the recoverability of the loans to and the amount due from the ultimate holding company included the following: • comparing the balance of loans to and the amount due from the ultimate holding company as recorded by the Company with the financial records of the ultimate holding company; • assessing the appropriateness of loss allowance estimates of loans to and the amount due from the ultimate holding company by examining the information used by the Company to form such judgements, including considering the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

Independent auditor's report to the sole member of Cathay Pacific MTN Financing (HK) Limited

(Incorporated in Hong Kong with limited liability)

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the directors for the financial statements

The directors are responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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. This report is made solely to you 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 financial statements.

**Independent auditor's report to the sole member of
Cathay Pacific MTN Financing (HK) Limited**
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Independent auditor's report to the sole member of
Cathay Pacific MTN Financing (HK) Limited**
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

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.

The engagement partner on the audit resulting in this independent auditor's report is Leung Sze Kit Roy.



Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

05 AUG 2020

Statement of profit or loss and other comprehensive income
for the period from 4 July 2019 (date of incorporation)
to 31 December 2019
(Expressed in Hong Kong dollars)

	<i>Note</i>	<i>Period from 4 July 2019 (date of incorporation) to 31 December 2019 \$</i>
Revenue	2	7,127,478
Finance costs	3	(7,127,478)
Profit before taxation	3	-
Income tax	4	-
Profit and total comprehensive income for the period		-

The notes on pages 12 to 20 form part of these financial statements.

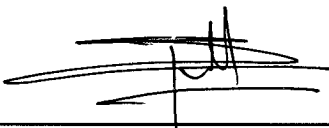
Statement of financial position at 31 December 2019

(Expressed in Hong Kong dollars)

	Note	2019 \$
Non-current asset		
Loans to ultimate holding company	6	790,102,492
Current asset		
Amount due from ultimate holding company	7	6,296,987
Current liability		
Accrued interest payables		(6,296,986)
Net current assets		1
Total assets less current liability		790,102,493
Non-current liability		
Guaranteed notes	8	(790,102,492)
NET ASSETS		1
CAPITAL		
Share capital	9	1
TOTAL EQUITY		1

Approved and authorised for issue by the Board of Directors on 05 AUG 2020


Name: M.J. Murray
Director


Name: S.C. Pelling
Director

The notes on pages 12 to 20 form part of these financial statements.

Statement of changes in equity
for the period from 4 July 2019 (date of incorporation)
to 31 December 2019
(Expressed in Hong Kong dollars)

	<i>Share capital</i> \$
At 4 July 2019 (date of incorporation)	-
Share issued (note 9)	1
At 31 December 2019	<u>1</u>

The notes on pages 12 to 20 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Company is disclosed below.

The Company has not applied any new standard or amendment that is not effective for the current accounting period.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Cash flow statement

A cash flow statement has not been prepared as the Company did not have any cash flows during the current period nor did it have any cash or cash equivalents at any point throughout the period.

The cash flows which have resulted from the operations of the Company were all paid and received by the ultimate holding company, and the amounts involved have all been accounted for as movements in the intercompany current account and loans receivable.

1 Significant accounting policies (continued)

(d) Loans to ultimate holding company

(i) Initial and subsequent measurements

Loans to ultimate holding company are initially stated at fair value plus directly attributable transaction costs. Subsequent to initial recognition, the loans to ultimate holding company are carried at amortised cost as they are held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the loans to ultimate holding company is calculated using the effective interest method.

(ii) Credit losses

The Company recognises a loss allowance for expected credit losses ("ECLs") on loans to ultimate holding company. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The expected cash shortfalls are discounted using effective interest rate determined at initial recognition or an approximation thereof. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

In measuring ECLs, the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

The Company recognises a loss allowance on loans to ultimate holding company equal to 12-month ECLs (i.e. losses that are expected to result from possible default events within the 12 months after the reporting date) unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs (i.e. losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies).

