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The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and The Hongkong and Shanghai Banking Corporation Limited (the “**Manager**”) or any affiliate of the Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Manager or such affiliate on behalf of us in such jurisdiction.

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OFFERING CIRCULAR DATED 26 SEPTEMBER 2019

PCPD CAPITAL LIMITED

(incorporated with limited liability under the laws of the Cayman Islands)

US\$130,000,000 4.75 per cent. Guaranteed Notes due 2022 to be consolidated and form a single series with the US\$570,000,000 4.75 per cent. Guaranteed Notes due 2022 issued on 9 March 2017 Unconditionally and Irrevocably Guaranteed by



PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED

(incorporated with limited liability under the laws of Bermuda) (Stock Code: 00432)

Issue Price: 100.50 per cent. (plus accrued interest from, and including, 9 September 2019 to, but excluding the Further Notes Closing Date)

The US\$130,000,000 4.75 per cent. Guaranteed Notes due 2022 (the “Further Notes”) will be issued by PCPD Capital Limited (the “Issuer”) and will be unconditionally and irrevocably guaranteed (the “Guarantee of the Further Notes”) by Pacific Century Premium Developments Limited (the “Guarantor”), the holding company of the Issuer. The Further Notes will be consolidated and form a single series with the U.S.\$570,000,000 4.75 per cent. Guaranteed Notes due 2022 issued on 9 March 2017 (the “Original Notes”, and together with the Further Notes, the “Notes”). The Further Notes will have the same terms and conditions as the Original Notes in all respects, except for the issue date and the first interest payment date, and the Further Notes and the Original Notes will vote together as a single series on all matters with respect to the Notes. Upon the issue of the Further Notes, the aggregate principal amount of outstanding Notes will be U.S.\$700,000,000.

The Notes constitute direct, general, unconditional and subject to Condition 3 (*Negative Pledge*) of the terms and conditions of the Notes (the “Conditions”) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Further Notes constitutes a direct, general, unconditional and (subject to Condition 3 (*Negative Pledge*) of the Conditions) unsecured obligation of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. PCCW Limited (“PCCW”) has issued a letter of support (the “Letter of Support”) in connection with the issuance of the Notes (see “Letter of Support”). Interest on the Notes is payable semi-annually in arrear on 9 March and 9 September in each year, commencing on 9 March 2020. Payments on the Notes will be made without deduction for or on account of taxes of the Cayman Islands or Bermuda to the extent described under Condition 7 (*Taxation*) of the Conditions.

The Notes mature on 9 March 2022 at their principal amount but may be redeemed before then at the option of the Issuer, in whole but not in part, at any time in the event of certain changes affecting taxes of the Cayman Islands or Bermuda, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (as defined in the Conditions) at their principal amount, together with interest accrued to the date fixed for redemption (see Condition 5(b) (*Redemption for tax reasons*) of the Conditions). At any time following the occurrence of a Change of Control (as defined in the Conditions), the holder of a Note will have the right, at such holder’s option, to require the Issuer to redeem all but not some only of that holder’s Notes on the Change of Control Put Date (as defined in the Conditions) at 101 per cent. of their principal amount, together with accrued interest to but excluding the Change of Control Put Date (see Condition 5(c) (*Redemption for Change of Control*) of the Conditions).

Application has been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the Further Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, its subsidiaries, its associated companies (if any) or the Notes.

Investing in the Further Notes involves certain risks. See “Risk Factors” beginning on page 11.

The Further Notes and the Guarantee of the Further Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered, sold or delivered within the United States. The Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Further Notes and the distribution of this Offering Circular, see “Subscription and Sale”.

The Notes will be represented by beneficial interests in a global certificate (the “Global Note Certificate”) in registered form, without interest coupons attached, which will be registered in the name of a nominee for, and shall be deposited on or about 3 October 2019 (the “Further Notes Closing Date”), with a common depository for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Beneficial interests in the Global Note Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Note Certificate.

Sole Bookrunner and Lead Manager

HSBC

This Offering Circular is dated 26 September 2019

IMPORTANT NOTICE

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries, taken as a whole (collectively, the “Group”) and the Further Notes and the Guarantee of the Further Notes which is material in the context of the issue and offering of the Further Notes and the Guarantee of the Further Notes; (ii) the statements contained in it relating to the Issuer, the Guarantor and the Group are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly and reasonably held, have been reached after considering all relevant circumstances, are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Further Notes or the Guarantee of the Further Notes, the omission of which would, in the context of the issue and offering of the Further Notes and the Guarantee of the Further Notes, make any statement in this Offering Circular misleading in any material respect; and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts in relation to the Issuer, the Guarantor, the Group, the Further Notes and the Guarantee of the Further Notes and to verify the accuracy of all such information and statements.

No person has been or is authorised to give any information or make any representation other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or the Manager (as defined in “Subscription and Sale”). This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any Further Notes by any person except in compliance with all applicable laws and regulations. This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Further Notes described in this Offering Circular. No representation or warranty, express or implied, is made by the Manager, the Trustee or the Agents (each as defined in this Offering Circular) or any of their respective affiliates or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Manager, the Trustee, the Agents, or their respective affiliates or advisers. Neither the Manager, the Trustee nor the Agents have separately verified the information contained herein. Neither the delivery of this Offering Circular nor any sale made hereunder shall under any circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve an adverse change in the affairs of the Issuer, the Guarantor or the Group since the date hereof. To the fullest extent permitted by law, none of the Manager, the Trustee, the Agents nor any of their respective affiliates or advisers accept any responsibility for the contents of this Offering Circular. Each of the Manager, the Trustee, the Agents and their respective affiliates or advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Manager, the Trustee, the Agents nor any of their respective affiliates undertakes to review the financial condition or affairs of the Issuer, the Guarantor and the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or prospective investor in the Further Notes of any information coming to the attention of any of the Manager, the Trustee, the Agents or their respective affiliates.

This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any Further Notes. This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Manager, the Trustee, or the Agents that any recipient of this Offering Circular should purchase any of the Further Notes. Each investor contemplating purchasing Further Notes should make its own independent investigation of, and investigation into, the financial condition, affairs, status and nature, and its own appraisal of the creditworthiness, of each of the Issuer, the Guarantor and the Group.

The distribution of this Offering Circular and the offering of the Further Notes in certain jurisdictions may be restricted by law. It may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this Offering Circular may come are required by the Issuer, the Guarantor and the Manager to inform themselves about and to observe such restrictions. No action is being taken in any jurisdiction to permit an offering to the general public of the Further Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. For a description of certain restrictions on offers, sales and deliveries of Further Notes and on distribution of the Offering Circular, see “*Subscription and Sale*”.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (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’ (as defined in the CMP Regulations 2018).

IN CONNECTION WITH THE ISSUE OF THE FURTHER NOTES, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, AS THE STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER), MAY OVER-ALLOT FURTHER 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 FURTHER NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE FURTHER NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE FURTHER NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

MARKET AND INDUSTRY DATA

This Offering Circular includes industry data and forecasts that were obtained from industry publications and surveys and internal company sources. Industry publications and surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information.

Neither the Issuer, the Guarantor, nor any member of the Group has independently verified any of the data from third-party sources nor have the underlying economic assumptions relied upon therein been ascertained by any of the Issuer, the Guarantor or any member of the Group. While neither the Issuer, the Guarantor nor any member of the Group is aware of any misstatements regarding industry data presented in this Offering Circular, estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “*Risk Factors*” below.

FORWARD-LOOKING STATEMENTS

Certain statements under “*Risk Factors*”, “*Description of the Group*” and elsewhere in this Offering Circular constitute “*forward-looking statements*”. Words such as “believe”, “expect”, “plan”, “anticipate”, “schedule”, “estimate” and similar words or expressions identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the

financial position and results of operations, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as of the date of this Offering Circular. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's, the Guarantor's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "Risk Factors" and elsewhere, important factors that could cause actual results, performances or achievements of the Issuer, the Guarantor or any member of the Group to differ materially from the Issuer's or the Guarantor's expectations. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

CERTAIN TERMS AND CONVENTIONS

Unless otherwise specified or the context otherwise requires, references to "Hong Kong" are to the Hong Kong Special Administrative Region of the PRC, "PRC" are to the People's Republic of China (excluding, for the purposes of this Offering Circular only, Hong Kong, the Macau Special Administrative Region of the PRC ("Macau") and Taiwan), "U.S." or "United States" are to the United States of America, "Hong Kong dollars", "HK dollars" and "HK\$" are to the lawful currency of Hong Kong, "U.S. dollars" or "US\$" are to the lawful currency of the United States, "Japanese Yen" or "JPY" are to the lawful currency of Japan, "S\$" are to the lawful currency of Singapore and "THB" are to the lawful currency of Thailand.

This Offering Circular contains translations of certain HK dollar amounts into U.S. dollars, and vice versa, at specific rates solely for the convenience of the reader. For convenience only and unless otherwise noted, all translations between HK dollars and U.S. dollars in this Offering Circular were made at the rate of HK\$7.8 to US\$1.00. No representation is made that the HK dollar or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or HK dollars at any particular rate or at all.

In this Offering Circular where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

PRESENTATION OF FINANCIAL INFORMATION

The Guarantor's audited consolidated financial statements for the years ended 31 December 2017 and 31 December 2018 (the "**Audited Financial Statements**") have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accounts ("**HKICPA**"). The Guarantor's unaudited condensed consolidated financial information for the six months ended 30 June 2019 (the "**June 2019 Unaudited Interim Financial Statements**" incorporated by reference in this Offering Circular) have been prepared in accordance with the Hong Kong Accounting Standard 34 ("**HKAS 34**") issued by the HKICPA.

The June 2019 Unaudited Interim Financial Statements have been reviewed by the Guarantor's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial

Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the HKICPA. Such unaudited financial information was originally prepared and published by the Guarantor for the purposes of compliance with The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and not for inclusion in this Offering Circular. Consequently, the June 2019 Unaudited Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been prepared specifically for inclusion in an offering circular. Potential investors must exercise caution when using such data to evaluate the Group’s financial condition, results of operations and results. In addition, the June 2019 Unaudited Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2019.

With effect from the accounting period beginning on 1 January 2018, the Guarantor has adopted certain new accounting standards including HKFRS 9, HKFRS 15 and HKFRS 16 in the consolidated financial statements. The Guarantor has retrospectively adopted these new accounting standards and has restated certain comparative numbers for the 2017 financial year in the consolidated financial statements as of, and for the year ended 31 December 2018. Therefore, the consolidated financial information for the years ended 31 December 2017 and 2018 may not be comparable with the consolidated financial information for the year ended 31 December 2016. For the impact on the adoption of these new standards, please refer to Note 2 to the Guarantor’s audited consolidated financial statements as at, and for the year ended 31 December 2018.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the unaudited condensed consolidated financial information of the Guarantor as at and for the six months ended 30 June 2019 and the notes thereto.
- (b) the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2018 and the notes thereto; and
- (c) the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2017 and the notes thereto.

The consolidated financial statements of the Guarantor listed from (a) to (c) above can be obtained from the Guarantor’s website (www.pcpd.com). The website addresses in this Offering Circular are, except as otherwise stated herein, included for reference only and the contents of any such websites are not incorporated by reference into, and do not form part of, this Offering Circular.

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THE ISSUE

The following contains some summary information about the Further Notes. Some of the terms described below are subject to important limitations and exceptions. The Terms of the Further Notes are identical to the Original Notes, except for the issue date and the first interest payment date, and will immediately upon issue be consolidated and form a single series with the Original Notes. Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this summary. For a more complete description of the terms of the Further Notes, see “Terms and Conditions of the Notes” in this Offering Circular.

Issuer	PCPD Capital Limited.
Guarantor	Pacific Century Premium Developments Limited.
Further Issue	US\$130,000,000 aggregate principal amount of 4.75 per cent. Guaranteed Notes due 2022 to be consolidated and form a single series with the US\$570,000,000 aggregate principal amount of 4.75 per cent. Guaranteed Notes due 2022 issued on 9 March 2017.
Guarantee of the Further Notes	The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Further Notes.
Letter of Support	PCCW has issued a Letter of Support in connection with the issuance of the Further Notes (see “ <i>Letter of Support</i> ”)
Issue Price	100.50 per cent. of the principal amount (plus accrued interest from, and including, 9 September 2019 to, but excluding the Further Notes Issue Closing Date).
Form and Denomination	The Further Notes will be issued in registered form in the denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof.
Issue Date	3 October 2019
Maturity Date	9 March 2022
Offering	The Further Notes are being offered only outside the United States in reliance on Regulation S under the Securities Act. The Further Notes and the Guarantee of the Further Notes have not been registered, and will not be registered, under the Securities Act and, subject to certain exemptions, may not be offered or sold in the United States.
Transfer Restrictions	The Further Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and sale. See “ <i>Subscription and Sale</i> ”.
Interest	The Further Notes will bear interest from, and including, 9 September 2019 at the rate of 4.75 per cent. per annum, until the Maturity Date, payable semi-annually in arrear on 9 March and 9 September in each year.

Status	<p>The Further Notes constitute direct, general, unconditional and (subject to Condition 3 (<i>Negative Pledge</i>) of the Conditions) unsecured obligations of the Issuer which will at all times rank <i>pari passu</i> without any preference or priority among themselves and at least rank <i>pari passu</i> with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Further Notes constitutes direct, general, unconditional and (subject to Condition 3 (<i>Negative Pledge</i>) of the Conditions) unsecured obligations of the Guarantor which will at all times rank at least <i>pari passu</i> with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.</p>
Negative Pledge	<p>The Further Notes will contain a negative pledge provision as further described in Condition 3 (<i>Negative Pledge</i>) of the Conditions.</p>
Cross-Acceleration	<p>The Further Notes will contain a cross-acceleration provision as further described in Condition 8(c) (<i>Cross-acceleration of Issuer, Guarantor or Subsidiary</i>) of the Conditions.</p>
Events of Default	<p>Upon the occurrence of certain events as described in Condition 8 (<i>Events of Default</i>) of the Conditions, the Trustee may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall give written notice to the Issuer declaring the Notes immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.</p>
Final Redemption	<p>Unless previously redeemed, or purchased and cancelled, the Further Notes will be redeemed at their principal amount on 9 March 2022.</p>
Redemption for Tax Reasons	<p>The Issuer may redeem all and not some only of the Notes at their principal amount, together with interest accrued to, but excluding the date fixed for redemption, in the event of certain changes in Cayman Islands or Bermuda taxation, as further described in Condition 5(b) (<i>Redemption for tax reasons</i>) of the Conditions.</p>
Redemption for Change of Control	<p>At any time following the occurrence of a Change of Control, any Noteholder shall have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Change of Control Put Date at 101 per cent. of their principal amount, together with accrued interest to, but excluding the Change of Control Put Date, as further</p>

Further Issues	described in Condition 5(c) (<i>Redemption for Change of Control</i>) of the Terms and Conditions.
Trustee	The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.
Principal Paying Agent	The Hongkong and Shanghai Banking Corporation Limited.
Registrar	The Hongkong and Shanghai Banking Corporation Limited.
Clearing Systems	The Hongkong and Shanghai Banking Corporation Limited. The Notes will be represented by beneficial interests in the Global Note Certificate in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about the Further Notes Closing Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by, Euroclear and Clearstream. Except as described herein, certificates for the Notes will not be issued in exchange for interests in the Global Note Certificate.
Governing Law	English law.
Ratings	The Further Notes will not be rated.
Listing	Application has been made to the SGX-ST for the listing and quotation of the Further Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST and quotation of the Further Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, its subsidiaries, its associated companies (if any) or the Further Notes. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded, will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).
Use of Proceeds	See section entitled " <i>Use of Proceeds</i> ".
ISIN	XS1572363858
Common Code	157236385

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Guarantor as at and for the periods indicated.

The summary consolidated financial information as at and for the years ended 31 December 2016, 2017 and 2018, set forth below is derived from the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018 and the summary consolidated financial information as at and for the six months ended 30 June 2018 and 2019, set forth below is derived from the Guarantor's unaudited condensed consolidated financial information as at and for the six months ended 30 June 2019, which are incorporated by reference in this Offering Circular. The Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2017 and 2018 were prepared in accordance with HKFRS and have been audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The Guarantor's unaudited condensed consolidated financial information as at and for the six months ended 30 June 2019 was prepared in accordance with HKAS 34 and has been reviewed by PricewaterhouseCoopers in accordance with HKSRE 2410 issued by the HKICPA. Summary historical financial information should be read in conjunction with the Guarantor's consolidated financial statements and the notes thereto, which are incorporated by reference in this Offering Circular. The historical results do not necessarily indicate the expected results for any future period of the Guarantor.

With effect from the accounting period beginning on 1 January 2018, the Guarantor has adopted certain new accounting standards including HKFRS 9, HKFRS 15 and HKFRS 16 in the consolidated financial statements. The Guarantor has retrospectively adopted these new accounting standards and has restated certain comparative numbers for 2017 financial year in the consolidated financial statements as of, and for the year ended 31 December 2018. Therefore, the consolidated financial information for the year ended 31 December 2017 and 2018 may not be comparable with the consolidated financial information for the year ended 31 December 2016. For the impact on the adoption of these new standards, please refer to Note 2 to the Guarantor's audited consolidated financial statements as at, and for the year ended 31 December 2018.