In assessing whether the credit risk of loans to ultimate holding company has increased significantly since initial recognition, the Company compares the risk of default assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates; or
- an actual or expected significant deterioration in the operating results of the ultimate holding company.

ECLs are remeasured at each reporting date to reflect changes in credit risk of loans to ultimate holding company since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for loans to ultimate holding company with a corresponding adjustment to their carrying amount through a loss allowance account.

1 Significant accounting policies (continued)

(e) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(f) Payables

Payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(g) Revenue recognition

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset in the ordinary course of the Company's business.

(h) Finance costs

Finance costs are expensed in the period in which they are incurred.

(i) Related parties

(a) A person, or a close member of that person's family, is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or the Company's parent.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

1 Significant accounting policies (continued)

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Revenue

The principal activity of the Company is the provision of financial services. The revenue represents interest received and receivable from loans to ultimate holding company.

3 Profit before taxation

Profit before taxation is arrived at after charging interest expense on guaranteed notes of \$7,127,478 for the period.

Auditor's remuneration of \$100,000 was borne by the ultimate holding company and the ultimate holding company has waived its right of recovery of such expense.

4 Income tax

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company did not have any assessable profits during the current period.

5 Directors' remuneration

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	<i>Period from 4 July 2019 (date of incorporation) to 31 December 2019</i>
	\$
Directors' fees	-
Salaries, allowances and benefits in kind	-
Discretionary bonuses	-
Retirement scheme contributions	-

6 Loans to ultimate holding company

The loans to ultimate holding company bear an effective interest rate at 3.38% per annum, are unsecured and repayable on the maturity of the related guaranteed notes (see note 8).

No credit loss allowance was recognised as at 31 December 2019. Further details on the Company's credit policy are set out in note 10(a).

7 Amount due from ultimate holding company

The amount due from ultimate holding company is interest-free, unsecured and repayable on demand.

No credit loss allowance was recognised as at 31 December 2019. Further details on the Company's credit policy are set out in note 10(a).

8 Guaranteed notes

The guaranteed notes ("the Notes") are issued under a US\$2,000,000,000 medium term note programme ("the MTN Programme") entered into and announced by the Company on 14 August 2019.

The Notes were issued on 8 October 2019 at a fixed interest rate of 3.38% per annum. Interest on the Notes is payable quarterly in arrears on 8 January, 8 April, 8 July and 8 October in each year. The Notes will mature on 8 October 2022.

The Notes are unconditionally and irrevocably guaranteed by the ultimate holding company. The net proceeds of the issue of the Notes have been on-lent to the ultimate holding company for its working capital and general corporate purposes.

The Notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain change affecting taxes of the Hong Kong Special Administrative Region.

9 Share capital

(a) Issued share capital

	<u>2019</u>	
	<u>No. of share</u>	<u>Amount</u> \$
Ordinary share, issued and fully paid:		
At 4 July 2019 (date of incorporation)	-	-
Share issued	<u>1</u>	<u>1</u>
At 31 December 2019	<u><u>1</u></u>	<u><u>1</u></u>

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary share of the Company does not have a par value.

The holder of the ordinary share is entitled to receive dividends as declared from time to time and is entitled to one vote at meetings of the Company.

(b) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company is a vehicle for raising finance. As the Company is part of a larger group, the group management monitors the Company's capital structure on a regular basis.

10 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

(a) Credit risk

The Company's credit risk is attributable to the interest receivable from and loans to the ultimate holding company. As such, the Company has a concentration of credit risk in relation to interest receivable from and loans to the ultimate holding company. Neither the interest receivable nor loans to the ultimate holding company is past due or impaired. No credit losses are recognised since the management considers the ultimate holding company will be able to repay the amounts in full.

10 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it meets the funding requirements of the ultimate holding company.