Consolidated Statement of Comprehensive Income

	For the years ended 31 December				For the six months ended 30 June		
	2016	2017	2018		2018	2019	
	HK\$ million	HK\$ million	HK\$ million	US\$ million	HK\$ million	HK\$ million	US\$ million
		(Restated)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	174	164	300	38	165	207	27
Cost of sales.....	(56)	(37)	(50)	(6)	(27)	(31)	(4)
Gross profit.....	118	127	250	32	138	176	23
General and administrative expenses ...	(418)	(433)	(489)	(63)	(254)	(232)	(30)
Other income	-	8	6	1	4	-	-
Other (losses)/gains, net.....	(57)	12	1	-	1	-	-
Surplus on revaluation of investment properties	-	-	4	1	4	-	-
Operating loss	(357)	(286)	(228)	(29)	(107)	(56)	(7)
Interest income	11	59	40	5	24	8	1
Finance costs	-	(86)	(201)	(26)	(102)	(93)	(12)
Loss before taxation	(346)	(313)	(389)	(50)	(185)	(141)	(18)

	For the years ended 31 December				For the six months ended 30 June		
	2016	2017	2018		2018	2019	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>US\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>US\$ million</i>
	<i>(Restated)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Income tax	(18)	(26)	(48)	(6)	(13)	(15)	(2)
Loss attributable to equity holders of the Guarantor	(364)	(339)	(437)	(56)	(198)	(156)	(20)
Other comprehensive income/(loss):							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Currency translation differences:							
Exchange differences on translating foreign operations	56	55	(250)	(32)	(133)	218	28
Total comprehensive (loss)/gain.....	(308)	(284)	(687)	(88)	(331)	62	8
Loss per share (expressed in Hong Kong/US\$ cents per share)				(3.53)			(1.26)
Basic and diluted loss per share	(22.96) HK cents	(21.38) HK cents	(27.55) HK cents	US\$ cents	(12.49) HK cents	(9.82) HK cents	US\$ cents
Consolidated Statement of Financial Position							
	As at 31 December				As at 30 June		
	2016	2017	2018		2019		
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>US\$ million</i>	<i>HK\$ million</i>	<i>US\$ million</i>	
	<i>(Restated)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
ASSETS AND LIABILITIES							
Non-current assets							
Investment properties.....	3,266	3,822	3,599	461	3,717	477	
Property, plant and equipment	174	534	1,328	170	2,029	260	
Right-of-use assets.....	-	45	101	13	83	11	
Properties under development.....	402	612	364	47	295	38	
Properties held for development	544	598	2,822	362	2,639	338	
Goodwill.....	3	3	5	1	5	1	
Restricted cash.....	-	-	217	28	-	-	
Financial assets at fair value through profit or loss.....	3	-	-	-	-	-	
Prepayments and other receivables	273	311	407	52	314	40	
	4,665	5,925	8,843	1,134	9,082	1,165	

	As at 31 December				As at 30 June	
	2016	2017	2018		2019	
	HK\$ million	HK\$ million	HK\$ million	US\$ million	HK\$ million	US\$ million
		(Restated)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
Current assets						
Properties under development.....	-	-	770	99	1,017	130
Sales proceeds held in stakeholders' accounts	510	508	507	65	507	65
Restricted cash.....	103	98	98	12	432	55
Trade receivables, net	10	14	19	2	11	1
Prepayments, deposits and other current assets	158	110	462	59	589	76
Amounts due from fellow subsidiaries .	1	-	1	-	1	-
Amounts due from related companies...	6	6	4	1	7	1
Financial assets at fair value through profit or loss.....	4	81	4	1	4	1
Short-term deposits.....	3	1,019	-	-	-	-
Cash and cash equivalents	868	2,633	864	111	701	90
	<u>1,663</u>	<u>4,469</u>	<u>2,729</u>	<u>350</u>	<u>3,269</u>	<u>419</u>
Current liabilities						
Short-term borrowings.....	457	-	-	-	1,325	170
Current portion of long-term borrowings.....	-	-	11	1	11	1
Trade payables.....	23	23	14	2	6	1
Accruals and other payables	297	442	335	43	398	51
Deferred income and contract liabilities	-	118	309	40	430	56
Lease liabilities	-	22	41	5	42	5
Amount payable to the HKSAR Government under the Cyberport Project Agreement	321	321	322	41	323	41
Current income tax liabilities.....	4	6	7	1	7	1
	<u>1,102</u>	<u>932</u>	<u>1,039</u>	<u>133</u>	<u>2,542</u>	<u>326</u>
Net current assets	<u>561</u>	<u>3,537</u>	<u>1,690</u>	<u>217</u>	<u>727</u>	<u>93</u>
Total assets less current liabilities	<u>5,226</u>	<u>9,462</u>	<u>10,533</u>	<u>1,351</u>	<u>9,809</u>	<u>1,258</u>

	As at 31 December				As at 30 June	
	2016	2017	2018		2019	
	HK\$ million	HK\$ million	HK\$ million	US\$ million	HK\$ million	US\$ million
		(Restated)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-current liabilities						
Long-term borrowings	-	4,473	6,083	780	5,310	681
Other payables	208	206	171	22	172	22
Deferred income and contract liabilities	50	74	81	11	84	11
Lease liabilities	-	23	62	8	42	5
Deferred income tax liabilities	22	25	30	4	33	4
	<u>280</u>	<u>4,801</u>	<u>6,427</u>	<u>825</u>	<u>5,641</u>	<u>723</u>
Net assets	<u>4,946</u>	<u>4,661</u>	<u>4,106</u>	<u>526</u>	<u>4,168</u>	<u>535</u>
Capital and reserves						
Issued equity	2,847	2,847	2,846	365	2,846	365
Reserves	<u>2,099</u>	<u>1,814</u>	<u>1,127</u>	<u>144</u>	<u>1,189</u>	<u>153</u>
Capital and reserves attributable to equity holders of the Guarantor	<u>4,946</u>	<u>4,661</u>	<u>3,973</u>	<u>509</u>	<u>4,035</u>	<u>518</u>
Non-controlling interests	-	-	133	17	133	17
	<u>4,946</u>	<u>4,661</u>	<u>4,106</u>	<u>526</u>	<u>4,168</u>	<u>535</u>

Note:

- (1) Certain comparative numbers as of, and for the year ended 31 December 2017 have been restated due to adoption of new accounting standards. These numbers have been extracted from the Guarantor's audited consolidated financial statements as of, and for the year ended 31 December 2018. See note 2 of the Guarantor's audited consolidated financial statements as of, and for the year ended 31 December 2018 for details regarding the restatement as a result of the adoption of new accounting standards

LETTER OF SUPPORT

Disclaimer: PCCW has issued the following letter in connection with the preparation of this Offering Circular. The letter does not, however, represent a guarantee, financial assistance or a legally binding obligation of PCCW in relation to the Notes, the Guarantee or this Offering. See “Risk Factors — Risks Relating to the Notes and the Guarantee of the Notes — The Letter of Support is neither a guarantee nor a legally binding obligation of PCCW in relation to the Notes” for more information.

PCPD Capital Limited

**Up to US\$150,000,000 4.75 per cent. Guaranteed Notes due 2022 (the “Further Notes”)
to be consolidated and form a single series with the
US\$570,000,000 4.75 per cent. Guaranteed Notes due 2022
(the “Original Notes” and, together with the Further Notes, the “Notes”)
Unconditionally and Irrevocably Guaranteed by
Pacific Century Premium Developments Limited**

26 September 2019

To: Pacific Century Premium Developments Limited, a subsidiary of PCCW Limited

This letter is intended to confirm the support of PCCW Limited for Pacific Century Premium Developments Limited (the “Guarantor”), PCPD Capital Limited (the “Issuer”) and the Offering. The Further Notes are being offered only outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The Further Notes and the guarantee in respect of the Further Notes have not been registered, and will not be registered, under the Securities Act and, subject to certain exemptions, may not be offered or sold in the United States (the “Offering”).

PCCW Limited owns a majority stake in the Guarantor, which is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments.

The Guarantor is a subsidiary of PCCW Limited and was incorporated with limited liability in Bermuda and is listed on The Stock Exchange of Hong Kong Limited. It is our intention that for so long as any Note remains outstanding:

- the Guarantor will remain our subsidiary;
- we will maintain, directly or indirectly, ownership of more than 50 per cent. of the shares of and maintain voting control in, the Guarantor; and
- we will not take or approve any action that would result in the Guarantor not remaining commercially and financially viable.

We believe that the Guarantor’s stability and financial strength are important and we have supported and intend to continue to support the Guarantor, to the extent permitted by law, with all practicable measures to maintain its financial condition and to enable it to fulfill its financial and other obligations in a timely manner.

With our support, we believe that the Guarantor is well positioned to continue to strengthen its role as a developer of high-quality, premium property developments in Hong Kong and elsewhere.

This letter is not intended to be legally binding and shall not create any legally binding obligation of PCCW Limited, and in particular, is not and shall not be construed or be deemed to constitute a direct or indirect guarantee by PCCW Limited to any party of the payment of the interest or principal under the Notes.

For and on behalf of PCCW Limited

DESCRIPTION OF PCCW LIMITED

PCCW Limited (“PCCW”) whose shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 0008) and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the U.S. (Ticker: PCCWY). PCCW is a global company headquartered in Hong Kong, which holds interests in telecommunications, media, IT solutions, property development and investment, and other businesses. PCCW holds a majority interest in the HKT Trust and HKT Limited (“HKT”), Hong Kong’s premier telecommunications service provider and leading operator in fixed-line, broadband and mobile communication services. Beyond connectivity, HKT provides innovative smart living and business services to individuals and enterprises. PCCW also owns a fully integrated multimedia and entertainment group in Hong Kong, PCCW Media. PCCW Media operates the largest local pay-TV operation, Now TV, and is engaged in the provision of OTT (over-the-top) video service under the Viu brand in Hong Kong and other places in the region. Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong. Also wholly-owned by PCCW, PCCW Solutions is a leading information technology outsourcing and business process outsourcing provider in Hong Kong and mainland China. In addition, PCCW holds a majority interest in the Guarantor, and other overseas investments.

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below. The business, financial condition, results of operations and prospects of the Group could be materially adversely affected by any of these risks. The Issuer and the Guarantor believe that the following factors may affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Further Notes and the Guarantee of the Further Notes. All of these factors are contingencies which may or may not occur and the Guarantor is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Guarantor believes may be material for the purpose of assessing the market risks associated with the Further Notes and the Guarantee of the Further Notes are also described below.

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

Risks Relating to the Group and Its Businesses

The Group is subject to concentration risk as its current property investment and development activities are limited to a small number of projects

On a long-term basis, the Group derives a majority of its revenues from its property investment and development activities. Although revenue generated from the Group’s other activities (such as through its all-season recreational activities in Japan and property management in Hong Kong and Japan) are recurring in nature, due to the length of the project cycles for the property developments which the Group has undertaken, the Group may recognise no revenue from external customers in respect of its property investment and development activities for extended periods. However, in the fiscal years where the Group’s property investment and development activities generate revenue, this constitutes a majority of the Group’s overall revenue. For instance, the Group recognised revenue in respect of its property investment and development activities of HK\$1,972 million, HK\$1,031 million and HK\$520 million and HK\$140 million for the years ended 31 December 2011, 2012, 2013 and 2018, respectively, each of which constituted 92.8 per cent., 87.1 per cent., 77.2 per cent. and 46.7 per cent., respectively of overall revenue, for each of the relevant years. As a result, the results and operations of the Group’s property investment and development activities have a significant impact on the Group’s overall financial condition and prospects.

One of the key strengths and strategies of the Group is its disciplined approach to project selection (see “*Business — Strengths*”). The corollary of this, however, is that a significant portion of the Group’s capital resources and future prospects are tied to a limited number of projects (currently, the Group has one completed project held for investment, two projects under development and one project held for development (see “*Business — Operations*”). Any risks inherent in property development and/or ownership (see “— *The Group is subject to risks inherent in investing in and developing property*”) will therefore be magnified in relation to the Group, as should such risks materialise and result in delays, interruptions and/or other complications on any particular project developed by the Group, the impact on the Group’s results of operations, financial condition and prospects will be significant.

The Group is subject to risks inherent in investing in and developing property

The property interests of the Group are subject to certain risks inherent generally in the ownership of, investment in and development of properties. These risks include the cyclical nature of property markets, changes in general economic, business and credit conditions, the illiquidity of land and other real property and changes in government policies or regulations, such as the Group's development project in Phang Nga, Thailand, the ownership of which is subject to current local regulations that restrict foreign investments to a certain extent. Investment in property is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash at short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale, where necessary.

In addition, property development involves significant risks distinct from those involved in the ownership of properties. Such risks include, among other things, the risks that financing for development may not be available on favourable terms, that construction may not be completed on schedule or within budget (for reasons including shortages of equipment, material and labour, work stoppages, interruptions resulting from unforeseen complications), that development may be affected by governmental regulations (including changes in building and planning regulations and delays or failure to obtain the requisite construction and occupancy approvals), and that developed properties may not be leased or sold on profitable terms and the risk that purchasers and/or tenants may default. An increase in mortgage rates may also adversely affect the availability of loans on terms acceptable to purchasers, and hence the sale of the Group's properties. Should any of the abovementioned risks materialise with respect to any of the Group's projects, the effect on the Group's results of operations, financial condition and prospects may be more pronounced than for a property developer with a larger number of projects (see "*— The Group is subject to concentration risk as its current property investment and development activities are limited to a small number of projects*").

The Group's projects involve long development cycles and fluctuations in cash flow and liquidity

The Group's cash flows may be affected by the long development cycles which are typical of the Group's development projects. For instance, the Park Hyatt Niseko Hotel and Residence project which was announced in November 2015 and is scheduled to open in January 2020 and the property for Pacific Century Place, Jakarta was acquired in July 2013 and was completed as scheduled in October 2017. With respect to the resort planning for development in Phang Nga, Thailand, the plot of land was acquired by the Group in October 2007 and the construction of the first phase development is still in progress. For the development of No.3 to 6 Glenealy, Hong Kong, the Group has acquired the land in January 2018 while the project is still in the process in obtaining the Authority's consent for the changes of use of land from residential to non-residential. In addition to long development cycles, the Group may not be able to complete its projects according to schedule or on budget.

It usually takes a number of years from the acquisition of a development site to the time the Group is able to pre-sell, sell or deliver its properties in the project to generate revenue and cash whereas certain cash may need to be incurred at an earlier stage. As a result, the Group's cash flow and liquidity may fluctuate significantly during the different stages of the property development process. The effects of such fluctuations are less pronounced for property developers with a larger number of projects in development at any one time, as staggered property development cycles will result in fluctuations in cash flow and liquidity on a per project basis being offset to some degree. However, the effects of such fluctuations on the Group are magnified due to the selective nature of the Group in pursuing a limited number of premium property development projects. The Group has recognised revenue from external customers with respect to the Group's property investment in Indonesia of HK\$3 million in the year ended 31 December 2017 and HK\$138 million for the year ended 31 December 2018.

In addition, properties are relatively illiquid compared to other types of investment products, and property prices tend to be volatile, particularly at times when the global and relevant local economies experience significant changes. As a result, the prices of the Group's properties may experience significant fluctuations between the

time the Group acquires a site and the time it pre-sells or sells the properties developed on such site. In particular, resort properties tend to be more volatile and sensitive to economic fluctuations than residential properties.

In addition, there are risks inherent in investing in and developing property (see “— *The Group is subject to risks inherent in investing in and developing property*”).

Should any of such risks materialise, this could delay completion of the Group’s projects, thereby increasing its financing costs, penalties and other costs, and impairing or delaying its anticipated revenue, cash flow and profitability.

The Group’s operations are subject to the state of the property market in the countries in which its current and future development projects are located

The Group’s operations are subject to economic conditions prevailing in each of the countries in which its development projects are located. Currently, the Group’s principal property investments and developments are located in Hokkaido, Japan, Phang Nga, Thailand, Jakarta, Indonesia and Hong Kong. The Group has also completed significant property developments and investments in the past, including Residence Bel-Air, ONE Pacific Heights and Cyberport in Hong Kong and Pacific Century Place in Beijing. Going forward, as the Group does not have specific mandates with respect to geographic focus, the Group’s geographic exposure may significantly change in the future.

The Group’s results of operations may be adversely affected if it fails to obtain, or there are material delays in obtaining, requisite governmental approvals for its property developments

In order to develop and complete a property development project, the Group must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of property development, including land use right certificates (where relevant), planning permits, environmental impact assessments, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance, and each of these approvals is dependent on the satisfaction of certain conditions. The Group will need to consider the implications of the provincial environmental regulations on the overall development of the project when the applicable environmental regulations are announced by the provincial government. The Group may encounter issues in fulfilling the conditions precedent to the approvals required, or may not be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property market in general or the particular processes with respect to the granting of approvals. There may also be delays on the part of the administrative bodies in reviewing the Group’s applications and granting approvals. If the Group fails to obtain the relevant approvals for its property developments, these developments may not proceed on schedule, and its business and financial condition may be adversely affected.

There may be significant fluctuations in the Group’s results of operations

The Group’s revenue fluctuates significantly from period to period due to the limited number of property investment and development it undertakes at any one time, while its revenue recognition policy is in accordance with the applicable accounting standards and certain other factors that are beyond its control.

The Group’s revenue, gross profit, expenses, net income and results of operations have varied significantly in the past and may continue to fluctuate significantly from period to period in the future (including losses during certain periods). In the years ended 31 December 2014, 2015, 2016, 2017 and 2018, the Group recorded revenues (including revenue from the Group’s property investment operation in Mainland China which was disposed of in 2014) of HK\$315 million, HK\$165 million, HK\$174 million, HK\$164 million and HK\$300 million, respectively. In the years ended 31 December 2014, 2015, 2016, 2017 and 2018, the Group recorded gross profit (including gross profit from the Group’s property investment operation in Mainland China which was disposed of in 2014) of HK\$234 million, HK\$111 million, HK\$118 million, HK\$127 million and HK\$250 million, respectively. The Group follows Hong Kong Financial Reporting Standards (“HKFRS”) and as a result

of the Group's revenue recognition policy, the Group recognises the majority of its revenue at the completion of the property and upon the passing of the title to purchasers after the date of the pre-sale. The Group can only predict with certainty the time of the completion and delivery of a property, hence the time of the revenue recognition from any pre-sale, because the completion of any property development will vary according to its construction timetable and the time required to obtain the occupation permit. Further, the completion of any project development may be adversely affected by many factors, including adverse weather conditions, delays in obtaining requisite permits and approvals from relevant government authorities, as well as other factors beyond the Group's control or other unforeseen events and circumstances. Any of these factors may affect the timing of completion of the property development, as well as the Group's receipt of cash and the recognition of revenue from the project, and thus adversely affect the Group's financial condition.

In addition, as the Group's revenue generated from property investment and development activities may fluctuate significantly and the Group has a comparatively small amount of revenue from other activities, the Group's results of operations may also fluctuate significantly.

Such fluctuations may also adversely affect the Group's cash flows and thus its ability to fund future projects. The Group therefore believes that period-to-period comparisons of its results of operations may not be as meaningful as they would be for a company with more stable recurring revenue.

Failure to protect the Group's brand and other intellectual property rights may have an adverse impact

Any failure to protect the Group's brand, trademarks and other intellectual property rights could have a negative impact on its business. The Group believes its brand, trademarks and other intellectual property are integral to its success. The Group believes the success of its business depends in part on its continued ability to use and promote its brand and trademarks. While the Group relies on the intellectual property laws in the relevant jurisdictions in which it operates to protect its intellectual property, any unauthorised use of such intellectual property could adversely affect the Group's business and reputation. Moreover, monitoring and preventing the unauthorised use of the Group's intellectual property is difficult. The measures the Group takes to protect its brand, trademarks and other intellectual property rights may not be adequate to prevent their unauthorised use by third parties. Any litigation or dispute in relation to the Group's brand, trade names or trademarks could result in substantial costs and the diversion of resources.

The Group's results of operations may fluctuate due to changes in the fair value of investment properties

The Group's investment properties consist of properties and land held for investment. Pursuant to HKFRS, which the Group adopts, the Group recognises any net change in the fair value of its investment properties in the Group's consolidated statement of comprehensive income as surplus/deficit on revaluation of investment properties. Changes in market values of the Group's investment properties are subject to many external factors and are beyond its control and any such changes will have an impact on its profit or loss.

Changes in fair value of investment properties represent unrealised gains and losses and, as such, do not reflect the Group's cash flow or liquidity positions. Furthermore, the Group may not realise any surplus in fair value of investment properties at the same amount or at all or that the Group may incur net losses due to the decline in fair value.

In addition, in accordance with HKFRS, the values of the Group's properties held for and under development (collectively, "properties for development") are stated at the lower of cost or net realisable value. Impairment assessment will be made and any impairment loss will be charged to profit or loss.

Global economic factors may have an adverse impact on the Group's operations

Global economic developments could adversely affect the property sector generally and developments relating to Hong Kong or the PRC could impact the Group's operations and performance directly. The global economic

slowdown and turmoil in the global financial markets beginning in the second half of 2008 have had a negative impact on the global economy. Since 2011, the global economy was overshadowed by the wide-ranging and complex effects arising from the worsening European sovereign debt crisis, the continued slow recovery of the United States economy, and the escalating political instability in the Middle East and North Africa. More recently, the uncertainty arising from the United Kingdom's forthcoming withdrawal from the European Union and the policies of the Trump administration including trade tensions with the PRC, a slump in commodity prices (followed by a recovery in the latter part of 2016), fears of a slowdown in the PRC economy and speculation over the timing and pace of interest rate hikes in the United States have resulted in instability and volatility in the capital markets. Recent tensions in Hong Kong, including widespread protests, continue to have an adverse impact on the Hong Kong economy. These events have had and continue to have a significant adverse impact on the global credit and financial markets as a whole.

Any deterioration in the financial markets may contribute to a slowdown in the global economy, including in the growth forecasts, and may lead to significant declines in employment, household wealth, consumer demand and lending. These events have had, or may have, a significant adverse impact on economic growth in the jurisdictions in which the Group operates. These conditions may lead to oversupply and reduced property prices, a reduced demand for commercial and residential rentals and a decline in tourism and could negatively impact the hospitality industry. The stimulus measures implemented or proposed by a number of governments as at the date of this Offering Circular, including any quantitative easing, may not improve economic growth or consumer sentiment in these countries. In addition, changes in the global credit and financial markets have recently diminished the availability of credit and led to an increase in the cost of financing. The Group may face difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. The Group may not be able to raise future finance at a reasonable cost.

The Group relies on independent consultants, contractors and sub-contractors

The Group engages independent third-party consultants, contractors and sub-contractors to provide various services in connection with its property development including planning, design, construction of building and infrastructure, fitting-out work, including transportation of materials by air, sea and road. The services rendered by any independent third-party contractor or sub-contractor engaged by the Group may not be satisfactorily completed on schedule. The Group is also exposed to the risk that its contractors and sub-contractors may require additional time to complete the development due to their internal issues or external factors which are out of the Group's control. Furthermore, in view of the tightening of credit facilities provided by banks, there is a risk that the Group's major contractors and sub-contractors may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. Any of these factors may have an adverse effect on the Group's business, operating results, financial condition and prospects.

Fluctuations in cost of construction materials may adversely affect the Group's results of operations

Construction costs are one of the main components of the Group's cost of sales. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of construction materials, fittings, facilities for utilities and related infrastructure. A general trend in the economy of increased inflationary risk may also have an impact on the construction costs and a wider impact on other costs.

Construction costs may fluctuate as a result of the volatile price movement of construction materials such as steel and cement (with the price of steel in particular experiencing significant volatility in recent years). The Group manages the cost of outsourced construction work through third party construction companies. When the Group awards construction contracts to the main contractors and sub-contractors, the prices are normally fixed throughout the contract periods. However, in line with industry practice (depending on specific term of

individual contract and particularly for contract with comparatively longer construction period), the Group may be required to re-negotiate, top up or adjust, depending on the price movement, existing construction contracts with existing contractors. Additionally, should existing contractors fail to perform under their contracts, the Group may be required to pay more to contractors under replacement contracts but claimed existing contractors for indemnity. Therefore, the Group's profit margin is sensitive to changes in the market prices for construction materials and these profit margins will be adversely affected if the Group cannot pass all of the increased costs onto its customers.

Risks relating to accidents or other hazards may affect the Group's operations

The Group may become subject to liability for hazards such as war, civil disorder, and other natural disasters. Any losses may significantly affect the Group's business operation and the Group may not have sufficient funds to replace any property destroyed as a result of such hazards. In addition, any payments the Group makes to cover any losses, damages or liabilities may have an adverse effect on its business, operating results, financial condition and prospects. Further, notwithstanding the Group's insurance coverage, any damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fires, floods, water damage, explosions, power losses, typhoons and other natural disasters may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, whilst every care is taken by the Group and its employees in the selection and supervision of its independent contractors, accidents and other incidents, such as theft, may occur from time to time. Such accidents or incidents may expose the Group to liability or other claims by its customers and other third parties. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

The Group is subject to external risks over which it has no control

A natural disaster, catastrophe or other event could result in severe personal injury, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. The Group's operations are based in jurisdictions which are exposed to potential natural disasters including, but not limited to, typhoons, storms, floods and earthquakes. If any of the Group's developments are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses at their intended capacities, thereby reducing revenues. Risks of substantial costs and liabilities are inherent in the Group's principal operations and the Group may incur significant costs and liabilities, including those relating to claims for damages to property or persons.

The Group's insurances may not be sufficient to cover all risks

The Group maintains comprehensive insurance programmes commensurate with such forms of insurance as is usual for a prudent company engaging in the types of operations undertaken by the Group. Such policies of insurance include, but are not limited to, property all risk, construction all risk, terrorism and civil unrest, public and third-party liability, employer's liability, professional liability, and crime and fidelity.

Although the Group believes that it has adequate insurance arrangements in place to cover foreseeable eventualities, it is possible that accidents or incidents could occur which are not covered by these arrangements or where the extent of the loss exceeds the levels of insurance maintained by the Group. The occurrence of any such accidents or incidents which are not adequately covered by insurance may have an adverse effect on the Group's business, operating results, financial condition and prospects.

The Group's operations are subject to legal and regulatory considerations

The operations of the Group are subject to various laws and regulations in the jurisdictions in which the Group's operations are located. The Group's activities on its investment and development properties are limited by zoning ordinances and other regulations enacted by the authorities in different jurisdictions. Developing properties, refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. The Group's properties are subject to routine inspections by the authorities with regard to various safety and environmental issues. The Group may not be able to comply with such regulations or pass such inspections.

From time to time, changes in law and regulations or the implementation thereof may require the Group to obtain additional approvals and licences from the relevant authorities for the conduct of its operations. In such event, the Group may incur additional expenses to comply with such requirements. This will in turn affect the Group's financial performance as its business costs will increase.

Furthermore, the Group may not be able to obtain such approvals or licences will be granted to the Group promptly or at all. If the Group experiences delays in obtaining, or is unable to obtain, such required approvals or licences, it may have an adverse effect on the Group's business, operating results, financial condition and prospects.

The Group may experience difficulties in sourcing funds for its project development

The Group's businesses require substantial capital investment. The Group may require additional financing to fund working capital and capital expenditures, to support the future growth of its business and/ or to refinance existing debt obligations. The Group's core businesses will require substantial capital investment, particularly for its property development and investment businesses. The Group has historically required and expects to continue to require both external and group level financing to fund its working capital and capital expenditure requirements in the future. The Group's ability to arrange external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, the success of its businesses, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital and political and economic conditions in the markets in which it operates. Additional financing, either on a short-term or a long-term basis, may not be available or, if available, that such financing will be obtained on favourable terms. Any increase in interest rates would increase the cost of borrowing and adversely affect the Group's result of operations.

The Group may fail to meet its strategic targets or such strategies may not yield the anticipated benefits

The Group currently has a number of strategic initiatives and measures as set forth in "*Business — Strategy*". However, the Group may not be successful in implementing such initiatives and measures, or, even if it is successful in implementing them, that the implementation of such initiatives and measures will have their anticipated effects or that such initiatives or measures will not unexpectedly affect businesses that are not the focus of these strategic initiatives.

The Group may not be able to retain key personnel

Identifying premium development projects requires a high level of know-how, skills and expertise. As such, the Group's success depends in part on its continued ability to attract, retain and motivate highly qualified management and other personnel and selection of appropriately skilled and experienced individuals is critical to the Group's success (see "*Business — Strengths*"). The Group is highly dependent upon its ability to attract talent for both permanent and contract employment. The loss of the services of any of these individuals or of one or more other members of senior management could have a material adverse impact on the Group's ability to successfully identify and tender for future development projects.

Fluctuations in foreign exchange rates may affect the Group's results of operations

The Group's current operations are primarily located overseas. Revenue and expense items for, and assets and liabilities of, overseas subsidiaries that are denominated in local currencies are converted into HK dollar to facilitate consolidation when preparing the Group's consolidated financial statements, and could be affected by fluctuations in exchange rates at the time of exchange.

The Group may be subject to joint venture risks with respect to certain of its existing or future projects

Co-operation and agreement among the Group and its joint venture partners on its existing or any future projects is an important factor for the smooth operation and financial success of such projects. The Group's joint ventures may involve risks associated with the possibility that the joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group, (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements or (iii) experience financial or other difficulties. Further, the Group may not be able to control the decision-making process of the joint ventures without reference to the joint venture partners and, in some cases, it does not have majority control of the joint venture. In most cases, the Group does, however, through contractual provisions or representatives appointed by it, have the ability to control or influence most material decisions. Although the Group does not currently experience any significant problems with its joint venture partners, disputes among the Group and its joint venture partners or among the partners may arise in the future that could adversely affect such projects.

Growth in tourism in Japan (and in particular Hokkaido) could have a material impact on the performance of the Group's all-season resort

The future growth of the Group's all-season recreational activities business depends in part on the growth of tourism in Japan (and in particular, Hokkaido). In particular, the Group's growth strategy for the operation and development of its all-season resort depends in part on an increase in foreign visitors to Japan and its ability to take advantage of such increase. According to data sourced by the Japan National Tourism Organization, the estimated number of international travellers to Japan reached 31 million from January to December 2018, an 8.7 per cent. increase compared to the same period in 2017. Although the number of travellers has steadily increased, the size of the Japanese tourism market is affected by various factors beyond the Group's control. For example, events such as the Great East Japan Earthquake in 2011 and the nuclear incidents that followed significantly discouraged foreigners from visiting Japan and also weakened domestic tourism due to a dampening of general consumption activity in Japan. In addition, epidemics such as SARS and abnormal weather conditions have in the past affected the number of visitors travelling to Japan. Relations among Japan, Mainland China and Korea have undergone heightened tension since September 2012 due to various political disputes and this could have a negative effect on the number of Chinese tourists visiting Japan. Although the Japanese yen significantly weakened in 2016 and contributed to an increase in the number of foreign visitors in Japan, if the Japanese yen were to strengthen against other major foreign currencies, this may have a negative impact on tourism in Japan. While the Japanese government has been actively promoting Japanese tourism in recent years, including through the "Visit Japan Campaign", the announcement in March 2016 of several targets for increasing the annual number of foreign visitors to Japan by 2030 and promoting tourism with an eye to the 2020 Tokyo Olympics and Paralympics, such promotions may not be successful or such targets will be reached. Weakness in the Japanese tourism market, including both inbound tourism from foreign countries and domestic tourism, could have a material adverse effect on the sale of properties and results of operation of the Group's all-season resort.

Risks Relating to the Notes and the Guarantee of the Notes

The Letter of Support is neither a guarantee nor a legally binding obligation of PCCW in relation to the Notes

The Letter of Support provided by PCCW to the Guarantor is neither a guarantee nor a legally binding obligation of PCCW in relation to the Further Notes. The Letter of Support is not intended to be legally binding and shall not create any legally binding obligation of PCCW, and in particular, is not and shall not be construed as or be deemed to constitute financial assistance or a direct or indirect guarantee by PCCW to any party of the payment of the interest or principal under the Further Notes. Accordingly, there is no assurance that PCCW will provide support to the Guarantor in the manner contemplated by the Letter of Support. In addition, Noteholders will not be able to bring any action, whether directly or indirectly, against PCCW to enforce the Letter of Support if PCCW fails to comply with the Letter of Support.

The Issuer was established primarily for the purpose of raising finance for the Group and has no business activities save for the issuance of securities

The Issuer was established specifically for the purpose of raising finance for the Group and will on-lend the net proceeds from the offering of the Further Notes to the Guarantor and/or its subsidiaries and other members of the Group which will be used for general working capital of the Group. The Issuer does not and will not have any business activities other than the issue of securities, and its ability to make payments under the Notes will depend on their receipt of timely remittance of funds from the Guarantor and/or its subsidiaries and other members of the Group.

Risks associated with the Guarantor's holding company structure

The Guarantor is a holding company that operates through its subsidiaries and associates. It is principally a holding company with limited operations of its own. The Guarantor depends, to a significant extent, upon the receipt of dividends from its subsidiaries and associates to meet its overhead expenses and to make payments with respect to its obligations, including its obligations under the Guarantee of the Notes, and in order to provide funds to its subsidiaries and associates. The ability of subsidiaries and associates of the Guarantor to pay dividends to their respective shareholders (including the Guarantor) is subject to the performance and cash flow requirements of such subsidiaries and associates and to applicable law and restrictions contained in debt instruments of such subsidiaries and associates, if any. It is also subject to foreign currency controls, if any, on the repatriation of dividends to the Guarantor from overseas. The Guarantor's obligations under the Guarantee of the Notes will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and associates, other than the Issuer. All claims of creditors of these subsidiaries and associates, including trade creditors, lenders and all other creditors, will have priority as to the assets of such entities over claims of the Guarantor and its creditors, including holders of the Notes as beneficiaries of the Guarantee of the Notes. The Guarantor may not have sufficient cash flow from dividends to satisfy its obligations, including its obligations under the Guarantee of the Notes or otherwise to enable the Issuer to make payments under the Notes, or that its subsidiaries and associates will pay dividends at all.

The Further Notes constitute direct, general, unconditional and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least rank *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Further Notes constitutes direct, general, unconditional and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will rank above the

Noteholders' claims with respect to those assets. In the event of the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Noteholders rateably with all of the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then any principal, interest or other sums payable under all or a portion of the Notes then outstanding would remain unpaid.

The Notes and the Guarantee of the Notes are unsecured obligations

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

- the Guarantor or the Issuer 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 and 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, particularly where secured creditors rank in priority to the Noteholders to the extent of the security they have over the assets of the Issuer or the Guarantor.

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

The Further Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Further Notes unless they have the expertise (either alone or with the help of a financial advisor) to evaluate how the Further Notes will perform under changing conditions, the resulting effects on the value of such Further Notes and the impact this investment will have on the potential investor's overall investment portfolio. Each potential investor in the Further 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 Further Notes, the merits and risks of investing in the Further Notes and the information contained or incorporated by reference in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Further Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Further Notes;
- understand thoroughly the terms of the Further Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible economic scenarios, such as interest rates and other factors which may affect its investment and the ability to bear the applicable risks.

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. As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in the U.S. dollar interest rates. If the Noteholders propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

If the Group is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements, which could cause the repayment of the Group's debt to be accelerated

If the Group is unable to comply with the restrictions and covenants in the Notes or its current or future financing 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 relevant debt could terminate their commitments to lend to the Group, accelerate the debt obligation and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, certain debt agreements, including the Notes, may contain cross-acceleration or cross-default provisions. As a result, 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 other debt agreements. If any of these events should occur, there can be no assurance that the Group's assets and cash flow would be sufficient to repay in full all indebtedness, or that alternative financing could be found. Even if alternative financing can be obtained, there can be no assurance that it would be on terms that are favourable or acceptable to the Group.

The Issuer may not be able to repurchase or redeem the Notes

The Issuer may be required to redeem all of the Notes upon occurrence of a Change of Control. If any such event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem put Notes by the Issuer or the Guarantor would constitute an event of default under the Notes, which may also constitute a default under the terms of the Group's other indebtedness.