The following table shows the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed based on the contract rate) and the earliest date the Company can be required to pay:

	2019				
	Contractual undiscounted cash flows				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$
Guaranteed notes	20,817,095	27,040,000	827,188,166	875,045,261	790,102,492
Accrued interest payables	6,296,986	-	-	6,296,986	6,296,986
	27,114,081	27,040,000	827,188,166	881,342,247	796,399,478

(c) Interest rate risk

The Company's interest rate risk arises primarily from loans to ultimate holding company and guaranteed notes at a fixed interest rate. As the resulting interest-bearing assets and liabilities have the same payment terms and the same amounts, there is no significant interest rate risk as at 31 December 2019.

(d) Fair value measurement

(i) Fair value hierarchy

HKFRS 13: Fair value measurement categorises fair value measurements into a three-level fair value hierarchy. The level into which a fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical financial assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair values measured using significant unobservable inputs

10 Financial risk management and fair values of financial instruments (continued)

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Company's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2019 except for the following financial instruments, for which their carrying amounts and fair values and the level of fair value hierarchy are disclosed below:

	<i>Carrying amount at 31 December 2019 \$</i>	<i>Fair value at 31 December 2019 \$</i>
Loans to ultimate holding company	790,102,492	825,718,215
Guaranteed notes	<u>(790,102,492)</u>	<u>(825,178,215)</u>

The fair value measurements of the above financial instruments fall into Level 2 of the fair value hierarchy described above. Fair values of these financial instruments are measured using valuation techniques in which all significant inputs are based on observable market data. The most significant inputs are market interest rates.

11 Material related party transactions

Except for the transactions and balances with related parties disclosed elsewhere in these financial statements, the Company did not enter into any material related party transaction.

M.J. Murray was interested in these transactions as director of the Company and Cathay Pacific Airways Limited ("CPA"), the ultimate holding company.

12 Immediate and ultimate controlling party

At 31 December 2019, the directors consider the immediate parent and ultimate controlling party of the Company to be CPA, which is incorporated in Hong Kong and produces consolidated financial statements which are available for public use.

13 Non-adjusting events after the reporting period

(a) *Outbreak of COVID-19*

The assessment of the Company's expected credit losses of loans to and amount due from the ultimate holding company as at 31 December 2019 was performed based on the economic conditions as of that date. The outbreak of COVID-19 in early 2020 has affected the business, financial performance and liquidity position of the ultimate holding company adversely, and on 9 June 2020, the ultimate holding company proposed to implement a recapitalisation plan to raise aggregate proceeds of approximately \$39 billion by means of rights issue, issuance of preference shares and warrants, and a bridging loan facility. The impact of COVID-19 on the ultimate holding company's future operations remain highly uncertain, and changes in the economic conditions as well as developments in the business of the ultimate holding company subsequent to the reporting date will be considered by the management in assessing expected credit loss in the financial statements for the year ending 31 December 2020.

13 Non-adjusting events after the reporting period (continued)

(b) Issuance of guaranteed notes

Subsequent to the end of the reporting period, the following guaranteed notes were issued under the MTN Programme, and unconditionally and irrevocably guaranteed by the ultimate holding company.

- (i) On 22 January 2020, the Company issued guaranteed notes of SGD175,000,000 (equivalent to \$1,007,309,801) at a fixed interest rate of 3.375% per annum, which are listed on the Singapore Exchange and will mature in 2023.
- (ii) On 12 February 2020, the Company issued guaranteed notes of \$400,000,000 at a fixed interest rate of 3.500% per annum, which are not listed and will mature in 2023.

The net proceeds of these guaranteed notes were on-lent to the ultimate holding company for its working capital and general corporate purposes.

14 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period from 4 July 2019 (date of incorporation) to 31 December 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the period from 4 July 2019 (date of incorporation) to 31 December 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Company.

*Effective for
accounting periods
beginning on or after*

Amendments to HKFRS 3, <i>Definition of a business</i>	1 January 2020
Amendments to HKAS 1 and HKAS 8, <i>Definition of material</i>	1 January 2020

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.