The Notes will be represented by the Global Note Certificate and holders of a beneficial interest in the Global Note Certificate must rely on the procedures of the Clearing Systems

The Notes will be represented by beneficial interests in the Global Note Certificate. The Global Note Certificate will be deposited with a common depository for Euroclear and Clearstream (each, a "Clearing System" and together, the "Clearing Systems"). Except in the circumstances described in the Global Note Certificate, investors will not be entitled to receive Individual Note Certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Notes are represented by the Global Note Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders. A holder of a beneficial interest in the Global Note Certificate must rely on the procedures of the Clearing Systems to receive payments under the Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate. Holders of beneficial interests in the Global Note Certificate

will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

The Issuer may issue additional Notes or other debt instruments in the future

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see Condition 14 (*Further Issues*) of the Conditions) or otherwise raise additional capital through such means and in such manner as it may deem fit. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price 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. The Notes may trade at prices that are higher or lower than the price at which the Notes have been issued. The price at which the Notes trade depends on many factors, including:

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

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

Certain facts and statistics are derived from publications not independently verified by the Issuer, the Guarantor, the Manager, the Agents or their respective advisers

Market data and certain information and statistics relating to the real property industry and the Guarantor's affiliated entities are derived from both public and private sources, including market research, publicly available information and industry publications. While the Issuer and the Guarantor have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by the Issuer, the Guarantor, the Manager, the Agents or their respective advisers and, therefore, neither the Issuer nor the Guarantor make representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside Hong Kong. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, they may not be stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

The Trustee may request holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction

Where the Trustee is under the provisions of the Trust Deed (as defined in the Conditions) bound to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding, in breach of the terms of the Trust Deed or the Conditions and in circumstances where there is uncertainty or dispute as to the applicable laws or

regulations and, to the extent permitted by the Conditions, the provisions of the Global Note Certificate and applicable law, it will be for the holders of the Notes to take such actions directly.

THE GLOBAL NOTE CERTIFICATE

The Global Note Certificate contains the following provisions which apply to the Notes in respect of which they are issued while they are represented by the Global Note Certificate, some of which modify the effect of the Conditions. Terms defined in the Terms and Conditions of the Notes have the same meaning in the paragraphs herein. The following is a summary of those provisions.

The Notes will be represented by a Global Note Certificate which will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream.

Under the Global Note Certificate, the Issuer, for value received, promises to pay such principal sum to the Holder on the Maturity Date or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest on such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

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

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

Payments on Business Days

In the case of all payments made in respect of the Global Note Certificate "business day" means any day which is a day on which dealings in foreign currencies may be carried on in New York City and Hong Kong.

Payment Record Date

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

Exercise of Put Option

In order to exercise the option contained in Condition 5(c) (*Redemption for Change of Control*) of the Conditions the Holder of the Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note Certificate and put notice, give written notice of such exercise to the Paying Agent

(as defined in the Conditions) specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices

Notwithstanding Condition 15 (*Notices*) of the Conditions, so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream or an Alternative Clearing System, notices to Holders of Notes represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

USE OF PROCEEDS

The net proceeds from the issue of the Notes after deduction of fees, commissions and expenses are estimated to be approximately US\$130.1 million and are to be used for the Group's servicing of general corporate debt and general corporate purposes, including in relation to the Group's development of the all-seasons resorts in Hokkaido, Japan and Phang Nga, Thailand.

TERMS AND CONDITIONS OF THE NOTES

The Further Notes will be consolidated and form a single series with the U.S.\$570,000,000 4.75 per cent. Guaranteed Notes due 2022 issued on 9 March 2017. The Further Notes will have the same terms and conditions as the Original Notes in all respects, except for the issue date and the first interest payment date, and the Further Notes and the Original Notes will vote together as a single series on all matters with respect to the Notes.

The following, subject to modification and except for the paragraphs in italics, is the text of the Terms and Conditions of the Notes.

The US\$500,000,000 4.75 per cent. Guaranteed Notes due 2022 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 14 (*Further issues*) and forming a single series therewith) of PCPD Capital Limited (the “**Issuer**”) are constituted by, are subject to, and have the benefit of, a trust deed dated 9 March 2017 (as amended and/or supplemented from time to time, the “**Trust Deed**”) between the Issuer, Pacific Century Premium Developments Limited (the “**Guarantor**”) and The Hongkong and Shanghai Banking Corporation Limited as trustee (the “**Trustee**”, which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 9 March 2017 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), The Hongkong and Shanghai Banking Corporation Limited as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the transfer agents named therein (the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. References herein to the “**Agents**” are to the Registrar, the Principal Paying Agent, the Transfer Agents and the Paying Agents and any reference to an “**Agent**” is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours with prior written notice at the registered office for the time being of the Trustee, being at the date hereof Level 30, HSBC Main Building, 1 Queen’s Road Central, Hong Kong and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1 Form, Denomination, Status and Guarantee

- (d) *Form and denomination:* The Notes are in registered form in the denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).
- (e) *Status of the Notes:* The Notes constitute direct, general, unconditional and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Upon issue, the Notes will be evidenced by a global note certificate (the “**Global Note Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Note Certificate will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV*

(“Euroclear”) and Clearstream Banking S.A. (“Clearstream”), and will be exchangeable for individual Note Certificates (as defined below) only in the circumstances set out therein.

- (f) *Guarantee of the Notes*: The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This guarantee (the “Guarantee of the Notes”) constitutes direct, general, unconditional and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2 Register, Title and Transfers

- (a) *Register*: The Registrar will maintain a register (the “Register”) in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the “Holder” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “Noteholder” shall be construed accordingly. A certificate (each, a “Note Certificate”) will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.
- (c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed and signed by the Noteholder or his attorney duly authorised in writing, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor. No transfer of title to a Note will be valid unless and until entered on the Register.
- (d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (free of charge to the Holder and the Issuer’s (failing which the Guarantor’s) expense if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “business day” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but such indemnity and/or security and/or pre-funding as the Registrar

or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

- (f) *Closed periods*: Noteholders may not require transfers to be registered:
- (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes; or
 - (ii) after a Change of Control Put Exercise Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 5(c) (*Redemption for Change of Control*).
- (g) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3 Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their respective Principal Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee or indemnity in respect of any Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

In these Conditions:

“Indebtedness” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

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

“Permitted Security Interest” means any Security Interest created by any Subsidiary of the Issuer or the Guarantor to secure any Relevant Indebtedness incurred by such Subsidiary in connection with a specifically identifiable project relating to a specific asset where recourse for the Relevant Indebtedness so secured is limited to such asset and the assets and cash flows generated by the specifically identifiable project, provided however, that the aggregate outstanding principal amount of all such secured Relevant Indebtedness entered into after the

Issue Date shall not exceed 30 per cent. of the Guarantor's consolidated gross assets (calculated by reference to the latest audited or reviewed financial statements of the Guarantor).

"Principal Subsidiary" means a Subsidiary of the Guarantor:

- (a) whose gross assets (after eliminations and excluding intercompany balances) represent not less than 5 per cent. of the consolidated gross assets of the Guarantor and its Subsidiaries taken as a whole, as calculated respectively by reference to the latest audited or reviewed financial statements of the Subsidiary and the then latest audited or reviewed consolidated financial statements of the Guarantor, provided that:
 - (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited or reviewed consolidated financial statements of the Guarantor relate for the purpose of applying each of the foregoing tests, the reference to the Guarantor's latest audited or reviewed consolidated financial statements shall be deemed to be a reference to such audited or reviewed financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited or reviewed financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Guarantor;
 - (ii) if at any relevant time in relation to the Guarantor or any Subsidiary no financial statements are prepared and audited, its gross assets (consolidated, if applicable) shall be determined on the basis of pro forma consolidated financial statements (consolidated, if applicable) prepared for this purpose; and
 - (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its financial statements with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor; or
- (b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon (a) in the case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary and (b) the transferee Subsidiary shall immediately become a Principal Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of subparagraph (a) above.

A certificate signed by two directors of the Guarantor as to whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest error;

"Relevant Indebtedness" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

"Subsidiary" means, in relation to any Person (the "first Person") at any particular time, any other Person (the "second Person"):

- (a) in which the first Person holds a majority of the voting rights;

- (b) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (c) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4 Interest

The Notes bear interest from 9 March 2017 (the “Issue Date”) at the rate of 4.75 per cent. per annum (the “Rate of Interest”), payable in arrear on 9 March and 9 September in each year in equal instalments (each, an “Interest Payment Date”) commencing on 9 September 2017, subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be U.S.\$23.75 in respect of each Note of U.S.\$1,000 denomination. If interest is required to be paid in respect of a Note on any other date, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

5 Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 9 March 2022, subject as provided in Condition 6 (*Payments*).
- (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, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:
 - (i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 2 March 2017; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
 - (ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Notes, as the case may be, or the Guarantor has or will become obliged to make any such withholding or deduction as is referred to in Condition 7 (*Taxation*) or the Guarantee of the Notes, as the case may be, from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Notes, in either case as a result of any change in, or amendment to, the laws or regulations of Bermuda or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 2 March

2017; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate signed by two directors of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two directors of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and
- (B) an opinion in form and substance satisfactory to the Trustee 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.

The Trustee shall be entitled to accept and rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) or (as the case may be) (ii)(A) and (ii)(B) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b) (*Redemption for tax reasons*).

(c) *Redemption for Change of Control:*

At any time following the occurrence of a Change of Control, the Holder of any Note will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Notes on the Change of Control Put Date at 101 per cent. of their principal amount, together with accrued interest to, but excluding the Change of Control Put Date.

To exercise such right, the Holder of the relevant Note must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "Change of Control Put Exercise Notice"), together with the Note Certificates evidencing the Notes to be redeemed by not later than 60 days following a Change of Control, or, if later, 60 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 15 (*Notices*), the Registrar and the Principal Paying Agent. The "Change of Control Put Date" shall be the 14th day after the expiry of such period of 60 days as referred to above.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Change of Control Put Exercise Notices delivered as aforesaid.

The Issuer shall give notice to Noteholders, the Registrar and the Principal Paying Agent in accordance with Condition 15 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by Holders of their rights to require redemption of the Notes pursuant to this Condition 5(c) (*Redemption for Change of Control*).

In this Condition 5(c) (*Redemption for Change of Control*):

A “Change of Control” occurs when either:

- (i) PCCW Limited:
 - (A) ceases to hold, directly or indirectly, at least 50 per cent, of the voting rights of the issued share capital of the Guarantor; or
 - (B) ceases to be the largest single shareholder of the Guarantor; or
- (ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person other than PCCW Limited, unless the consolidation, merger, sale or transfer will result in PCCW Limited:
 - (A) holding, directly or indirectly, at least 50 per cent. of the voting rights of the issued share capital of the Guarantor (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer); and
 - (B) being the largest single shareholder of the Guarantor (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer).

a “Person”, as used in this Condition 5(c) (*Redemption for Change of Control*), includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

- (d) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) and (b) (*Redemption for tax reasons*) above.
- (e) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.
- (f) *Cancellation*: All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.
- (g) *No duty to monitor*: The Trustee shall not be obliged to take any steps to ascertain whether a Change of Control, Potential Event of Default (as defined in the Trust Deed) or Event of Default has occurred or to monitor the occurrence of any Change of Control, Potential Event of Default or Event of Default, and shall not be liable to the Noteholders or any other person for not doing so.
- (h) *Calculations*: Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Noteholders or any other person for not doing so.

6 Payments

- (a) *Principal*: Payments of principal shall be made by U.S. dollar cheque drawn on, or, upon application by a Holder of a Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made by U.S. dollar cheque drawn on, or upon application by a Holder of a Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee

with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

- (c) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (d) *Payments on business days:* Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, expense of the Noteholder) (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In this paragraph, “business day” means any day on which banks are open for general business (including dealings in foreign currencies) in Hong Kong and New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date:* Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar’s Specified Office on the fifteenth day before the due date for such payment (the “Record Date”). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, expense of the Noteholder) to the address shown as the address of the Holder in the Register at the close of business on the relevant Record Date.

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

7 Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands or Bermuda or any political subdivision thereof or any authority

therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note; or
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

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

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

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

Neither the Trustee nor the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8 Events of Default

If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or pre-funded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within five days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and such default (i) is

incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 60 days after the Trustee has given written notice thereof to the Issuer and the Guarantor; or

(c) *Cross-acceleration of Issuer, Guarantor or Subsidiary:*

- (i) any Indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
- (ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or
- (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.\$50,000,000 (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgment:* one or more judgment(s) or order(s) for the payment of any amount is rendered against the whole or a substantial part of the property, assets or revenue of the Issuer, the Guarantor or any Principal Subsidiary and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Principal Subsidiary; or

(f) *Insolvency, etc.:* (i) the Issuer, the Guarantor or any Principal Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, the Guarantor or any Principal Subsidiary or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Principal Subsidiary, (iii) the Issuer, the Guarantor or any Principal Subsidiary takes any action for a readjustment or deferment of a substantial part of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of a substantial part of its Indebtedness or any guarantee of any Indebtedness given by it or (iv) the Issuer, the Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Principal Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(g) *Winding up, etc.:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Principal Subsidiary (otherwise than, in the case of a Principal Subsidiary, (i) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent; (ii) where there are surplus assets in such Principal Subsidiary and such surplus assets are distributed to the Guarantor and/or any other Principal Subsidiaries of the Guarantor; or (iii) following a disposal of any assets on an arm's length basis to any third party where all of the undertaking and assets resulting from such disposal are vested in the Guarantor and/or other Subsidiaries of the Guarantor); or

(h) *Analogous event:* any event occurs which under the laws of the Cayman Islands or Bermuda has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or

- (i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates and the Trust Deed admissible in evidence in the courts of the Cayman Islands and Bermuda is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or
- (k) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (l) *Controlling shareholder*: the Issuer ceases to be a Subsidiary of the Guarantor.

9 Prescription

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

10 Replacement of Note Certificates

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

11 Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or provided with security and/or pre-funded and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity relating to the Issuer or the Guarantor without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or principal paying agent and additional or successor paying agents and transfer agents; provided, however, that the Issuer and the Guarantor shall at all times maintain (a) a principal paying agent and a registrar and (b) a paying agent and a transfer agent in Singapore.

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

12 Meetings of Noteholders; Modification and Waiver

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to amend the terms of the Guarantee of the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “Reserved Matter”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed (such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders) (a “Written Resolution”) or (ii) where the Notes are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of Notes outstanding (an “Electronic Consent”) shall, in each case for all purposes, be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

A Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be.

- (b) *Modification and waiver:* The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders by the Issuer as soon as practicable thereafter.

- (c) *Directions from Noteholders*: Notwithstanding anything to the contrary in these Conditions or the Trust Deed, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.
- (d) *Certificates and Reports*: The Trustee may rely without liability to Noteholders on a report, advice, opinion, confirmation or certificate from any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, opinion or certificate or advice.

13 Enforcement

The Trustee may at any time, at its discretion and without notice, institute such actions, steps or proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or pre-funded and/or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14 Further Issues

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

15 Notices

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

Until such time as any individual certificates are issued and so long as the Global Note Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

16 Governing Law and Jurisdiction

- (a) *Governing law:* The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.
- (b) *Jurisdiction:* Each of the Issuer and the Guarantor has in the Trust Deed (i) agreed for the benefit of the Trustee and the Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a “Dispute”) arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders from taking proceedings relating to a Dispute (“Proceedings”) in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

CAPITALISATION AND INDEBTEDNESS

As at 30 June 2019, the authorised share capital of the Guarantor was HK\$2 billion consisting of 4 billion ordinary shares of HK\$0.50 each and an issued and fully paid-up share capital of approximately HK\$201 million consisting of 402,189,313 ordinary shares of HK\$0.50 each.

The following table sets out the actual consolidated capitalisation and indebtedness of the Group as at 30 June 2019, and as adjusted to give effect to the principal of the Further Notes being offered hereby. This table should be read in conjunction with the financial information and the accompanying notes included in this Offering Circular.

	As at 30 June 2019			
	Actual		As Adjusted	
	<i>HK\$ million</i>	<i>US\$ million⁽¹⁾</i>	<i>HK\$ million</i>	<i>US\$ million⁽¹⁾</i>
Total borrowings - current portion				
Bank borrowings	1,325	170	1,325	170
Current portion of long-term bank borrowings	11	1	11	1
	1,336	171	1,336	171
Total borrowings - non-current portion				
Long-term bank borrowings	880	113	880	113
US\$570,000,000 4.75% Original Notes due 2022	4,430	568	4,430	568
The Further Notes offered hereby ⁽²⁾	-	-	1,014	130
	5,310	681	6,324	811
Capital and Reserves				
Issued equity	2,846	365	2,846	365
Reserves ⁽³⁾	1,189	152	1,189	152
	4,035	517	4,035	517
Total capitalisation ⁽⁴⁾	9,345	1,198	10,359	1,328
Total borrowings - current portion and total capitalisation	10,681	1,369	11,695	1,499

Notes:

- (1) A rate of HK\$7.80 to US\$1.00 was adopted for the conversion of Hong Kong dollars to U.S. dollars.
- (2) Notes to be issued represent the aggregate principal amount of the Notes without taking into account any issue discount or premium, and before deduction of, management and subscription commissions and other estimated transaction expenses payable.
- (3) As at 30 June 2019, the Guarantor's reserves included outstanding bonus convertible notes of HK\$592,553,354.40 convertible into 1,185,106,708 shares of the Guarantor at the conversion price of HK\$0.50 per share. The bonus convertible notes can be converted into shares of the Guarantor at any time provided that the Guarantor's minimum public float requirements under the Listing Rules are complied with.
- (4) Total capitalisation represents total borrowings - non-current portion plus capital and reserves.

Save as disclosed above, there has been no material change in the capitalisation of the Guarantor since 30 June 2019.

DESCRIPTION OF THE ISSUER

Formation

PCPD Capital Limited is a limited liability company incorporated under the laws of the Cayman Islands (25 January 2017 Company Number: 319093). It was incorporated in the Cayman Islands on 25 January 2017. The Issuer is a wholly-owned subsidiary of the Guarantor.

Business Activity

The Issuer was established pursuant to the unrestricted objects and powers set out in its memorandum of association. The Issuer does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a wholly-owned subsidiary of the Guarantor and those incidental to the issuance of bonds from time to time (including the issuance of the Original Notes) and the lending of the proceeds thereof to members of the Group and any other activities in connection therewith. See “Capitalisation and Indebtedness” for the indebtedness of the Group as at 30 June 2019.

Financial Statements

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

Directors and Officers

The directors of the Issuer are Lam Yu Yee, Benjamin and Tang Yin Man and each of their business addresses is c/o 8th Floor, Cyberport 2, 100 Cyberport Road, Hong Kong. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer.

The Issuer does not have any employees.

DESCRIPTION OF THE GROUP

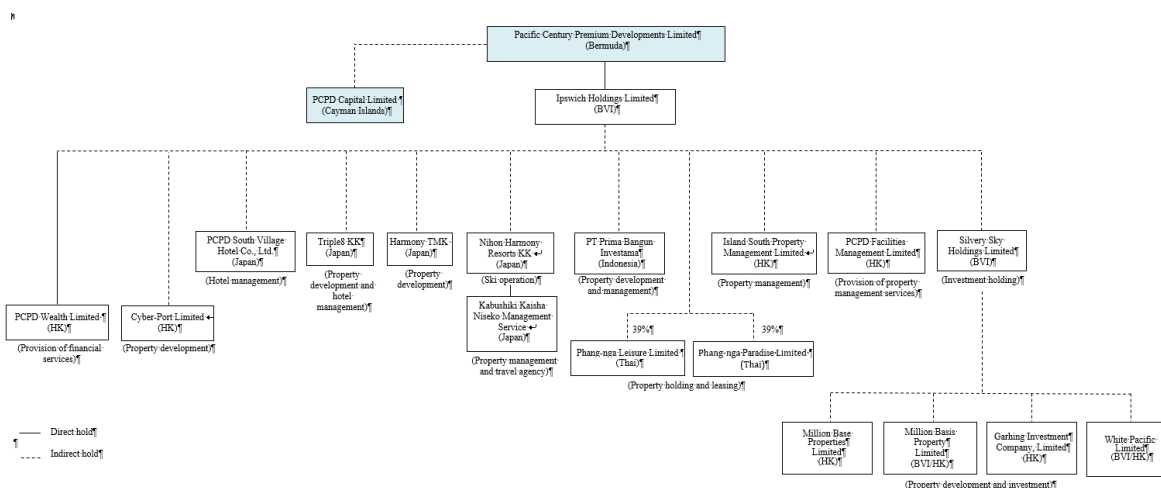
Introduction

The Group is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. Established in 2004 through a corporate spin-off by PCCW Limited (“PCCW”), the Guarantor is a limited liability company incorporated in Bermuda and its securities are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). As at 2 September 2019, based on the closing price of its shares on the SEHK, the Guarantor had a market capitalisation of approximately US\$86.11 million. The directors of the Guarantor consider the immediate holding company of the Group to be Asian Motion Limited, and the ultimate holding company of the Group to be PCCW, which is listed on the SEHK. The Group’s current operations are based primarily in Japan, Hong Kong, Indonesia and Thailand.

The principal business activities of the Group are as follows:

- *Property investment and development:* The Group selectively invests in premium-grade buildings and develops and manages premium property and infrastructure projects in Asia. Currently the Group’s principal investments and developments are located in (a) Jakarta, Indonesia, (b) Niseko, Hokkaido, Japan, (c) Phang Nga, Thailand and (d) Hong Kong.
- *Recreation and leisure:* The Group’s all-season recreational operation is located in Niseko, Hokkaido, Japan, which is one of the premium ski destinations in the world. There are various facilities and recreational activities operated by the Group, including ski lift, ski equipment rental, ski school and snowmobile tours in winter and rafting tours and golfing in summer.
- *Property management related services:* The Group provides professional property management and facilities management services in Hong Kong and property management services in Japan.
- *Other businesses:* The Group also engages in property investment in Hong Kong.

The following sets forth an overview of the Group’s organisational structure as at 1 September 2019:



Strengths

Flexible business model with long-term vision and disciplined project selection approach

The Group maintains a disciplined and prudent strategy when selecting development projects to tender for or with respect to land acquisitions. Prior to acquiring land for a project, the Group performs a comprehensive feasibility study covering targeted selling price, total investment, gross profit margin and project return. If the land acquisition costs exceed the Group's pre-set ratio of land acquisition costs to estimated revenue, the Group typically will not proceed with the land acquisition. As the Group does not have set geographical mandates and/or annual internal targets with respect to revenue generation, the Group is able to take a selective approach taking into consideration factors including potential returns, local property market conditions, project development timetable and is able to consider development projects of any type and in any location solely on its merits. The Group has a strong heritage in residential projects, but is also engaged in commercial and hotel projects.

As a result, the Group is able to take an opportunistic approach in selecting premium large scale projects with the most potential for high returns and further enhancing the Group's brand and is able to efficiently allocate its resources to such projects.

The Group has also established and maintained partnerships with worldwide renowned partners, giving it flexibility to tender for a wide range of projects. The Group has consistently partnered with top international architects and contractors, property management companies as well as internationally recognised designers and large state-owned construction companies in this regard. For instance, the Group entered into a hotel management agreement and other related agreements with the Hyatt Group with respect to its project development in Hokkaido, Japan (see "*— Operations*"). Additionally, the Group has partnered and entered into service agreements with companies wholly-owned by Dr. Allan Zeman for the initial development of the project in Phang Nga, southern Thailand.

Proven track record of the team in delivering premium projects over 15 years

Enabled by the Group's experienced senior management team (see "*— Directors and Senior Management*"), the Group has a successful track record of developing and executing its projects on time and within budget, including in particular the development of Cyberport, the Residence Bel Air in Hong Kong, ONE Pacific Heights in Hong Kong and Pacific Century Place in Jakarta, Indonesia (see "*— Operations*").

The Group believes it is equipped with strong execution capability, as evidenced by its strong position in Hong Kong's high-end residential market (primarily as a result of the development of the iconic Residence Bel Air) and good reputation of the Group's premium grade A office property in Jakarta, Indonesia to replicate its success globally. The Group's strong execution capability is further demonstrated by the extensive market research that the Group conducts, its knowledge of the property development business cycle and its management team's valuable experience and capabilities.

Strong pipeline with well-planned delivery schedule and attractive economic returns

The Group has a strong pipeline of projects, each with a well-planned delivery schedule and sound economic returns. These are the development of world-class all-season resorts in Hokkaido, Japan and in Phang Nga, southern Thailand, and the development of a luxury residence or a commercial property in Central, Hong Kong (the "**Glenealy Project**" in Hong Kong) (subject to obtaining relevant government approvals) (see "*— Operations — Property investment and development*").

- The Hanazono Resort Development in Hokkaido is progressing on schedule. It is expected that the opening of the Park Hyatt Niseko, Hanazono hotel will take place in January 2020, and the Group is also upgrading the existing ski infrastructure in the area. Over 90 per cent. of the Park Hyatt Niseko Hanazono

Residences are sold and the handover of the branded residences will take place between December 2019 and January 2020.

- The development of the first phase of the all-seasons resort in Phang Nga, southern Thailand under a joint venture agreement with Paradise Pinetree Development Limited, a company wholly-owned by Dr. Allan Zeman, has commenced in 2018. Construction of an 18-hole golf course, golf and country club and relevant infrastructure in the first phase is under way. The golf course and golf and country club are expected to be completed in the fourth quarter of 2020. The Group is also planning the sales of the first batch of villas after the completion of show suites in the fourth quarter of 2019.
- The redevelopment project in Central, Hong Kong is still at an early stage. The Group acquired No. 3 to 6 Glenealy, Central in March 2018 and intends to develop it into a luxury residence or for commercial use (subject to obtaining relevant government approvals).

In addition, the Group believes that its distinctive designs, trendsetting innovative lifestyle concepts and high standards in prestigious residential accommodation have successfully distinguished it and that it has been able to consistently achieve a premium price for its project developments.

Best-in-class leadership team

The Group's executive management team has extensive experience, with an average of more than 32 years of management experience in the property development and investment industry (see “— *Directors and Senior Management*”). Moreover, the Guarantor's Board of Directors includes several members who have served in leadership positions across the industry. The Group believes the experience and knowledge of its management are essential to its success and enable it to capitalise on market opportunities, formulate effective business strategies, evaluate and control risks, implement management plans and enhance its profitability. The Group believes its strong management is, and will continue to be, a solid foundation of its success.

The Group is also able to draw on this combination of varied and broad experience to drive growth and react quickly to shifts in the market. Additionally, the Group believes that it benefits from the local and regional relationships of the members of its executive management team and its Board of Directors in attracting talent, growing its business and capitalising on business opportunities.

The Group believes it has a strong team with a proven ability to execute the Group's business plans.

Long-term sponsorship and support from PCCW

The Guarantor's major shareholder is PCCW with 70.88 per cent. ownership of the Guarantor as at 30 June 2019. The Guarantor was created from a corporate spin off by PCCW in 2004. PCCW has previously showed its financial support to the Guarantor through the subscription of convertible notes issued by the Guarantor and its subsidiary and has provided a Letter of Support to the Guarantor in relation to this Offering. See “Letter of Support” for further details. PCCW intends to continue to support the development of the Group's business.

In addition to holding a majority interest in the Guarantor, PCCW is the holding company of HKT Limited, a premier telecommunications service provider in Hong Kong. PCCW also owns PCCW Media, a fully integrated multimedia and entertainment group in Hong Kong, and PCCW Solutions, a leading information technology outsourcing and business process outsourcing provider in Hong Kong and mainland China. The PCCW shares are listed on the SEHK and traded in the form of ADRs on the OTC Markets Group Inc. in the United States.

Strategy

The Group's key strategic focus is as follows:

To be opportunistic and flexible with project development

The Group has a flexible approach to its property development, focusing on premium, large scale projects that fit within its investment parameters and which are expected to provide long-term high returns for the Group. The Group is not constrained by jurisdiction or class of development, allowing it to be opportunistic and flexible (see “— *Strengths — Flexible business model with long-term vision and disciplined project selection approach*”). The Group intends on continuing to build on this unique differentiating factor as compared to other property developers to ensure that it continues to identify projects with high potential and unique selling points.

To focus on the successful completion of existing projects

The Group currently has three major projects under planning or construction. These are the development of world-class all-season resorts in Hokkaido, Japan, in Phang Nga, southern Thailand and the Glenealy Project in Central, Hong Kong. These projects are at different stages of development, with the first phase of the Hokkaido project expected to complete in 2019 and become operational in January 2020, the construction of the golf course, golf and country club and infrastructure ongoing with respect to the first phase of the Phang Nga project, and planning of the development of the Glenealy Project in Hong Kong under way. A significant portion of the Group’s capital resources and management energy is devoted to the successful completion of such projects and management is focused on ensuring that such projects are completed within the announced timeframes and within budget.

To create unique and high premium developments and continue to build the Group’s premium brand

The Group intends to continue to focus on innovative product design and premium quality by developing property projects to cater to the needs of its target customers. The Group’s focus and core strength is the development of premium residential, resort and commercial property developments, and the Group will continue to work to identify suitable opportunities to leverage its experience in this area. At the same time, the Group will look to supplement its residential property developments with the roll-out of more attractive investment property projects to reinforce the association between the Group’s brand name with prestige and quality.

To actively consider new projects across different jurisdictions

The Group currently has ongoing projects across different jurisdictions and is not constrained by any geographic mandates or limitations on its scope of operations. The Group has, to date, completed or is in the process of completing development projects in Hong Kong, Japan, Indonesia and Thailand, and is continually looking for opportunities in other markets globally.

Capital Expenditure

In the next financial year, it is expected that approximately US\$130 million in capital expenditure will be required in connection with the Group’s development of an all-season resort in Hokkaido, Japan and US\$20 million will be required in connection with the Group’s development of a world-class resort in Phang Nga, Thailand (see “— *Operations*”). The Group’s actual capital expenditure may differ from such expectations.

Operations

The principal business activities of the Group are as follows:

- *Property investment and development:* The Group selectively invests in premium-grade buildings and develops and manages premium property and infrastructure projects in Asia. Currently the Group’s principal investments and developments are located in (a) Jakarta, Indonesia, (b) Niseko, Hokkaido, Japan, (c) Phang Nga, Thailand and (d) Hong Kong.

For the years ended 31 December	Revenue from external customers		Inter-segment revenue		Reportable segment revenue		Segment results before taxation		Additions to non-current segment assets	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<i>HK\$ million</i>									
All-season recreational activities in Japan	108	96	—	—	108	96	4	4	119	13
Property investment in Indonesia	138	3	—	—	138	3	53	(47)	63	650
Property development in Thailand	—	—	—	—	—	—	(10)	(4)	54	5
Property development in Japan	—	—	—	—	—	—	(41)	(39)	1,162	478
Property and facilities management in Hong Kong	28	28	—	—	28	28	3	2	—	—
Property development in Hong Kong	—	—	—	—	—	—	(14)	—	2,172	—
Property management in Japan	21	20	—	—	21	20	1	2	—	—
Other businesses	5	17	2	2	7	19	2	3	—	—
Elimination	—	—	(2)	(2)	(2)	(2)	—	—	—	—
Total of report segments	300	164	—	—	300	164	(2)	(79)	3,570	1,146
Unallocated	—	—	—	—	—	—	(387)	(234)	8	1
Consolidated	300	164	—	—	300	164	(389)	(313)	3,578	1,147

For the six months ended 30 June	Revenue from external customers		Inter-segment revenue		Reportable segment revenue		Segment results before taxation		Additions to non-current segment assets	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	<i>HK\$ million</i>									
All-season recreational activities in Japan	79	75	—	—	79	75	20	17	59	2
Property investment in Indonesia	95	59	—	—	95	59	53	23	7	40
Property development in Thailand	—	—	—	—	—	—	(6)	(5)	44	13
Property development in Japan	—	—	—	—	—	—	(23)	(20)	330	132
Property and facilities management in Hong Kong	15	14	—	—	15	14	3	4	—	—
Property development in Hong Kong	—	—	—	—	—	—	(14)	(3)	1	2,172
Property management in Japan	15	15	—	—	15	15	2	4	—	—
Other businesses	3	2	1	1	4	3	1	5	—	—
Elimination	—	—	(1)	(1)	(1)	(1)	—	—	—	—
Total of reported segments	207	165	—	—	207	165	36	25	441	2,359
Unallocated	—	—	—	—	—	—	(177)	(210)	4	4
Consolidated	207	165	—	—	207	165	(141)	(185)	445	2,363

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, right-of-use assets, properties under development, properties held for development, goodwill, restricted cash and prepayment and other receivables ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment properties, property, plant and equipment, right-of-use assets and properties under development and properties held for development, and the location of the operation to which they are allocated, in case of intangible asset, goodwill and prepayment and other receivables.

	Revenue from external customers				Specified non-current assets		
	For six months ended 30		For the years ended 31		For six months	For the years ended 31	
	June		December		ended 30	December	
	2019	2018	2018	2017	June	2018	2017
	<i>HK\$ million</i>				<i>HK\$ million</i>		
Japan	95	91	132	116	1,883	1,894	1,081
Hong Kong (place of domicile)	17	15	30	33	2,346	2,348	77
Mainland China	—	—	—	12	—	—	1
Thailand	—	—	—	—	692	658	598
Indonesia	95	59	138	3	4,860	3,943	4,168
	<u>207</u>	<u>165</u>	<u>300</u>	<u>164</u>	<u>9,082</u>	<u>8,843</u>	<u>5,925</u>

For the year ended 31 December 2018, the aggregate amount of revenue from sales of goods or rendering of services attributable to the Group's five largest customers represented less than 30 per cent. of the Group's total revenue.

For the year ended 31 December 2018, the aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 74 per cent. of the Group's total purchases, while the purchases attributable to the largest supplier for the Group accounted for approximately 55 per cent. of the Group's total purchases.

Property investment and development

In Hong Kong, the Group completed Residence Bel-Air, its signature luxury residential project, at the end of 2008. This has since become one of the city's most prestigious developments. The Group also developed ONE Pacific Heights, a prime residential project situated in the western part of Hong Kong Island. The Group is continuously exploring potential investment opportunities throughout Asia and around the world. In 2017, the Group increased its presence in Asia by completing Pacific Century Place, Jakarta, a 40-storey Premium Grade A office building located in Sudirman CBD, a prime business district in Jakarta, Indonesia, held by the Group for investment purposes. Further and in line with this strategy, the Group has acquired a prime site at No. 3 to 6 Glenealy, Central for a luxurious redevelopment project in 2018, and has drawn up long-term plans for the development of world-class all-season resorts in Hokkaido, Japan and Phang Nga, southern Thailand.

Property investment in Indonesia

In October 2017, the Group completed the construction of Pacific Century Place, Jakarta, a 40-storey Premium Grade A office building in Jakarta located in Sudirman CBD, which is within the Golden Triangle of Jakarta, Indonesia. The building is within walking distance of a number of signature buildings and residence, including Indonesia Stock Exchange, Equity Tower and the Ritz Carlton Hotel. Pacific Century Place, Jakarta has a site area of approximately 9,277 square meters with the total leasable floor area of approximately 93,000 square meters. The building also features a wide array of amenities, including a fitness centre with swimming pool, function rooms, food pavilion, retail stores and car-parking spaces. The building has achieved Indonesian Greenship Platinum Grade Certification and first ever office building obtaining USGBC's LEED Platinum Grade certification in Indonesia. The project has also won a number of awards including "Winner of Best Green Development", "Highly Commended Best Office Development" and "Highly Commended Best Office Architectural Design" at the Indonesia Property Awards, and "Highly Commended Best Green Development" at the South East Asia Property Awards.

In addition to Citibank Indonesia, Sotheby's Hong Kong Limited, PT FWD Life Indonesia, HHP Law Firm and NorthStar Capital as tenants, a number of multinational corporations have expressed interest in relocating their regional headquarters or Indonesia representative office to this premium building. As at 30 June 2019, 85 per cent. of the office space has been reserved or committed.

For the year ended 31 December 2018, revenue from the Group's property investment in Indonesia segment amounted to HK\$138 million as compared to HK\$3 million for the year ended 31 December 2017.

For the six months ended 30 June 2019, revenue from the Group's property investment in Indonesia segment amounted to HK\$95 million as compared to HK\$59 million for the corresponding period in 2018.

Property development in Japan

The Group is involved in the development of freehold land in the Niseko resort area, Kutchan, Hokkaido, Japan (the Hanazono Resort Development), which is a 2-hour drive from the New Chitose Airport in Sapporo, Hokkaido. The New Chitose Airport International Terminal currently receives 3.7 million visitors annually, and expects visitor numbers to increase over the next few years with the expansion to double the size, due for completion from August 2019 to March 2020. The Abe administration has brought forward plans to extend Japan's extensive bullet train network to Kutchan (located 5 minutes' drive from Hanazono), which is officially expected to open in 2030, but may come as early as 2026. Hanazono is one of the four ski areas of Niseko, Hokkaido, Japan, which is one of the premium ski destinations in the world. In addition, there are over 170 daily flights to Sapporo from all over Japan, including over 16 daily flights from Narita and over 160 overseas direct flights to Sapporo every week. The government is committed to supporting local tourism and increasing tourist numbers.

The Hanazono Resort currently includes an international standard ski field, green season activities and a golf course which are managed by the Group (see "*— Operations — All-season recreational activities in Japan*") and the proposed development will comprise expansions of the ski fields, extensive summer activities, development for an all-season resort and residential developments with onsen, spa and wellness elements.

In November 2015, the Group and affiliates of Hyatt International – Asia Pacific, Limited had entered into a hotel management agreement and other related agreements for the development of a Park Hyatt hotel and branded residences in Niseko, Japan. Expected to open in January 2020 and located in one of Asia's foremost ski resort destinations it offers uninterrupted views of ski runs and iconic Mount Yotei, close proximity to the famous Yoichi Whisky Distillery and the historic port city of Otaru. Park Hyatt Niseko, Hanazono will provide convenient access to the New Chitose Airport, allowing guests to stay connected to the main hubs of Japan and international destinations. Park Hyatt Niseko Hanazono Residences, ranging in price from approximately US\$1 million to over US\$21 million, will be the first Park Hyatt branded residences in Japan. Park Hyatt Niseko,

Hanazono will operate a rental program that will allow participating owners, when not occupying their branded residences, to place their branded residences in an exclusive rental arrangement.

Park Hyatt Niseko, Hanazono and its residences will be a pivotal part of the Group's resort and residential development in Niseko. The development, which will be undertaken in phases, has a site area of approximately 712,000 square metres and an estimated developable gross floor area of approximately 560,000 square metres (subject to design). In particular, the proposed gross floor area of the hotel portion of Park Hyatt Niseko, Hanazono is currently approximately 23,000 square metres and the proposed net floor area for sale for the branded residences is currently approximately 13,800 square metres.

Guests will be within "ski-in, ski-out" and walking distance to ski trails Mount Niseko-Annupuri. As well as the managed residences, the hotel will feature 100 guestrooms (subject to final design), a selection of specialty restaurants, extensive meeting space, a golf clubhouse, a ski shop and valet, a destination spa, a fitness centre and a swimming pool to ensure guests a memorable experience during their stay. The project's freehold land in Japan is held by the Group and the hotel is intended to be owned by the Group with hotel management services to be outsourced to Hyatt International – Asia Pacific, Limited.

This project is still at a development phase and the Group has not generated any revenue in this reporting segment for the year ended 31 December 2018 and the six months ended 30 June 2019.

Property development in Thailand

The Group is currently developing an all-seasons resort in Phang Nga, southern Thailand which will comprise of a golf course, golf and country club and luxury residential villas. The Group has a developable site area of approximately 1,700,000 square metres and a local team has been set up on site since 2009.

In March 2018, the Group formed a joint venture with Lan Kwai Fong Group for the investment in and development of the first phase of the Phang Nga project. The construction the golf course and golf and country club in the first phase of the Phang Nga project are currently under way. Completion of the golf course and golf and country club is expected in the fourth quarter of 2020.

As this project is still in its development phase, the Group has not generated any revenue in this reporting segment for the year ended 31 December 2018 and the six months ended 30 June 2019.

Project development in Hong Kong

In March 2018, the Group completed the acquisition of a prime site with existing buildings located at No. 3 to No. 6 Glenealy, Central, Hong Kong. The existing buildings have been vacated in early 2019 and the Group intends to re-develop the site into either a luxury residence or a commercial property (subject to obtaining relevant government approval).

The site is located close to Lan Kwai Fong and the Central CBD. In view of the advantageous location of the property and scarcity of residential and commercial sites in Central, the Group considers that this project represents an excellent opportunity for the Group to invest in a premium redevelopment project and to maximise the strengths of its brand through the development, in line with the Group's business strategies in seizing premium development projects.

As this project is still in its planning stage, the Group has not generated any revenue in this reporting segment for the year ended 31 December 2018 and the six months ended 30 June 2019.

All-season recreational activities in Japan

The Group's all-season recreational operation is located in Niseko, Hokkaido, Japan, which is one of the premium ski destinations in the world. There are various facilities and recreational activities and services

operated by the Group, including hotel operations, year-round property management and vacation bookings, provision of resort management services, restaurant operations, specialty retail, ski lifting, ski equipment rental, snowsports school and snowmobile tours in winter and rafting tours, golfing and various other family-orientated adventure activities in summer. At present, the operation headcount during the winter season includes approximately up to 100 full-time employees and 340 part-time employees.

The Group's all-season recreational operations provides one of the major sources of recurring revenue for the Group.

Niseko is now regularly positioned in the top 10 ski resorts in the world and has been recognised by the World Ski Awards as Japan's Best Ski Resort a number of times in recent years. Niseko has developed into a strong market for international ski tourists, including Australia, Hong Kong, Singapore, China, Europe and the U.S., with international tourists now making up some 75 to 80 per cent. of winter visitation to the area. Interest in visitation to Niseko is expected to remain strong, both in winter and in summer. As more new markets engage with Niseko, the reduced dependence on one or two large markets is expected to provide resilience to the Group's business activities in Japan. The business division works closely and collaboratively with government agencies at all levels and continues to maintain important strategic working relationships with all local Japanese business partners. The Group aims to offer a safe, diverse, interesting and culturally sensitive experience for all levels of customers, whether families, children, elders or sports enthusiasts.

For the year ended 31 December 2018, revenue from the Group's all-season recreational activities segment in Japan amounted to HK\$108 million as compared to HK\$96 million for the year ended 31 December 2017. For the six months ended 30 June 2019, revenue from the Group's all-season recreational activities segment amounted to HK\$79 million as compared to HK\$75 million for the corresponding period in 2018.

Others

Property management and facilities management in Hong Kong

The Group provides professional property management and facilities management services to its clients in Hong Kong. Managing a portfolio of grade-A commercial infrastructure complexes, along with mission-critical submarine cable stations, satellite earth stations and microwave hill top sites, the Group's property management and facilities management operations continue to explore opportunities to expand its client base further by capitalising on the Group's wide-ranging experience and expertise.

For the year ended 31 December 2018, revenue from the Group's property management and facilities management in Hong Kong segment amounted to HK\$28 million as compared to HK\$28 million for the year ended 31 December 2017. For the six months ended 30 June 2019, revenue from the Group's property management and facilities management in Hong Kong segment amounted to HK\$15 million as compared to HK\$14 million for the corresponding period in 2018.

Property management in Japan

For the year ended 31 December 2018, revenue from the Group's property management segment in Japan amounted to HK\$21 million as compared to HK\$20 million for the year ended 31 December 2017. For the six months ended 30 June 2019, revenue from the Group's property management segment in Japan amounted to HK\$15 million as compared to HK\$15 million for the corresponding period in 2018.

Other businesses

The Group's other businesses segment consists of property investment in Hong Kong.

For the year ended 31 December 2018, revenue from the Group's other businesses segment amounted to HK\$5 million as compared to HK\$17 million for the year ended 31 December 2017. For the six months ended 30 June

2019, revenue from the Group's other businesses segment amounted to HK\$3 million as compared to HK\$2 million for the corresponding period in 2018.

Properties

The following tables set forth details with respect to the properties described in “*Business — Operations*”:

Investment Properties

	For the six months ended 30 June	For the years ended 31 December	
	2019	2018	2017
		<i>HK\$ million</i>	
At 1 January	3,599	3,822	3,266
Additions	5	44	647
Surplus on revaluation of investment properties	—	4	—
Transfer to property, plant and equipment	—	—	(93)
Exchange differences	113	(271)	2
At 30 June/31 December	<u>3,717</u>	<u>3,599</u>	<u>3,822</u>

The following tables analyse the investment properties which are carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets (level 1)
- Inputs other than quoted prices that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for asset that are not based on observable market data (level 3)

	Fair value measurement as at 30 June 2019		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		<i>HK\$ million</i>	
Recurring fair value measurement			
Investment properties			
- Indonesia	—	—	3,661
- Hong Kong	—	—	56

Fair value measurement as at 31 December 2018

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	<i>HK\$ million</i>		
Recurring fair value measurement			
Investment properties			
- Indonesia	—	—	3,543
- Hong Kong	—	—	56

Fair value measurement as at 31 December 2017

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	<i>HK\$ million</i>		
Recurring fair value measurement			
Investment properties			
- Indonesia	—	—	3,770
- Hong Kong	—	—	52

The carrying amount of investment properties is analysed as follows:

	As at 30 June	As at 31 December	
	2019	2018	2017
	<i>HK\$ million</i>		
Held in Indonesia on medium-term lease (10-50 years) ..	3,661	3,543	3,770
Held in Hong Kong on long lease (over 50 years)	56	56	52
	<u>3,717</u>	<u>3,599</u>	<u>3,822</u>

Properties Under Development/Held for Development

Properties under development

	For the six months ended 30 June	For the years ended 31 December	
	2019	2018	2017
		<i>HK\$ million</i>	
At 1 January	1,134	612	402
Additions	87	505	208
Reclassification from properties held for development....	47	—	—
Exchange differences	44	17	2
At 30 June/31 December	<u>1,312</u>	<u>1,134</u>	<u>612</u>

Properties held for development

	For the six months ended 30 June	For the years ended 31 December	
	2019	2018	2017
		<i>HK\$ million</i>	
At 1 January	2,822	598	544
Additions	22	2,219	5
Reclassification to property, plant and equipment	(195)	—	—
Reclassification to properties under development.....	(47)	—	—
Exchange differences	37	5	49
At 30 June/31 December	<u>2,639</u>	<u>2,822</u>	<u>598</u>

Completed projects

In addition to the Group's current operations as set forth in “— *Operations*”, the Group has a long and successful track record of developing large scale and high profile projects in and around the Asia region. Set forth below is a description of key projects completed by the Group in the past fifteen years.

Cyberport, Hong Kong

Cyberport is a business park in Hong Kong consisting of 1.3 million square feet gross floor area of office space, a 5-star hotel, and a retail entertainment complex the Arcade, which was conceived as a hub for technology and the internet. It is owned and managed by Hong Kong Cyberport Management Company Limited which is wholly owned by the Hong Kong SAR Government.

In 2000, Cyber Port Limited (a subsidiary acquired by PCPD through the corporate spin-off by PCCW in 2004) entered into a project agreement with Hong Kong SAR Government for a joint development of a 24-hectare site with open sea view at Telegraph Bay in Pok Fu Lam, Hong Kong Island, with an initial fixed price of HK\$15.8 billion for construction. Under the project agreement, the Group was required to fund, develop, manage and construct a mixed commercial and residential development with total gross floor area of 161,000 square meters and 375,000 square meters respectively. While the title of the properties transferred to the government at the end of the development, the Group received approximately 35 per cent. of the profits from the sale of the residential development.

The construction of the Cyberport portion consisting of four office buildings, a retail entertainment complex and Le Meridien Cyberport Hotel was completed in phases between 2002 and 2004. The residential developments consists of 2,771 units or houses was completed in phases between 2004 and 2008. The final construction cost is approximately 20 per cent. lower than the initial fixed price under the project agreement.

Bel-Air, Hong Kong

Bel-Air is a luxury residential development in Cyberport, and is situated 30 minutes away from the Central Business District in a prestigious and sought-after residential area in Hong Kong. Perched on the gentle hillside on the south side of Hong Kong with perfect setting and extensive transportation network, Bel-Air is the signature project of the Group bringing luxury living to new heights.

Launched in February 2003, it comprises three club houses developed in six phases between 2004 and 2008, with 2,771 luxury residences and total gross floor area of 375,000 square meters. Being a part of Cyberport, Bel-Air has access to a wide range of comprehensive facilities, including a five-star hotel, a shopping mall which houses a selection of restaurants, a cinema and a supermarket. It is also in the vicinity of Cyberport Offices. The residential property management service is provided by Island South Property Management Limited (“ISPML”), a consolidated subsidiary of the Guarantor. ISPML aims to provide ongoing management service for the residents at the Bel-Air development.

ONE Pacific Heights, Hong Kong

The Group has the right of first refusal to join with PCCW to redevelop the latter’s telephone exchange buildings into residential and/or commercial properties, and the prototype of such is the residential development project, named ONE Pacific Heights, located at Wo Fung Street, Sheung Wan, which was completed in May 2009. The 39-storey project comprises 155 luxury boutique apartments with gross floor area ranging from 531 to 1,727 square feet in size.

Pacific Century Place, Jakarta, Indonesia

Pacific Century Place, Jakarta, the Group’s 40-storey premium Grade A office building, was completed in October 2017. It is strategically located within the Sudirman CBD of Jakarta, Indonesia, a site area of approximately 9,277 square meters with the total leasable floor area of approximately 93,000 square meters. The building also features a wide array of amenities, including a fitness centre with swimming pool, function rooms, food pavilion, retail stores and car-parking spaces. The building has achieved GreenShip Platinum Grade Certification and first ever office building obtaining USGBC’s LEED Platinum Grade certification in Indonesia. The project has also won a number of awards including “Winner of Best Green Development”, “Highly Commended Best Office Development” and “Highly Commended Best Office Architectural Design” at the Indonesia Property Awards, and “Highly Commended Best Green Development” at the South East Asia Property Awards.

Key tenants of the building include Citibank Indonesia, Sotheby’s Hong Kong Limited, PT FWD Life Indonesia, HHP Law Firm and NorthStar Capital. As of June 2019, the building had 85 per cent. of its office floor space reserved or committed.

Group subsidiaries and affiliates

The following table sets out the Group subsidiaries and affiliates as at 30 June 2019:

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Equity interest attributable to the Guarantor	
				Directly	Indirectly
北京裕澤諮詢服務有限公司 ⁽¹⁾	The People's Republic of China	Property management and leasing	US\$100,000	-	100%
City Charm Enterprises Limited 城創企業有限公司 ..	British Virgin Islands	Investment holding	US\$1	-	100%
Cyber-Port Limited 資訊港有限公司	Hong Kong	Property development	HK\$2	-	100%
Dong Si (Holdings) Limited 盈科優質創建有限公司	Hong Kong	Provision of leasing and financing	HK\$1	-	100%
Easy Treasure Limited	Cayman Islands	Investment holding	US\$10,000	-	90%
Garhing Investment Company, Limited 家卿置業有限公司	Hong Kong	Property development and investment	HK\$500,000	-	50%
Harmony TMK	Japan	Property development	JPY15,650,000,000 (JPY400,000,000 specified capital and JPY15,250,000,000 preferred capital)	-	100%
Interstate Holdings Limited	Hong Kong	Property development management	HK\$3,975,836,001	-	100%
Ipswich Holdings Limited	British Virgin Islands	Investment holding	US\$2	100%	-
Island South Property Management Limited 南盈物業管理有限公司	Hong Kong	Property management	HK\$2	-	100%
Kabushiki Kaisha Niseko Management Service	Japan	Property management and travel agency	JPY10,000,000	-	100%
Madeline Investments Limited 盈科大衍地產發展有限公司	Hong Kong	Trademark registrant	HK\$2	-	100%
Melati Holding Limited	British Virgin Islands	Investment holding	US\$93,612	-	100%
Million Base Properties Limited 百寶置業有限公司	Hong Kong	Property development and investment	HK\$2	-	50%
Million Basis Property Limited	British Virgin Islands/Hong Kong	Property development and investment	US\$1	-	50%

Company name	Place of incorporation/ operations	Principal activities	Amount of issued capital/ registered capital	Equity interest attributable to the Guarantor	
				Directly	Indirectly
Nihon Harmony Resorts KK	Japan	Ski operation	JPY405,000,000	-	100%
PCPD Capital Limited	Cayman Islands	Investment holding and financing	US\$1	-	100%
PCPD Facilities Management Limited	Hong Kong	Provision of property management services	HK\$2	-	100%
PCPD Real Estate Agency Limited	Hong Kong	Property sales agency	HK\$2	-	100%
PCPD Services Limited	Hong Kong	Provision of administrative services	HK\$2	-	100%
PCPD South Village Hotel Co., Ltd	Japan	Hotel management	JPY199,000,000	-	100%
PCPD Wealth Limited	Hong Kong	Provision of financial services	HK\$1	-	100%
Phang-nga Leisure Limited	Thailand	Property holding and leasing	THB2,000,000	-	39%
Phang-nga Paradise Limited	Thailand	Property holding and leasing	THB2,000,000	-	39%
PT Prima Bangun Investama	Indonesia	Property development and management	US\$26,000,000	-	100%
Rafflesia Investment Limited	British Virgin Islands	Investment holding	US\$90,010	-	100%
Silvery Sky Holdings Limited	British Virgin Islands	Investment holding	US\$2	-	50%
Talent Master Investments Limited .	British Virgin Islands/Hong Kong	Property investment	US\$1	-	100%
Triple8 KK.....	Japan	Property development and hotel management	JPY199,000,000	-	100%
White Pacific Limited	British Virgin Islands/Hong Kong	Property development and investment	US\$1	-	50%

Note:

(1) Represents a wholly foreign owned enterprise

Insurance

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

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group's insurance coverage, damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons and other natural disasters could nevertheless have a material adverse effect on the Group's financial condition and results of operations.

Government Regulations

The operations of the Group are subject to various laws and regulations of the countries and regions in which it has operations. The Group's activities conducted on its investment and development properties are limited by zoning ordinances and other regulations. Developing properties require government permits, some of which may take longer to obtain than others. The Group's properties are subject to routine inspections by government officials with regard to various safety and environmental issues. The Group believes that it is in compliance in all material respects with government safety regulations currently in effect. The Group has not experienced significant problems with any regulation with regard to these issues, and is not aware of any pending legislation that might have a material adverse effect on its properties.

Environmental Matters

The Group believes that it is in compliance in all material respects with applicable environmental regulations in the relevant jurisdictions in which it operates. The Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

The Group has established the Sustainability Committee and adopted its own Sustainability Policy which includes its environmental policy:

- Strive to achieve green building certification for all new developments;
- Identify significant environmental impacts associated with its activities, adopt measures to manage and minimise the environmental impacts during design, construction and operation of all its properties;
- Reduce energy consumption and enhance energy efficiency in its properties;
- Minimise waste generated by its operations to ensure that waste is reused and recycled as much as possible, with the disposal of any remaining waste occurring in a responsible manner;
- Ensure that the Group operates in a way that exceeds the standard imposed by legal requirements and integrate industry environmental best practices;
- Monitor and measure its progress and set targets to continually improve its environmental performance.

For its property development projects, the Group aims to develop green buildings by meeting internationally-recognised standards in environmental protection and sustainable development through the adoption of energy-efficient building designs, efficient use of materials in construction and environmental management plan during site operation. Further to the recognition of special contribution in sustainable development by winning the award in Indonesia Property Awards 2016, Pacific Century Place, Jakarta, the Group's major office building project in Jakarta has been finally certified by U.S. Green Building Council ("USGBC") with LEED Platinum rating. It is the first ever office building in Indonesia with such highest rating certified by the USGBC.

The Group's property management division, Island South Property Management Limited ("ISPML"), in Hong Kong has been accredited the ISO 14001 since 2005. With the aim of keeping it current and relevant for the

marketplace, a migration of the latest edition of ISO 14001 was completed successfully. This revised environmental management system efficiently responds to latest trends and ensures its compatibility with other management system standards under Integrated Management System. To promote environmental awareness with the managed properties, “Recycle and Get Rewarded!” campaign was launched to encourage occupants to recycle and reduce waste wisely.

ISPML was awarded Excellent Grade in Management aspect of BEAM Plus Existing Buildings V2.0 Selective Scheme by Hong Kong Green Building Council and is honour to be the recipient of The Best Landscape Award (Gold and Environmental Efficiency) by Leisure and Cultural Services Department, and certified as Hong Kong Green Organisation by Environmental Campaign Committee during the reporting year. The effectiveness is also sustained by the accreditations of: Water Supplies Department’s Quality Water Supply Scheme For Buildings – Fresh Water (Management System) (Gold), Flushing Water complies with the standard of the Quality Water Supply Scheme For Buildings – Flush Water, Environmental Protection Department’s Indoor Air Quality Award in recognition of 10 years commitment to the IAQ Certification Scheme, and Environmental Protection Department’s Indoor Air Quality Certificate (Excellent Class).

Throughout the past years the Group has put in place many green initiatives in the areas of waste recycling, and reduction in emissions and waste by signing up to environmental protection charters such as Energy Saving Charter on “No ILB” by Electrical and Mechanical Services Department and Environmental Bureau, Food Wise Charter by Food Wise Hong Kong, and Food Wise Eateries by Environmental Protection Department.

Legal Proceedings and Regulatory Compliance

Regulatory Compliance

Among the principal activities of the Group is property management in Hong Kong. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those that have significant impact on the property management industry; any changes in the applicable laws, rules and regulations affecting property management are brought to the attention of relevant employees and relevant operation teams from time to time. The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data.

In Japan, the Group operates all-season recreational activities for customers and manages the related facility and assets, including operating and maintaining ski lifts, and also engages in property management and property development businesses. The operating vehicles in Japan hold the required licences for the business activities they carry out. The local management team checks to ensure that the subsidiaries in Japan have complied with the applicable local laws and regulations for their principal business activities, such as the Railway Business Act, National Parks Law, Food Hygiene Law and Hotel & Ryokan Management Law in Japan.

As for the Group’s property development projects in Indonesia and Thailand, the Group complies with the applicable laws and regulations governing property development in those countries.

Legal proceedings

In 2018, PCPD’s indirect wholly-owned subsidiary (the “**Taxpayer**”) in Indonesia, received a tax assessment notice (“**2018 Assessment**”) from the Indonesian tax office (“**ITO**”) in relation to the creditability of value added tax (“**VAT**”) arising from the acquisition of a plot of land in Jakarta, Indonesia in 2013 (“**Land VAT**”) which amounted to IDR183,834.4 million (approximately HK\$101.5 million). Such Land VAT has been reported as creditable input VAT in the monthly VAT report for the period of October 2013 to compensate future output VAT after the tax assessment issued in 2014. However, after a tax re-audit which was performed in 2018, the ITO issued an assessment notice stating that the Land VAT is non-creditable, resulting in a tax underpayment

of IDR183,834.4 million (approximately HK\$101.5 million) and a penalty of IDR183,834.4 million (approximately HK\$101.5 million). According to the tax assessment notice, the Taxpayer is required to pay the tax underpayment and penalty totalling IDR367,668.8 million (approximately HK\$203 million). The Group has filed an objection against the tax assessment in August 2018 and the ITO issued a decision letter to reject the Group's objection in July 2019. After consideration of professional advice, the Group remains of the view that the ITO has no basis to issue the 2018 Assessment and the Group has lodged an appeal to the tax court. The amounts of tax and penalty demanded in the assessment were paid in advance in August 2018 and have been included in "Prepayments, deposits and other current assets" in the condensed consolidated statement of financial position as at 30 June 2019 in the Interim Report 2019. No provision for impairment was recognised for the VAT balance as at 30 June 2019.

The Group may be involved in litigation as part of its day to day business and besides the above neither the Guarantor nor any of its subsidiaries is involved in any litigation which would have a material adverse effect on the business or financial position of the Group.

Employees

As at 30 June 2019, the Group employed 631 staff in Hong Kong and overseas (inclusive of property management staff borne by owner's account and seasonal staff employed overseas).

None of the Group's employees are members of a trade union and the Group has not experienced any strikes or disruptions due to labour disputes. The Guarantor considers its relations with its employees to be good.

BOARD OF DIRECTORS

Directors

The following table sets forth information on the directors (the “**Directors**”) of the Guarantor:

Name	Title
Li Tzar Kai, Richard.....	Executive Director
Benjamin Lam Yu Yee.....	Deputy Chairman, Group Managing Director and Executive Director
James Chan.....	Executive Director
Hui Hon Hing, Susanna	Executive Director
Lee Chi Hong, Robert	Non-Executive Chairman and Non-Executive Director
Dr Allan Zeman, GBM, GBS, JP	Non-Executive Director
Prof Wong Yue Chim, Richard, SBS, JP.....	Independent Non-Executive Director
Chiang Yun	Independent Non-Executive Director
Dr Vince Feng	Independent Non-Executive Director

Set forth below is a short biography of each director of the Guarantor.

Executive Directors

LI Tzar Kai, Richard

Mr Li, aged 52, is an Executive Director of the Guarantor, the Chairman of the Guarantor’s Executive Committee of the board of directors (“Board”), a member of the Guarantor’s Remuneration Committee and Nomination Committee of the Board. He became a director of the Guarantor in May 2004. He was also the Chairman of the Guarantor from June 2004 to May 2019. He also holds positions in the following companies:

- (1) Chairman and Executive Director of PCCW;
- (2) Chairman of PCCW’s Executive Committee;
- (3) a member of PCCW’s Nomination Committee of the PCCW board;
- (4) Executive Chairman and Executive Director of HKT Limited (“HKT”) and HKT Management Limited, the trustee-manager of the HKT Trust;
- (5) Chairman of HKT’s Executive Committee;
- (6) a member of HKT’s Nomination Committee of the HKT board;
- (7) Chairman and Chief Executive of the Pacific Century Group; and
- (8) Chairman and Executive Director of Singapore-based Pacific Century Regional Developments Limited (“PCRD”), and the Chairman of PCRD’s Executive Committee.

Mr Li is a member of the Center for Strategic and International Studies’ International Councillors’ Group in Washington, D.C., and a member of the Global Information Infrastructure Commission. Mr Li was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

Benjamin LAM Yu Yee

Mr Lam, aged 58, is an Executive Director, Deputy Chairman and Group Managing Director of the Guarantor, a member of the Guarantor's Executive Committee of the Board and is a Director of certain subsidiaries of the Guarantor. He became a director of the Guarantor in May 2019. He served the Guarantor as Chief Operating Officer in September 2004 and was Deputy Chief Executive Officer, Chief Financial Officer and Executive Director from September 2007 to November 2014.

Prior to joining the Guarantor in September 2004, Mr Lam was Chief Financial Officer of Asia Pacific Resources International Limited in Singapore in 2003 and was appointed as President of China Operations in April 2004. Between 1999 to 2003, Mr Lam was an Executive Director and Group Chief Financial Officer of Sino Land Company Limited ("Sino Land"). Prior to joining Sino Land, he had worked in various financial institutions for over 13 years and had substantial experience in corporate finance and investment banking.

Mr Lam holds a Bachelor of Science degree in Industrial Engineering from The University of Hong Kong and a Master of Business Administration degree from the Manchester Business School.

James CHAN

Mr Chan, aged 65, is an Executive Director, the Project Director of the Guarantor, a member of the Guarantor's Executive Committee of the Board and is a Director of certain subsidiaries of the Guarantor. He became a director of the Guarantor in August 2005. Mr Chan is responsible for managing various property projects of the Guarantor and its subsidiaries. He was responsible for the project execution of the Cyberport project and has overall responsibility for all aspects of the construction works. Mr Chan has become an Independent Non-Executive Director of Beijing Properties (Holdings) Limited since June 2011.

Prior to joining PCCW in October 2002, Mr Chan was a practising architect and had worked for a major developer in Hong Kong, with comprehensive experience in design, planning and land matters, design development and construction management of major investment properties, which included a wide range of industrial and warehousing, commercial, retail and residential developments in Hong Kong and overseas. Mr Chan possesses a wide spectrum of experience in the real estate industry and has been active in the real estate business for more than 40 years.

Mr Chan holds a Bachelor of Arts in Architectural Studies degree from The University of Hong Kong, a Bachelor of Architecture degree from University of Dundee in Scotland and an Executive Master of Business Administration degree from Tsinghua University. He is qualified as the Authorised Person (List I) and Registered Architect in Hong Kong, and is a member of The Hong Kong Institute of Architects, The Royal Institute of British Architects and The Australian Institute of Architects.

HUI Hon Hing, Susanna

Ms Hui, aged 54, is an Executive Director of the Guarantor. She became a director of the Guarantor in May 2018. She was the Chief Financial Officer of the Guarantor from July 2009 to November 2011. She is and has been the Group Chief Financial Officer of PCCW since April 2007 and an Executive Director of PCCW since May 2010. She is a member of PCCW's Executive Committee. Ms Hui is an Executive Director and the Group Managing Director of HKT and HKT Management Limited, the trustee-manager of the HKT Trust. She is a member of HKT's Executive Committee. Prior to her appointment as the Group Chief Financial Officer of PCCW, Ms Hui was the Director of Group Finance of the PCCW group from September 2006 to April 2007, and the Director of Finance of the PCCW group with responsibility for the telecommunications services sector and regulatory accounting. She was also the Group Chief Financial Officer of HKT from November 2011 to August 2018.

Prior to joining Cable & Wireless HKT Limited (which was subsequently acquired by PCCW) in September 1999, Ms Hui was the chief financial officer of a listed company engaged in hotel and property investment and management.

Ms Hui graduated with a bachelor's degree in social sciences from the University of Hong Kong with first class honours. She is a qualified accountant and a member of both the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

Non-Executive Directors

LEE Chi Hong, Robert

Mr Lee, aged 68, is a Non-Executive Director and the Non-Executive Chairman of the Guarantor. He became a director of the Guarantor in May 2004. He was also the Deputy Chairman and Chief Executive Officer of the Guarantor until May 2019. He is an Executive Director of PCCW and a member of PCCW's Executive Committee and also a Director of certain PCCW subsidiaries.

Mr Lee was previously an Executive Director of Sino Land, at which his responsibilities included sales, finance, acquisitions, investor relations, marketing and property management. Prior to joining Sino Land, Mr Lee was a senior partner at Deacons in Hong Kong, where he specialized in banking, property development, corporate finance and dispute resolution in Hong Kong and mainland China. Before that, he was a solicitor with the London firm Pritchard Englefield & Tobin. He was enrolled as a solicitor in the United Kingdom in 1979 and admitted as a solicitor in Hong Kong in 1980. He became a Notary Public in Hong Kong in 1991.

Mr Lee had also served as a member of the panel of arbitrators of the China International Economic and Trade Arbitration Commission of the China Council for the Promotion of International Trade in Beijing.

Mr Lee is a member of the International Council of the Louvre as well as an Ambassador for the Louvre in China.

Mr Lee graduated from Cornell University in the United States in 1975 with a bachelor's degree in Political Science.

Dr Allan ZEMAN, GBM, GBS, JP

Dr Zeman, aged 71, is a Non-Executive Director of the Guarantor, and a member of the Guarantor's Nomination Committee of the Board. He became a director of the Guarantor in June 2004.

Dr Zeman is the Chairman of Lan Kwai Fong Group, a major property owner and developer in Hong Kong's Lan Kwai Fong, one of Hong Kong's popular tourist attractions and entertainment districts. Dr Zeman is also an Independent Non-Executive Director of Sino Land, Tsim Sha Tsui Properties Limited, Global Brands Group Holding Limited, Television Broadcasts Limited, Fosun Tourism Group and a board member of The "Star" Ferry Company, Limited. Besides all the board appointments in Hong Kong, Dr Zeman is the Non-Executive Chairman and Independent Non-Executive Director of Wynn Macau, Limited, a prominent gaming company in Macau.

Having lived in Hong Kong for over 48 years, Dr Zeman has been very involved in Government services as well as community activities. He is the appointed member of the General Committee of the Hong Kong General Chamber of Commerce, a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong and a member of the Asian Advisory Board of the Richard Ivey School of Business, The University of Western Ontario. In January 2015, Dr Zeman was appointed by the Chief Executive of the Hong Kong Special Administrative Region ("HKSAR") Government to be a Representative of Hong Kong, China to the Asia-Pacific Economic Cooperation Business Advisory Council. In June 2015, Dr Zeman was appointed as a board member of the Airport Authority of Hong Kong. Dr Zeman is also a board member of The Hong Kong

Entrepreneurs Fund of Alibaba Group which was launched in November 2015. In March 2018, Dr Zeman was appointed as a member of HKSAR Chief Executive's Council of Advisers on Innovation and Strategic Development and a member of HKSAR Human Resources Planning Commission. Dr Zeman was the Chairman of Hong Kong Ocean Park from July 2003 to June 2014 and he is now the honorary advisor to the Park.

Dr Zeman is a holder of Honorary Doctorate of Laws Degree from The University of Western Ontario, Canada. He is also a holder of Honorary Doctorate of Business Administration from City University of Hong Kong as well as The Hong Kong University of Science and Technology.

Independent Non-Executive Directors

Prof WONG Yue Chim, Richard, SBS, JP

Prof Wong, aged 67, is an Independent Non-Executive Director of the Guarantor, the Chairman of the Guarantor's Audit Committee of the Board and a member of the Guarantor's Remuneration Committee and Nomination Committee of the Board. He became a director of the Guarantor in July 2004.

Prof Wong is Professor of Economics at The University of Hong Kong. He was awarded the Silver Bauhinia Star in 1999 by the Government of the HKSAR for his contributions in education, housing, industry and technology development. In addition, Prof Wong was appointed a Justice of the Peace in July 2000. He studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy.

Prof Wong is currently an Independent Non-Executive Director of the following listed companies in Hong Kong:

- (1) Great Eagle Holdings Limited; and
- (2) Sun Hung Kai Properties Limited.

Prof Wong was an Independent Non-Executive Director of Orient Overseas (International) Limited from December 2003 to May 2019.

CHIANG Yun

Ms Chiang, aged 51, is an Independent Non-Executive Director of the Guarantor, the Chairlady of the Guarantor's Remuneration Committee of the Board and a member of the Guarantor's Audit Committee and Nomination Committee of the Board. She became a director of the Guarantor in May 2015.

Ms Chiang has over 25 years of private equity investment experience and is now the founding managing partner of Prospere Capital Limited. She was previously a founding managing partner of Pacific Alliance Equity Partners, the private equity division of Pacific Alliance Group ("PAG"). Prior to joining PAG, she was a vice president in AIG Investment Corporation. She is currently an Independent Non-Executive Director, member of Audit Committee and Nomination Committee of the Board of Sands China Ltd. and Goodbaby International Holdings Limited ("Goodbaby") which are listed in Hong Kong. She is also a member of Remuneration Committee of the Board of Goodbaby. Ms Chiang is also an Independent Non-Executive Director, member of Audit Committee and Health, Safety & Security Committee of the Board of Merlin Entertainments Plc. which is listed in London.

Ms Chiang obtained a Bachelor of Science degree, cum laude, from Virginia Polytechnic Institute and State University in 1992 and an Executive Master of Business Administration degree from The Kellogg Graduate School of Management of North-western University and Hong Kong University of Science and Technology in 1999.

Dr Vince FENG

Dr Feng, aged 47, is an Independent Non-Executive Director of the Guarantor, the Chairman of the Guarantor's Nomination Committee of the Board and a member of the Guarantor's Audit Committee of the Board. He became a director of the Guarantor in March 2018.

Dr Feng is the Cofounder and Managing Director of Ocean Arete Limited, an investment manager based in Hong Kong that manages the global macro hedge fund Arete Macro Fund. Dr Feng is also a Non-Executive Independent Director of TIH Limited (formerly known as Transpac Industrial Holdings Limited), a listed company in Singapore, where he also serves as Chairman of the Remuneration Committee and a member of the Audit Committee and Board Investment Committee. Dr Feng also serves as a director of various funds and asset management firms.

Dr Feng has been working in the financial services industry since 1994. Prior to founding Arete Macro Fund in 2012, Dr Feng was a Cofounder and Managing Director of Ocean Capital Management Limited from 2009 to 2010. Dr Feng has also previously served as a Managing Director of General Atlantic LLC, a US\$17 billion global private equity firm focused on growth sectors, overseeing their North Asian operations and serving on the boards of numerous technology companies in Greater China, such as Lenovo, Digital China, Ren Ren, Data Systems, and Vimicro. Prior to that, Dr Feng was a financial analyst with Goldman Sachs (Asia) LLC in Hong Kong, working in the Direct Private Investing (formerly PIA) and Mergers and Acquisitions areas.

Dr Feng received his Doctor of Philosophy (PhD) in Economic Sociology and Bachelor of Arts (BA) degree (Honors) in Social Studies, both from Harvard University, and his Master of Business Administration (MBA) degree from Stanford University.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, SHARE STAPLED UNITS, UNDERLYING SHARES, UNDERLYING SHARE STAPLED UNITS AND DEBENTURES OF THE GUARANTOR AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, the directors and the chief executives of the Guarantor and their respective close associates had the following interests and short positions in the shares, share stapled units, underlying shares, underlying share stapled units and debentures of the Guarantor and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Guarantor and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”):

1. The Guarantor

As at 30 June 2019, none of the directors or chief executives of the Guarantor or their respective close associates had any interests or short positions in the shares or underlying shares or debentures of the Guarantor as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Guarantor and the Stock Exchange pursuant to the Model Code of the Listing Rules.

2. Associated Corporations of the Guarantor

(A) Interests in PCCW

The table below sets out the aggregate long positions of the directors and the chief executives of the Guarantor in the shares of PCCW, the ultimate holding company of the Guarantor, as at 30 June 2019:

Name of director/chief executive	Number of ordinary shares held				Total	Approximate percentage of the total number of shares of PCCW in issue
	Personal interests	Family interests	Corporate interests	Other interests		
Li Tzar Kai, Richard.....	—	—	307,694,369 <i>(Note I(a))</i>	1,928,842,224 <i>(Note I(b))</i>	2,236,536,593	28.97%
Lee Chi Hong, Robert	992,600 <i>(Note II(a))</i>	511 <i>(Note II (b))</i>	—	—	993,111	0.01%
Hui Hon Hing, Susanna.....	6,345,555	—	—	1,373,579 <i>(Note III)</i>	7,719,134	0.10%

Notes:

- I. (a) Of these shares of PCCW, Pacific Century Diversified Limited (“PCD”), a wholly-owned subsidiary of Chiltonlink Limited (“Chiltonlink”), held 269,471,956 shares and Eisner Investments Limited (“Eisner”) held 38,222,413 shares. Li Tzar Kai, Richard owned 100 per cent. of the issued share capital of Chiltonlink and Eisner.
- (b) These interests represented:
 - (i) a deemed interest in 175,312,270 shares of PCCW held by Pacific Century Group Holdings Limited (“PCGH”). Li Tzar Kai, Richard was the founder of certain trusts which held 100 per cent. interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 175,312,270 shares of PCCW held by PCGH; and
 - (ii) a deemed interest in 1,753,529,954 shares of PCCW held by Pacific Century Regional Developments Limited (“PCRD”), a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 88.58

per cent. interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100 per cent. interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 1,753,529,954 shares of PCCW held by PCRD. Li Tzar Kai, Richard was also deemed to be interested in 1.06 per cent. of the issued share capital of PCRD through Hopestar Holdings Limited, a company wholly-owned by Li Tzar Kai, Richard.

- II. (a) These shares were held jointly by Lee Chi Hong, Robert and his spouse.
- (b) These shares were held by the spouse of Lee Chi Hong, Robert.
- III. These interests represented awards made to Hui Hon Hing, Susanna which were subject to certain vesting conditions pursuant to an award scheme of PCCW, namely the Purchase Scheme.

(B) Interests in HKT Trust and HKT Limited

The table below sets out the aggregate long positions in the share stapled units (“Share Stapled Units”) jointly issued by HKT Trust and HKT Limited, an associated corporation of the Guarantor, held by the directors and the chief executives of the Guarantor as at 30 June 2019:

Name of director/chief executive	Number of Share Stapled Units held				Total	Approximate percentage of the total number of Share Stapled Units of HKT Trust and HKT Limited in issue
	Personal interests	Family interests	Corporate interests	Other interests		
Li Tzar Kai, Richard.....	—	—	66,247,614 <i>(Note I(a))</i>	158,764,423 <i>(Note I(b))</i>	225,012,037	2.97%
Lee Chi Hong, Robert	50,924 <i>(Note II(a))</i>	25 <i>(Note II(b))</i>	—	—	50,949	0.0007%
Hui Hon Hing, Susanna.....	3,484,532	—	—	561,589 <i>(Note III)</i>	4,046,121	0.05%

Each Share Stapled Unit confers an interest in:

- (a) one voting ordinary share of HK\$0.0005 in HKT Limited (“HKT”); and
- (b) one voting preference share of HK\$0.0005 in HKT,

for the purposes of Part XV of the SFO, in addition to an interest in one unit in the HKT Trust.

Under the trust deed dated 7 November 2011 constituting the HKT Trust entered into between HKT Management Limited (in its capacity as the trustee-manager of the HKT Trust) and HKT as supplemented, amended or substituted from time to time and the amended and restated articles of association of HKT, the number of ordinary shares and preference shares of HKT in issue must be the same at all times and must also, in each case, be equal to the number of units of the HKT Trust in issue; and each of them is equal to the number of Share Stapled Units in issue.

Notes:

- I. (a) Of these Share Stapled Units, PCD held 20,227,614 Share Stapled Units and Eisner held 46,020,000 Share Stapled Units.
- (b) These interests represented:
 - (i) a deemed interest in 13,159,619 Share Stapled Units held by PCGH. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 13,159,619 Share Stapled Units held by PCGH; and
 - (ii) a deemed interest in 145,604,804 Share Stapled Units held by PCRD. Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 145,604,804 Share Stapled Units held by PCRD.
- II. (a) These Share Stapled Units were held jointly by Lee Chi Hong, Robert and his spouse.
- (b) These Share Stapled Units were held by the spouse of Lee Chi Hong, Robert.
- III. These interests represented awards made to Hui Hon Hing, Susanna which were subject to certain vesting conditions pursuant to the relevant award schemes of PCCW and HKT, namely the Purchase Scheme and the HKT Share Stapled Units Purchase Scheme.

(C) Interests in the Issuer

The table below sets out the aggregate long positions in the Original Notes issued by the Issuer, an associated corporation of the Guarantor, held by the directors and the chief executives of the Guarantor as at 30 June 2019:

Name of director/chief executive	Principal amount of Original Notes held (US\$)				Total
	Personal interests	Family interests	Corporate interests	Other interests	
Lee Chi Hong, Robert	2,250,000 <i>(Note)</i>	—	—	—	2,250,000

Note:

These Original Notes were held jointly by Lee Chi Hong, Robert and his spouse.

(D) Interests in Easy Treasure Limited (“Easy Treasure”)

The table below sets out the aggregate long position in the shares issued by Easy Treasure, an associated corporation of the Guarantor, held by the director of the Guarantor as at 30 June 2019:

Name of director/chief executive	Number of ordinary shares held				Total	Approximate percentage of the total number of shares of Easy Treasure in issue
	Personal interests	Family interests	Corporate interests	Other interests		
Allan Zeman.....	—	—	999 <i>(Note)</i>	—	999	9.99%

Note:

These shares were held by Paradise Pinetree Development Limited (“Paradise”). Allan Zeman owned 100 per cent. of the issued share capital of Paradise.

Save as disclosed in the foregoing, as at 30 June 2019, none of the directors or chief executives of the Guarantor or their respective close associates had any interests or short positions in any shares, Share Stapled Units, underlying shares, underlying Share Stapled Units or debentures of the Guarantor or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Guarantor and the Stock Exchange pursuant to the Model Code of the Listing Rules.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDER

1. Interests in the shares and underlying shares of the Guarantor

As at 30 June 2019, the following person (other than directors or chief executives of the Guarantor) was substantial shareholder of the Guarantor (as defined in the Listing Rules) and had interests in the shares and underlying shares of the Guarantor as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares/ underlying shares held
PCCW.....	Beneficial owner	1,470,155,332 <i>(Note)</i>

Note:

These interests comprised (a) an interest in 285,088,666 shares of the Guarantor held by Asian Motion Limited ("Asian Motion"), a wholly-owned subsidiary of PCCW; and (b) an interest in 1,185,066,666 underlying shares of the Guarantor in relation to the bonus convertible notes in the aggregate amount of HK\$592,533,333.20 as held by Asian Motion.

2. Short positions in the shares and underlying shares of the Guarantor

As at 30 June 2019, the Guarantor had not been notified of any person who had short positions in the shares or underlying shares of the Guarantor to be recorded in the register required to be kept by the Guarantor pursuant to Section 336 of the SFO.

Save as disclosed above, as at 30 June 2019, the Guarantor had not been notified of any other person who had interests or short positions in the shares and underlying shares of the Guarantor to be recorded in the register required to be kept by the Guarantor pursuant to Section 336 of the SFO.

TAXATION

The following is a general description of certain tax considerations relating to the Further Notes and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Further Notes, whether in those countries or elsewhere. Prospective purchasers of Further Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Further Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that neither the Issuer, the Guarantor nor any other persons involved in the Further Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

Bermuda

Tax

At present, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Guarantor or by its shareholders other than shareholders ordinarily resident in Bermuda. The Guarantor has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 of Bermuda that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to the Guarantor or to any of its operations or to its shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by the Guarantor in respect of real property owned or leased by the Guarantor in Bermuda.

Cayman Islands

The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands is a party to a double tax treaty entered into with the United Kingdom in 2010 but is otherwise not party to any double tax treaties.

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Law (2011 Revision). In accordance with the provision of section 6 of The Tax Concessions Law (2011 Revision), the Governor in Cabinet has undertaken with the Issuer:

- that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations; and
- in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable
 - (i) on or in respect of the shares, debentures or other obligations of the Issuer; or
 - (ii) by way of the withholding, in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (2011 Revision).

The proposed financial transactions tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “Commission’s proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Further Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act (“FATCA”)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Germany) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the 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 the 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 Condition 14 (*Further Issues*) of the Conditions) 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.

Noteholders 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

The Hongkong and Shanghai Banking Corporation Limited (the “**Manager**”) has, pursuant to a subscription agreement dated 26 September 2019 among the Issuer, the Guarantor and the Manager (the “**Subscription Agreement**”), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the aggregate principal amount of the Further Notes at the Issue Price (100.50 per cent. of their principal amount plus accrued interest from, and including, 9 September 2019 to, but excluding, the Further Notes Closing Date).

Any subsequent offering of the Further Notes to investors may be at a price different from the Issue Price. The Issuer has agreed to pay the Manager certain fees and an underwriting commission, to reimburse the Manager for certain of their expenses in connection with the initial sale and distribution of the Further Notes, and to indemnify the Manager against certain liabilities in connection with the offering and sale of the Further Notes. The Manager is entitled in certain circumstances to be released and discharged from their respective obligations under the Subscription Agreement prior to the closing of the issue of the Further Notes.

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

The Issuer or, as the case may be, the Guarantor will pay the Manager’s customary commissions in connection with the Offering and will reimburse the Manager for certain fees and expenses incurred in connection with the Offering.

The Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Manager and its affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer, the Guarantor and/or their respective affiliates for which they have received, or will receive, fees and expenses.

The Manager proposes to offer the Notes for resale in transactions not requiring registration under the Securities Act pursuant to Regulation S.

The Manager and certain of its affiliates may purchase the Further Notes and be allocated the Further Notes for asset management and/or proprietary purposes but not with a view to distribution. The Manager and its affiliates may purchase the Further Notes for their own accounts and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Further Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Further 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 the Further Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Further Notes).

United States

The Further Notes and the Guarantee of the Further Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Manager has represented, warranted and undertaken to the Issuer and the Guarantor that it has not offered or sold, and will not offer or sell, any Further Notes constituting part of its allotment within the United States

except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither it nor any of its affiliates (including any person acting on behalf of the Manager or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Further Notes.

Terms used in the paragraphs above have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

The Manager has represented, warranted and undertaken that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of any Further Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Further Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Manager has represented, warranted and undertaken that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Further Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) 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 “CO”) or which do not constitute an offer to the public within the meaning of the CO; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Further 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 Further 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.

PRC

The Manager has represented and agreed that the offer of the Further Notes is not an offer of securities within the meaning of the PRC securities law or other pertinent laws and regulations of the PRC and the Further Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

The Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, the Manager has represented and agreed that it has not offered or sold any Further Notes or caused the Further Notes to be made the subject of an invitation

for subscription or purchase and will not offer or sell any Further Notes or cause the Further 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 the Further Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Further 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 Further Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) 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;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) 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 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 Further Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018).

Japan

The Further Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) (the “Financial Instruments and Exchange Act”). Accordingly, the Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Further 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 Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Bermuda

The Manager has acknowledged that: (i) this Offering Circular, the Further Notes and any other document relating to the Further Notes are not subject to, and have not received approval from either the Bermuda Monetary Authority or the Registrar of Companies in Bermuda and no statement to the contrary, explicit or implicit, is authorised to be made in this regard; (ii) for the purposes of the Companies Act 1981 of Bermuda (as amended), the Further Notes being offered hereby are being offered on a private basis to investors who satisfy the criteria outlined in any of the documents relating to the Further Notes; (iii) the Further Notes may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 of Bermuda (as amended); (iv) non-Bermudian persons may not carry on or engage in any trade or business in Bermuda unless such persons are authorised to do so under applicable Bermuda legislation; and (v) engaging in the activity of offering or marketing Further Notes being offered in Bermuda to persons in Bermuda may be deemed to be carrying on business in Bermuda.

Cayman Islands

The Manager has represented and agreed that the Further Notes have not been offered or sold, and will not be offered or sold, directly or indirectly, in the Cayman Islands.

GENERAL INFORMATION

1. **Clearing Systems:** The Further Notes have been accepted for clearance through Euroclear and Clearstream. The securities codes for the Further Notes are as follows:

Common Code: 157236385

ISIN: XS1572363858
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Islands (if any) in connection with the issue and performance of the Further Notes. The Guarantor has obtained all necessary consents, approvals and authorisations in Bermuda (if any) in connection with the Guarantee of the Further Notes. The issue of the Further Notes was authorised by a written resolution of the directors of the Issuer dated 25 September 2019 and the giving of the Guarantee of the Further Notes was authorised by a written resolution of the directors of the Guarantor passed on 25 September 2019.
3. **Listing of the Notes:** Application has been made to the SGX-ST for the listing and quotation of the Further Notes of the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded, will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies). So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Note Certificate is exchanged for Notes in definitive form. In addition, in the event that the Global Note Certificate is exchanged for Notes in definitive form, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive form, including details of the paying agent in Singapore.
4. **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of the Issuer, the Guarantor or the Group since 30 June 2019.
5. **Litigation:** Except as disclosed in this Offering Circular, neither the Issuer, the Guarantor nor any member of the Group is involved in any governmental, legal or arbitration proceedings which is material in the context of the issue of the Notes, nor is the Issuer, the Guarantor or any member of the Group aware that any such proceedings are pending or threatened.
6. **Available Documents:** Copies of the latest annual report, the most recently published consolidated financial statements of the Guarantor may be obtained free of charge, and copies of the Agency Agreement (which includes the form of the Global Note Certificate) and the Trust Deed, will be available for inspection by Noteholders at the specified office of the Guarantor currently at 8th Floor, Cyberport 2, 100 Cyberport Road, Hong Kong during normal business hours, so long as any of the Notes are outstanding.
7. **Auditor:** The audited consolidated financial statements of the Guarantor for each of the years ended 31 December 2017 and 2018 have been audited by PricewaterhouseCoopers, Certified Public Accountants. The unaudited condensed consolidated financial information of the Guarantor for the six months ended 30 June 2019 has been reviewed by PricewaterhouseCoopers, Certified Public Accountants.
8. **Issuer's Financial Statements:** Under Cayman Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any of its financial statements. The Issuer is, however, required to keep proper books of account as are sufficient

to show and to explain its transactions and which will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy.

ISSUER

PCPD Capital Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

GUARANTOR

Pacific Century Premium Developments Limited
8/F Cyberport 2
100 Cyberport Road
Hong Kong

TRUSTEE, PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT

The Hongkong and Shanghai Banking Corporation Limited
Level 30, HSBC Main Building
1 Queen's Road Central
Hong Kong

LEGAL ADVISERS

*To the Issuer and the Guarantor
as to English law*

Linklaters
10th Floor
Alexandra House
Chater Road
Central
Hong Kong

*To the Manager and the Trustee
as to English law*

Clifford Chance
27/F Jardine House
One Connaught Place
Central
Hong Kong

*To the Issuer
as to Cayman Islands law*

Conyers Dill & Pearman
Cricket Square Hutchings Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*To the Guarantor
as to Bermuda law*

Conyers Dill & Pearman
29th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong