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

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

## **PUBLICATION OF THE OFFERING CIRCULAR**

### **TCCL (FINANCE) LIMITED**

**港華燃氣(融資)有限公司**  
(the "Issuer")

*(Incorporated in Hong Kong under the Companies Ordinance with limited liability)*

**US\$2,000,000,000**

**Medium Term Note Programme**

(the "Programme")

unconditionally and irrevocably guaranteed by



**港華燃氣有限公司**  
**Towngas China Company Limited**

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

(Stock Code: 1083)

(the "Guarantor")

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

Please refer to the offering circular dated 11 June 2021 (the “**Offering Circular**”) appended herein in relation to the US\$2,000,000,000 Medium Term Note Programme (the “**Programme**”) of TCCL (Finance) Limited (the “**Issuer**”) unconditionally and irrevocably guaranteed by Towngas China Company Limited (the “**Guarantor**”). As disclosed in the Offering Circular, any notes to be issued under the Programme (the “**Notes**”) will be intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and will be listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

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

Hong Kong, 15 June 2021

As at the date of this announcement, the board of directors of the Guarantor comprises:

*Executive Directors:*

Alfred Chan Wing-kin (*Chairman*)

Peter Wong Wai-yee (*Chief Executive Officer*)

John Ho Hon-ming (*Company Secretary*)

Martin Kee Wai-ngai (*Chief Operating Officer*)

*Independent Non-Executive Directors:*

Moses Cheng Mo-chi

Brian David Li Man-bun

James Kwan Yuk-choi

As at the date of this announcement, the board of directors of the Issuer comprises Mr. Chan Wing-kin (aka Alfred Chan Wing-kin), Mr. Peter Wong Wai-yee and Mr. John Ho Hon-ming.

## IMPORTANT NOTICE

### **NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR, IN RESPECT OF ANY OFFERING OF SECURITIES UNDER CATEGORY 2 OF REGULATION S OF THE SECURITIES ACT, TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES**

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND SECURITIES IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE SECURITIES MAY NOT BE OFFERED OR SOLD OR (IN THE CASE OF NOTES IN BEARER FORM) DELIVERED INTO OR WITHIN THE UNITED STATES OR, IN RESPECT OF ANY OFFERING OF SECURITIES UNDER CATEGORY 2 OF REGULATION S OF THE SECURITIES ACT, TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED, IN RESPECT OF ANY OFFERING OF SECURITIES UNDER CATEGORY 2 OF REGULATION S OF THE SECURITIES ACT, TO ANY U.S. PERSON OR TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that you are outside the United States or, in respect of any offering of securities under Category 2 of Regulation S, you shall be deemed to have represented to us that you are not a U.S. person. In addition you shall be deemed to have represented to us that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

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 underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined below) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of TCCL (Finance) Limited (the "Issuer"), The Towngas China Company Limited (the "Guarantor"), the Arrangers (as defined in this Offering Circular) and the Dealers (as defined in this Offering Circular), or any additional Arrangers or Dealer appointed under the Programme, any person who controls any of the Arrangers or the Dealers, any director, officer, employee nor agent of the Issuer or the Guarantor or the Arrangers or the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

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

# TCCL (Finance) Limited 港華燃氣(融資)有限公司

(incorporated in Hong Kong with limited liability)

U.S.\$2,000,000,000

Medium Term Note Programme

Unconditionally and irrevocably guaranteed by



## 港華燃氣有限公司 Towngas China Company Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1083)

Under this U.S.\$2,000,000,000 Medium Term Note Programme (the “Programme”), TCCL (Finance) Limited (the “Issuer”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the “Notes”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Towngas China Company Limited (“TCCL” or the “Guarantor”).

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

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

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

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

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

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in a pricing supplement (the “Pricing Supplement”) which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantor and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notes issued under the Programme may be rated or unrated. Where an issue of certain series of Notes is rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

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

*An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.*

### Arrangers

HSBC

Mizuho Securities

### Dealers

ANZ  
BofA Securities  
DBS Bank Ltd.  
Mizuho Securities  
Standard Chartered Bank

Bank of China (Hong Kong)  
Citigroup  
Deutsche Bank  
Morgan Stanley  
UBS

BNP PARIBAS  
Crédit Agricole CIB  
HSBC  
MUFG  
United Overseas Bank

The date of this Offering Circular is 11 June 2021

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

In relation to Notes that will be listed on the Hong Kong Stock Exchange, this Offering Circular may only be distributed to professional investors (see “*Subscription and Sale – Hong Kong*”).

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only, have been reproduced in this Offering Circular. Listing of the Programme on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Issuer and the Guarantor or the quality of disclosure in this Offering Circular.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

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

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representations not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor, the Arrangers (as specified under “*Summary of the Programme*”) or any of the Dealers.

Neither the Arrangers nor the Dealers has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers or any of them as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme. None of the Arrangers or the Dealers accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme.

To the fullest extent permitted by law, none of the Dealers or the Arrangers accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by any of the Arrangers or Dealers or on its behalf in connection with the Issuer, the Guarantor, the Group, the Programme, the Guarantee or the issue and offering of the Notes. Each Arranger and each Dealer

accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

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

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

**The Notes and the Guarantee (as defined under “*Terms and Conditions of the Notes*”) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “*Securities Act*”) or any U.S. State securities laws, and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Offering Circular, see “*Subscription and Sale*”.**

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

**UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS** – If the Pricing Supplement in respect of any Notes includes a legend entitled “*Prohibition of Sales to UK Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provision of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

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

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

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

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

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore** (the “SFA”) – Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Guarantor, the Arrangers and the Dealers represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arrangers or the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Notes in the United States, the European Economic Area, the United Kingdom, Japan, Hong Kong, the People’s Republic of China and Singapore. See “*Subscription and Sale*”.**

**In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantor and the terms of the Notes being offered, including the merits and risks involved. The Notes and the Guarantee have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory**

authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

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

## PRESENTATION OF FINANCIAL INFORMATION

TCCL publishes its financial statements in Hong Kong dollars. Unless otherwise specified, where financial information in relation to TCCL has been translated into U.S. dollars, it has been so translated, for the convenience of the reader, at an exchange rate of HK\$7.80 = U.S.\$1.00. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi were made at an exchange rate of RMB6.5250 = U.S.\$1.00, the exchange rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on 31 December 2020. No representation is made that any U.S. dollar, Renminbi, or Hong Kong dollars have been, could have been, or could be, converted into U.S. dollars, Renminbi or Hong Kong dollars, as the case may be, at the rate indicated or at any other rate.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

## CERTAIN DEFINITIONS

Unless otherwise specified or the context requires, references herein to U.S. dollars and U.S.\$ are to the lawful currency of the United States of America (the “U.S.A.”), references to Hong Kong dollars, HK dollars and “HK\$” are to the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”), references to “Renminbi” and “RMB” are to the lawful currency of the People’s Republic of China (the “PRC”), references to “Sterling” and “£” are to the lawful currency of the United Kingdom, references to “AUD” are to the lawful currency of Australia and references to “euro” and “€” are to the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time.

In addition, references to “PRC” or “China” are to the PRC and for geographical reference only (unless otherwise stated) exclude Taiwan, Hong Kong and Macau. All references to the “Issuer” herein are to TCCL (Finance) Limited, a company incorporated in Hong Kong with limited liability. All references to “TCCL” or the “Company” herein are to Towngas China Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, and its direct and indirect subsidiaries, unless the context otherwise requires, and references in TCCL’s consolidated financial statements included elsewhere in this Offering Circular to the “Group” are to TCCL and all of its direct and indirect subsidiaries and also includes TCCL’s interest in associated companies and jointly controlled entities on the basis set forth in the notes and statements included elsewhere in this Offering Circular. Certain of TCCL’s subsidiaries are not wholly owned, as described more fully herein.

## FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements including, without limitation, words and expressions such as “expect”, “believe”, “plan”, “intend”, “estimate”, “project”, “anticipate”, “may”, “will”, “would”, “could” or similar words or statements, in particular, in the section entitled “*Description of TCCL*” in this Offering Circular in relation to future events, TCCL, its prospects, its expected financial condition, its business strategies, the future developments of TCCL’s operations and industry and the future development of the general domestic, regional and global economy.

These statements are based on numerous assumptions regarding TCCL’s present and future business strategy and the environment in which it expects to operate in the future. TCCL’s future results could differ materially from those expressed or implied by such forward-looking statements and although these

forward-looking statements reflect its current view of future events, they are not a guarantee of future performance. In addition, TCCL's future performance may be affected by various factors and risks including, without limitation, those discussed in the section entitled "*Risk Factors*" and the following:

- the continued performance by TCCL's suppliers of natural gas and naphtha for TCCL's core business in Hong Kong;
- future developments and competition in the piped city-gas and other energy industries in Hong Kong and the PRC;
- availability and cost of materials, equipment and manpower to complete plans for TCCL's various projects in the PRC;
- timely receipt of appropriate regulatory approvals for TCCL's planned business activities in the PRC, which may affect TCCL's cash flows, operations and capital expenditures;
- TCCL's ability to implement its business strategy successfully, including its investment in emerging energy projects, to increase profitability;
- any changes in government regulation and oversight of TCCL's operations, pricing practices or organisational structure; or
- the condition of and changes in the Hong Kong, PRC, Asian or global economies in general.

Should one or more of these or other risks or uncertainties materialise, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. Prospective investors are strongly advised to exercise caution when using any of these forward-looking statements to evaluate the Issuer's or TCCL's prospects.

In this Offering Circular, statements of, or references to, intentions of the Issuer or TCCL or those of any of the directors of any of them are made as at the date of this Offering Circular. Any such intentions may change in light of future developments.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the most recent audited annual financial statements of the Issuer that have been filed with the Companies Registry of Hong Kong (if any) and the two most recently published audited annual consolidated financial statements of TCCL and, if published later, the most recently published half yearly unaudited condensed consolidated interim financial statements of TCCL. See “*General Information – Documents*” for a description of the financial statements currently published by the Issuer and TCCL (as at the date of this Offering Circular, the Issuer has not published any financial statements);
- (b) each relevant Pricing Supplement; and
- (c) all supplements or amendments to this Offering Circular circulated by the Issuer and TCCL from time to time,

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

Copies of TCCL’s published audited annual consolidated financial statements and its unaudited condensed consolidated interim financial statements may be downloaded free of charge from the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the principal office of The Bank of New York Mellon, London Branch (the “Fiscal Agent”) (or such other Paying Agent for the time being in Hong Kong) for Notes listed on the Hong Kong Stock Exchange upon prior written notice and satisfactory proof of holding. Each of the Issuer and the Guarantor has undertaken to the Arrangers and the Dealers in the Programme Agreement (as defined in “*Subscription and Sale*”) that, in the event of:

- (a) a significant new factor, material mistake or inaccuracy relating to the information included in the Offering Circular which is capable of affecting the assessment of the Notes arising or being noted; or
- (b) change in the condition of the Issuer and/or the Guarantor and/or the Material Subsidiaries (as defined under “*Terms and Conditions of the Notes*”) which is material in the context of the Programme or the issue of any Notes; or
- (c) the Offering Circular otherwise coming to contain an untrue statement of a material fact or omitting to state a material fact necessary to make the statements contained therein not misleading or if it is necessary at any time to amend the Offering Circular to comply with, or reflect changes in, the laws or regulations of Hong Kong, the Issuer and the Guarantor shall update or amend the Offering Circular by the publication of a supplement to it or a new offering circular, in each case in a form approved by the Dealers. If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject to as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes*”. This Offering Circular and any supplement will only be valid for listing Notes on the Hong Kong Stock Exchange during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$2,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

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

## SUMMARY OF THE PROGRAMME

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

<b>Issuer</b>	TCCL (Finance) Limited
<b>Issuer Legal Entity Identifier (LEI)</b>	254900YCY08VYQTTRO14
<b>Guarantor</b>	Towngas China Company Limited
<b>Description</b>	Medium Term Note Programme
<b>Arrangers</b>	The Hongkong and Shanghai Banking Corporation Limited Mizuho Securities Asia Limited
<b>Dealers</b>	Australia and New Zealand Banking Group Limited Bank of China (Hong Kong) Limited BNP Paribas Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank DBS Bank Ltd. Deutsche Bank AG, Hong Kong Branch The Hongkong and Shanghai Banking Corporation Limited Merrill Lynch (Asia Pacific) Limited Mizuho Securities Asia Limited Morgan Stanley & Co. International plc MUFG Securities EMEA plc Standard Chartered Bank UBS AG Hong Kong Branch, incorporated in Switzerland with limited liability United Overseas Bank Limited, Hong Kong Branch (incorporated in Singapore with limited liability)  and any other Dealers appointed in accordance with the Programme Agreement.
<b>Certain Restrictions</b>	<p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “<i>Subscription and Sale</i>”) including the following restrictions applicable at the date of this Offering Circular.</p> <p><b>Notes having a maturity of less than one year</b></p> <p>Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “<i>Subscription and Sale</i>”.</p>
<b>Fiscal Agent</b>	The Bank of New York Mellon, London Branch
<b>Registrar and Transfer Agent</b>	The Bank of New York Mellon SA/NV, Dublin Branch

<b>CMU Lodging and Paying Agent</b>	The Bank of New York Mellon, Hong Kong Branch
<b>Programme Size</b>	Up to U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described under “ <i>General Description of the Programme</i> ”) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies</b>	Subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
<b>Maturities</b>	Such maturities as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price</b>	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes</b>	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes</i> ”. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
<b>Fixed Rate Notes</b>	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the Dealer.
<b>Floating Rate Notes</b>	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> <li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li> <li>(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(c) on such other basis as may be agreed between the Issuer and the relevant Dealer.</li> </ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each series of Floating Rate Notes.</p>
<b>Benchmark Replacement</b>	The Benchmark Replacement provisions as set out in the “ <i>Terms and Conditions of the Notes</i> ” will apply if a Benchmark Event occurs.

**Index Linked Notes**

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.

**Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes**

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

**Dual Currency Notes**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

**Zero Coupon Notes**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount, or offered and sold at their nominal amount and be redeemed at a premium, and will not bear interest.

**Redemption**

The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.

**Denomination of Notes**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.

**Taxation**

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction (as defined in Condition 8), subject as provided in Condition 8. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

*In making an investment decision, each prospective investor is strongly recommended to consult its own professional advisers in respect of the tax implications of holding the Notes, see "Taxation".*

<b>Negative Pledge</b>	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
<b>Cross Default</b>	The terms of the Notes will contain a cross default provision as further described in Condition 10.
<b>Rating</b>	Notes issued under the Programme may be rated or unrated. Where an issue of certain series of Notes is rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
<b>Status of the Notes</b>	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank at all times <i>pari passu</i> and without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
<b>Guarantee</b>	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and will rank <i>pari passu</i> and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.
<b>Listing and admission to trading</b>	<p>Application has been made to list the Programme on the Hong Kong Stock Exchange. Separate application will be made for the listing of Notes issued under the Programme during the 12-month period after the date of this Offering Circular for debt issues to Professional Investors only on the Hong Kong Stock Exchange. The Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer in relation to each Series.</p> <p>Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.</p>
<b>Governing Law</b>	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
<b>Clearing Systems</b>	The CMU, Euroclear, Clearstream, Luxembourg, and/or any other clearing system as specified in the applicable Pricing Supplement, see “ <i>Form of the Notes</i> ”.
<b>Selling Restrictions</b>	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, the United Kingdom, Japan, Hong Kong, the PRC, Singapore and Cayman Islands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “ <i>Subscription and Sale</i> ”.

**United States Selling  
Restrictions**

Regulation S, Category 1 or Category 2, as specified in the applicable Pricing Supplement. TEFRA C or D/TEFRA not applicable, as specified in the applicable Pricing Supplement.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. The Notes will be issued outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (“Regulation S”).

Notes to be listed on the Hong Kong Stock Exchange will be accepted for clearance through Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking S.A. (“Clearstream, Luxembourg”) and/or the CMU (as defined below) and/or any other clearing system as specified in the applicable Pricing Supplement.

### **Bearer Notes**

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary bearer global note (a “Temporary Bearer Global Note”) or, if so specified in the applicable Pricing Supplement, a permanent bearer global note (a “Permanent Bearer Global Note”, and together with a Temporary Bearer Global Note, the “Bearer Global Notes”, and each a “Bearer Global Note”) which, in either case, will be delivered on or prior to the original issue date of the Tranche to either (i) a common depositary (the “Common Depositary”) for Euroclear and/or Clearstream Luxembourg or (ii) a sub-custodian for the Hong Kong Monetary Authority (“HKMA”) as operator of the Central Moneymarkets Unit Service (the “CMU”).

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/or The Bank of New York Mellon, Hong Kong Branch (the “CMU Lodging and Paying Agent”) and (in the case of a Temporary Bearer Global Note delivered to a Common Depositary for Euroclear and/or Clearstream, Luxembourg) Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Fiscal Agent (as defined in “*Terms and Conditions of the Notes*”).

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

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

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

In respect of a Bearer Global Note representing Notes held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (as set out in the records of the CMU) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose. For the purposes of this paragraph, "Clearing System Business Day" means a day on which the CMU is operating and open for business.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg, and in the case of Notes cleared through the CMU, the CMU, have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available, or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes held by a Common Depositary for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note), or (b) in the case of Notes held through the CMU, the relevant account holders therein, may give notice to the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, receipts or interest coupons.

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

### **Registered Notes**

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a "Registered Global Note", and together with any Bearer Global Note, the "Global Notes"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg or the CMU and such Registered Global Note will bear a legend regarding such restrictions on transfer.

Registered Global Notes will (i) be deposited with, and registered in the name of a nominee of, a Common Depositary for Euroclear and Clearstream, Luxembourg, or (ii) be deposited with a sub-custodian for the HKMA as operator of the CMU, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest or any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantor, the Fiscal Agent, any Paying Agent, the Transfer Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg, and in the case of Notes held through the CMU, the CMU, have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available, or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered where the Notes represented by the Registered Global Notes in definitive form.

The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes registered in the name of a nominee for a Common Depositary for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note), and/or (b) in the case of Notes held through the CMU, the relevant account holders therein, may give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or, as the case may be, the CMU Lodging and Paying Agent.

### **Transfer of Interests**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear, Clearstream, Luxembourg and the CMU, in each case to the extent applicable.

### **General**

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CMU instrument number which are different from the common code, ISIN and CMU instrument number assigned to Notes of any other Tranche of

the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act), if any, applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg and/or the CMU, each person (other than Euroclear, Clearstream, Luxembourg or the CMU) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CMU as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purposes the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through a sub-custodian for or registered with the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules at the relevant time and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8:00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or the CMU, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and/or the CMU on and subject to the terms of a deed of covenant (the “Deed of Covenant”) dated 11 June 2021 and executed by the Issuer.

## APPLICABLE PRICING SUPPLEMENT

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

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

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA42. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]<sup>2</sup>

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

**[UK MIFIR product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. Any person

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<sup>1</sup> Legend to be included on front of the Pricing Supplement if the Notes potentially constitute “packaged” products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

<sup>2</sup> Legend to be included on front of the Pricing Supplement if the Notes potentially constitute “packaged” products and no key information document will be prepared or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

subsequently offering, selling or recommending the [Notes] (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore** (the “SFA”) – 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 Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).] *[To insert appropriate notice if classification of the Notes is not “prescribed capital markets products”, pursuant to Section 309B of the SFA or “Excluded Investment Products”].*<sup>3</sup>

[Date]

**TCCL (Finance) Limited**

**Legal entity identifier (LEI): 254900YCY08VYQTTRO14**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] [due [●]]**  
**Guaranteed by Towngas China Company Limited**  
**under the U.S.\$2,000,000,000**  
**Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Offering Circular dated 11 June 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

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

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

[This Pricing Supplement, together with the Offering Circular dated [original date] [and the supplement to it dated [date]], includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to each of the Issuer and the Guarantor. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Pricing Supplement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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

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<sup>3</sup> Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA. If there is a change as to product classification for the relevant drawdown, from the upfront classification embedded in the programme documentation, then the legend is to be completed accordingly.

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

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

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

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

- |   |  |  |
|---|--|--|
| 1 | (a) Issuer:  | TCCL (Finance) Limited   |
|   | (b) Guarantor:   | Towngas China Company Limited  |
| 2 | (a) Series Number:   | [●]  |
|   | (b) Tranche Number:  | [●] <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>  |
|   | (c) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with <i>[identify earlier Tranches]</i> on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [25] below, which is expected to occur on or about [date]] [Not Applicable] |
| 3 | Specified Currency or Currencies:  | [●]  |
| 4 | Aggregate Nominal Amount:  |  |
|   | (a) Series:  | [●]  |
|   | (b) Tranche:   | [●]  |
| 5 | [(a)] Issue Price:   | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ] <i>(in the case of fungible issues only, if applicable)</i>   |
|   | [(b)] Net Proceeds:  | [●] <i>(required only for listed issues)</i>   |

6 (a) Specified Denominations:

[●]

*(N.B. – where multiple denominations above [€100,000] or equivalent are being used with respect to Bearer Notes, the following sample wording should be followed:*

*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”*)

*(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the [€100,000] minimum denomination is not required.)*

*(In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)*

(b) Calculation Amount (in relation to calculation of interest in global form see Conditions):

[●]

*(If only one Specified Denomination, insert the Specified Denomination.*

*If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7 (a) Issue Date:

[●]

(b) Interest Commencement Date:

*[specify/Issue Date/Not Applicable]*

*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8 Maturity Date:

*[Fixed rate – specify date/Floating rate – Interest Payment Date falling on or nearest to [specify month and year]]<sup>4</sup>*

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<sup>4</sup> Note that for Renminbi and Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

- 9 Interest Basis: [[●] per cent. Fixed Rate]  
[[LIBOR/EURIBOR/HIBOR] +/-  
[●] per cent.  
Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[specify other]  
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]
- 11 Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]  
[Not Applicable]
- 12 Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
- 13 Date Board approval for issuance of Notes obtained: [●] [and [●], respectively]]/[None required]  
  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Note or related Guarantees)*
- 14 Listing: [Hong Kong/specify other/None]<sup>5</sup>
- 15 Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 Fixed Rate Note Provisions: [Applicable/Not Applicable]  
  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [[●] in each year up to and including the Maturity Date]/[specify other]<sup>6</sup>  
  
*(Amend appropriately in the case of irregular coupons)*

<sup>5</sup> If Listing in Hong Kong, specify expected listing date.

<sup>6</sup> Note that for certain Renminbi and Hong Kong dollar denominated Fixed Rate Notes the Interest Payment Dates are subject to modification, the following words should be added: “provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, “Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and [●].”

- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [●] per Calculation Amount<sup>7</sup>
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)]<sup>8</sup>  
[specify other]]
- (f) [Determination Date(s): [●] in each year  
  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/give details]
- 17 Floating Rate Note Provisions: [Applicable/Not Applicable]  
  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [●], subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ specify other]] [Not Applicable]
- (c) Additional Business Centre(s): [●]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/ specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent): [●] (the “Calculation Agent”)

<sup>7</sup> For Renminbi and Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Notes and to the nearest HK\$0.01, HK\$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards.”

<sup>8</sup> Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes.

- (f) Screen Rate Determination:
- Reference Rate: [●]  
*(Either LIBOR, EURIBOR, HIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s): [●]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling, Hong Kong dollar or euro LIBOR), first day of each Interest Period if Sterling LIBOR or Hong Kong dollar LIBOR or HIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [●]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (g) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (h) Margin(s): [+/-] [●] per cent. per annum
- (i) Minimum Rate of Interest: [●] per cent. per annum
- (j) Maximum Rate of Interest: [●] per cent. per annum
- (k) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond Basis]  
[30E/360 (ISDA)]  
[Other]  
*(See Condition [6] for alternatives)*
- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]

- 18 Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [●] per cent. per annum
- (b) Reference Price: [●]
- (c) Any other formula/basis of determining amount payable: [●]
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 8.7(c) and 8.12 apply/specify other]
- (Consider applicable day count fraction if not U.S. dollar denominated)*
- 19 Index Linked Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Index/Formula: [give or annex details]
- (b) Calculation Agent: [●]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Fiscal Agent): [●]
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (e) Specified Period(s)/Specified Interest Payment Dates: [●]
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (g) Additional Business Centre(s): [●]
- (h) Minimum Rate of Interest: [●] per cent. per annum
- (i) Maximum Rate of Interest: [●] per cent. per annum
- (j) Day Count Fraction: [●]
- 20 Dual Currency Interest Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]

- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Fiscal Agent): [●]
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
- (d) Person at whose option Specified Currency(ies) is/are payable: [●]

**PROVISIONS RELATING TO REDEMPTION**

- 21 Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●]
  - (b) Optional Redemption Amount: [[●] per Calculation Amount/specify other/see Appendix]
  - (c) If redeemable in part:
    - (i) Minimum Redemption Amount: [●] per Calculation Amount
    - (ii) Maximum Redemption Amount: [●] per Calculation Amount
  - (d) Notice period (if other than as set out in the Conditions): [●]  
*(N.B. when setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*
- 22 Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [●]
  - (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix]

(c) Notice period (if other than as set out in the Conditions):

[●]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*

23 Final Redemption Amount:

[[●] per Calculation Amount/specify other/see Appendix]

24 Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.7):

[[●] per Calculation Amount/specify other/see Appendix]

*(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

25 Form of Notes:

[Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Bearer Notes upon an Exchange Event]<sup>9</sup>

[Temporary Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Bearer Notes upon an Exchange Event]<sup>10</sup>

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<sup>9</sup> Ensure that this is consistent with the wording in the “Form of the Notes” section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].” Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Bearer Notes.

<sup>10</sup> Ensure that this is consistent with the wording in the “Form of the Notes” section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].” Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Bearer Notes.

[Registered Notes:

Registered Global Note (U.S.\$ [●] nominal amount)  
[registered in the name of a nominee for a common  
depository for Euroclear and Clearstream,  
Luxembourg/held through the CMU]]

26 Additional Financial Centre(s) or other  
special provisions relating to Payment  
Days:

[Not Applicable/*give details*]

*(Note that this paragraph relates to the date of  
payment and not the end dates of Interest Periods  
for the purposes of calculating the amount of  
interest, to which sub-paragraphs 17(c) and 19(g)  
relate)*

27 Talons for future Coupons or Receipts to  
be attached to Definitive Notes (and  
dates on which such Talons mature):

[Yes/No. *If yes, give details*]

28 Details relating to Partly Paid Notes:  
amount of each payment comprising the  
Issue Price and date on which each  
payment is to be made and consequences  
of failure to pay, including any right of  
the Issuer to forfeit the Notes and  
interest due on late payment:

*[Not Applicable/give details. N.B. a new form of  
Temporary Global Note and/or Permanent Global  
Note may be required for Partly Paid issues]*

29 Details relating to Instalment Notes:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining  
subparagraphs of this paragraph)*

(a) Instalment Amount(s):

*[give details]*

(b) Instalment Date(s):

*[give details]*

30 Other terms or special conditions:

[Not Applicable/*give details*]

## **DISTRIBUTION**

31 (a) If syndicated, names of Managers:

[Not Applicable/*give names*]

(b) Stabilisation Manager(s) (if any):

[Not Applicable/*give names*]

32 If non-syndicated, name of relevant  
Dealer:

[Not Applicable/*give names*]

33 Private Bank Rebate/Commission:

*[To be included if a PB rebate is paid: In addition,  
each of the Issuer and the Guarantor has agreed  
with the Managers that each of the Issuer and the  
Guarantor will pay a commission to certain private  
banks in connection with the distribution of the  
Notes to their clients. This commission will be  
based on the principal amount of the Notes so  
distributed, and may be deducted from the purchase  
price for the Notes payable by such private banks  
upon settlement] [Not Applicable]*

- 34 U.S. Selling Restrictions: [Reg. S Compliance Category [1/2]; TEFRA D/TEFRA C/TEFRA not applicable]
- 35 Additional selling restrictions: [Not Applicable/give details]
- 36 Additional U.S. federal income tax considerations: [Not Applicable/give details]
- [Consider whether any considerations relating to the U.S. Foreign Account Tax Compliance Act should be included]
- 37 Prohibition of Sales to EEA Retail Investors [Applicable/Not Applicable]
- (If Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)*
- 38 Prohibition of Sales to UK Retail Investors [Applicable/Not Applicable]
- (If Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)*

#### OPERATIONAL INFORMATION

- 39 Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CMU/Not Applicable/give name(s) and number(s)]
- 40 Delivery: Delivery [against/free of] payment
- 41 In the case of Registered Notes, specify the location of the office of the Registrar if other than New York: [Not Applicable/Luxembourg]
- In the case of Bearer Notes, specify the location of the office of the Fiscal Agent if other than London: [Not Applicable/Hong Kong]
- 42 Additional Paying Agent(s) (if any): [●]
- ISIN: [●]
- Common Code: [●]

*(insert here any other relevant codes such as a CMU instrument number)*

**[USE OF PROCEEDS**

Give details if different from the “Use of Proceeds” section in the Offering Circular.]

**[LISTING APPLICATION**

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

**RESPONSIBILITY**

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

Signed on behalf of [*name of the Issuer*]:

Signed on behalf of [*name of the Guarantor*]:

By: \_\_\_\_\_  
*Duly authorised*

By: \_\_\_\_\_  
*Duly authorised*

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by TCCL (Finance) Limited (the Issuer) pursuant to the Agency Agreement (as defined below).

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

- (a) in relation to any Notes represented by a global Note (a “Global Note”), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note in bearer form (each a “Bearer Global Note”);
- (c) any Global Note in registered form (each a “Registered Global Note”);
- (d) any definitive Note in bearer form (“Definitive Bearer Notes”, together with the Bearer Global Notes, the “Bearer Notes”) issued in exchange for a Bearer Global Note; and
- (e) any definitive Note in registered form (“Definitive Registered Notes”, together with the Registered Global Notes, the “Registered Notes”) (whether or not issued in exchange for a Registered Global Note).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated 11 June 2021 (such Agency Agreement as further amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) and made between the Issuer, Towngas China Company Limited (the “Guarantor”), The Bank of New York Mellon, London Branch as issuing and fiscal agent (the “Fiscal Agent”, which expression shall include any successor fiscal agent) and together with the Fiscal Agent and the Registrar, the “Paying Agents”, which expression shall include any additional or successor paying agents, The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent (the “CMU Lodging and Paying Agent”, which expression shall include any successor CMU lodging and paying agent), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the “Registrar”, which expression shall include any successor registrar) and as transfer agent (the “Transfer Agent”, which expression shall include any additional or successor transfer agents). For the purposes of these Terms and Conditions (“Conditions”), all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU (as defined below), be deemed to be a reference to the CMU Lodging and and Paying Agent and all such references shall be construed accordingly.

Interest bearing Definitive Bearer Notes have interest coupons (Coupons) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (Talons) attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Bearer Notes repayable in instalments have receipts (“Receipts”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Definitive Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

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

The payment of all amounts in respect of this Note have been guaranteed by the Guarantor pursuant to a Guarantee (such Guarantee, as modified and/or supplemented and/or restated from time to time, the “Guarantee”) dated 11 June 2021 and executed by the Guarantor. The original of the Guarantee is held by the Fiscal Agent on behalf of the Noteholders, the Receiptholders and the Couponholders at its specified office.

Any reference to “Noteholders” or “holders” in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “Receiptholders” shall mean the holders of the Receipts and any reference herein to “Couponholders” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing and admission to trading) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the “Deed of Covenant”) dated 11 June 2021 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, the Guarantee and the Deed of Covenant are available for inspection during normal business hours (between 9:00am to 3:00pm) at the specified office of each of the Fiscal Agent and the other Paying Agents (such Agents and the Registrar and the Transfer Agent being together referred to as “Agents”) upon prior written notice and satisfactory proof of holdings. Copies of the applicable Pricing Supplement are available for viewing during normal business hours (between 9:00am to 3:00pm) at the specified office of the Issuer and of the Fiscal Agent and copies may be obtained from those offices save that, if this Note is neither listed nor admitted to trading, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Agency Agreement, the Guarantee, the Deed of Covenant and the applicable Pricing Supplement which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

## **1 Form, Denomination and Title**

The Notes are issued in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the currency (the “Specified Currency”) and the denominations (the “Specified Denomination(s)”) specified in the applicable

Pricing Supplement. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice versa.

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

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

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

Subject as set out below, title to Bearer Notes, Receipts and Coupons will pass by delivery and title to Registered Notes will pass upon registration of transfers in the register which is kept by the Registrar in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor and any Agents will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes, but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking S.A. (“Clearstream, Luxembourg”) and/or the Hong Kong Monetary Authority as operator of the Central Moneymarkets Unit Service (the “CMU”), each person (other than Euroclear or Clearstream, Luxembourg or the CMU) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CMU as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Issue Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) (“CMU Accountholders”) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

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

References to Euroclear and/or Clearstream, Luxembourg and/or the CMU shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and the Fiscal Agent.

## **2 Transfers of Registered Notes**

### **2.1 *Transfers of interests in Registered Global Notes***

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear, Clearstream, Luxembourg or the CMU, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Registered Notes or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream, Luxembourg or the CMU, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

### **2.2 *Transfers of Definitive Registered Notes***

Subject as provided in Condition 2.3 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (i) the holder or holders must (A) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail (free of charge to the holder and at the Issuer's (failing whom the Guarantor's) expense), to such address as the transferee may request, a new Definitive Registered Note in definitive form of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the Definitive Registered Note not transferred will be authenticated and delivered or (at the risk of the transferor) sent to the transferor (free of charge to the holder and at the Issuer's (failing whom the Guarantor's) expense).

### **2.3 *Registration of transfer upon partial redemption***

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

## **2.4 Costs of registration**

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

## **2.5 Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered during the period of (i) 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note and (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6.4).

# **3 Status of the Notes and the Guarantee**

## **3.1 Status of the Notes**

The Notes and any relative Receipts and Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for certain obligations required to be preferred by law and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations (other than subordinated obligations, if any), from time to time outstanding.

## **3.2 Status of the Guarantee**

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

# **4 Negative Pledge**

So long as any Note and the relative Receipts or Coupons remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor will create or permit to subsist, and will procure that no Material Subsidiary (as defined below) creates or permits to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“**Encumbrance**”), other than the Permitted Encumbrance, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below) or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or according such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement).

For the purposes of these Conditions:

“**Material Subsidiary**” means any Subsidiary of the Guarantor:

- (a) whose gross revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated gross revenue, or, as the case may be, the consolidated gross assets of the Guarantor and its Subsidiaries taken as a whole, all as

calculated respectively by reference to the latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited 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 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 consolidated financial statements shall be deemed to be a reference to such audited financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited 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 revenue and 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 Material Subsidiary shall be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) 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 Material Subsidiary, whereupon (a) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (b) the transferee Subsidiary shall immediately become a Material 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 Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above.

A report by two of the directors of the Guarantor that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Noteholders.

**“Permitted Encumbrance”** means (i) any Encumbrance over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Material Subsidiary as security for all or part of the purchase price of such assets and any substitute Encumbrance created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets; and (ii) any Encumbrance over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Material Subsidiary subject to such Encumbrance and any substitute Encumbrance created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets.

**“Relevant Indebtedness”** means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes loan stock certificates of deposit or other securities which are for the time being, or are intended to be, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market, having an original maturity of more than one year from its date of issue.

**“Subsidiary”**, in relation to any person, means any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or

which, under the laws, regulations or generally accepted accounting principles of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong") from time to time, should have its accounts consolidated with those of that person.

## 5 Interest

### 5.1 Interest on Fixed Rate Notes

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

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

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

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

- (A) in the case of Fixed Rate Notes which are (i) represented by a Global Note or (i) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Registered Note (or, in each case, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, the Calculation Amount;

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

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the

product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

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

In these Conditions:

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

“**euro**” means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty on the Functioning of the European Union, as amended, establishing the European Community, as amended from time to time; and

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

## **5.2 Interest on Floating Rate Notes and Index Linked Interest Notes**

### **(a) Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls the number of months or

other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, "Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date) or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

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

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(b) *Rate of Interest*

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

(A) ISDA Determination for Floating Rate Notes

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

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

- (B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the London interbank offered rate (“LIBOR”), the Euro-zone interbank offered rate (“EURIBOR”) or the Hong Kong interbank offered rate (“HIBOR”), the first day of that Interest Period or (b) in any other case, as specified in the applicable Pricing Supplement.

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

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

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

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

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

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

Unless otherwise stated, in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

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

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

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

The Fiscal Agent or the Calculation Agent (as specified in the applicable Pricing Supplement), as applicable, in the cases of Floating Rate Notes and Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case where the Calculation Agent is the party responsible for determining the rate of interest, the Calculation Agent will notify the Fiscal Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Fiscal Agent or the Calculation Agent (as specified in the applicable Pricing Supplement), as applicable, will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

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

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

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

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

$$\text{Day Count Fraction} = \frac{([360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (MD_2 - D_1))}{360}$$

where:

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

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

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

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

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

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

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

$$\text{Day Count Fraction} = \frac{([360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (MD_2 - D_1))}{360}$$

where:

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

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

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

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

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

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

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

$$\text{Day Count Fraction} = \frac{([360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (MD_2 - D_1))}{360}$$

where:

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

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

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

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

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

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

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

The Calculation Agent (as specified in the applicable Pricing Supplement), as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer by no later than the first day of each Interest Period as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Fiscal Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default, gross negligence or manifest error) be binding on the Issuer, the Guarantor, the Fiscal Agent, the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default and gross negligence) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Fiscal Agent or the Calculation Agent, if applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(g) *Benchmark Replacement*

In addition, notwithstanding the provisions above in this Condition 5.2, if the Issuer determines that a Benchmark Event (as defined below) has occurred in relation to the relevant Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- (A) the Issuer shall use all reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in a reasonable manner), no later than five business days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the “IA Determination Cut-off Date”), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes. In making such determination, the Independent Adviser appointed pursuant to this Condition 5.2(g) shall act in good faith as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it, pursuant to this Condition 5.2(g);

if the Issuer (acting in a reasonable manner) is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or failing which, an Alternative Reference Rate prior to the IA Determination Cut-off Date;

- (B) the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest) (subject, where applicable, to substituting the Margin (as defined below) that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (B) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, Condition 5.2(g)(A));
- (C) if the Independent Adviser determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser (acting in good faith and in a commercially reasonable manner), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, business days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, if such changes are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (as defined below) (as applicable). If the Independent Adviser (in consultation with the Issuer) determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Fiscal Agent and the Paying Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to

give effect to this Condition 5.2(g). Noteholder consent shall not be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Fiscal Agent or the Paying Agents (if required); and

- (D) the Issuer shall, prior to the IA Determination Cut-off Date, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to these Conditions,

*provided that* the determination of any Successor Rate or Alternative Reference Rate, and any other related changes to the Notes, shall be made in accordance with applicable law.

For the purposes of this Condition 5.2(g):

“**Adjustment Spread**” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in a reasonable manner) to be appropriate;

“**Alternative Reference Rate**” means the rate that the Independent Adviser determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its discretion (acting in a reasonable manner) is most comparable to the relevant Reference Rate;

“**Benchmark Event**” means, in respect of a Reference Rate:

- (i) such Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist;

- (ii) a public statement by the administrator of such Reference Rate that it will, by a specified date within the following six months, cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate);
- (iii) a public statement by the supervisor of the administrator of such Reference Rate that such Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of such Reference Rate that means such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months;
- (v) the making of a public statement by the supervisor of the administrator of the Reference Rate that such Reference Rate is or will, by a specified future date with the following six months, be no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using such Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Reference Rate or the discontinuation of the Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“**Business Day**” means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong and each Additional Business Centre (other than TARGET2 System (as defined below)) specified in the applicable Pricing Supplement;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “TARGET2 System”) is open;

either (i) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively), (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open, (iii) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on

which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong or (iv) in relation to any sum payable in a currency and/or one or more Business Centres specified hereon, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settlement payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser of recognised standing and with appropriate expertise, in each case appointed by the Issuer at its own expense;

“**Margin**” has the meaning given in the applicable Pricing Supplement; “**Reference Rate**” has the meaning given in the applicable Pricing Supplement; “**Relevant Nominating Body**” means, in respect of a reference rate:

- (i) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

“**Successor Rate**” means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

### **5.3 Interest on Dual Currency Interest Notes**

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

### **5.4 Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

### **5.5 Accrual of interest**

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

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

## 6 Payments

### 6.1 *Method of payment*

Subject as provided below:

- (a) payments in a Specified Currency other than euro and Renminbi will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee; and
- (c) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

Payments will be 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 8 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 8) any law implementing an intergovernmental approach thereto.

### 6.2 *Presentation of Definitive Bearer Notes, Receipts and Coupons*

Payments of principal in respect of Definitive Bearer Notes not held through the CMU will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of Definitive Bearer Notes not held through the CMU, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

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

above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

In the case of Definitive Bearer Notes held through the CMU, payment will be made at the direction of the bearer to the CMU Accountholders and such payment shall discharge the obligations of the Issuer or, as the case may be, the Guarantor in respect of that payment.

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

### **6.3 *Payments in respect of Bearer Global Notes***

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

### **6.4 *Payments in respect of Definitive Registered Notes and Registered Global Notes***

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Definitive Registered Note and each Registered Global Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Definitive Registered Note or Registered Global Note at the specified office of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “Register”) (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, Luxembourg, a day on which Euroclear and Clearstream, Luxembourg are open for business, and in respect of Notes clearing through the CMU, a day on which the CMU is open for

business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “Designated Account” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and, in the case of a payment in Renminbi, means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment) maintained by a holder with a Designated Bank and identified as such in the Register and “Designated Bank” means (in the case of payment in a Specified Currency other than euro and Renminbi) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro and (in the case of a payment in Renminbi) a bank in Hong Kong.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Definitive Registered Note and each Registered Global Note will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose, in respect of Notes clearing through Euroclear and Clearstream, Luxembourg, a day on which Euroclear and Clearstream, Luxembourg are open for business, and in respect of Notes clearing through the CMU, a day on which the CMU is open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifth day (in the case of Renminbi) and the fifteenth day (in the case of a currency other than Renminbi, whether or not such fifteenth day is a business day) before the relevant due date (the “Record Date”). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

In the case of Definitive Registered Note or Registered Global Note held in the CMU, payment will be made to the person(s) for whose account(s) interests in the relevant Definitive Registered Note or Registered Global Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time.

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

## **6.5 *General provisions applicable to payments***

The holder of a Global Note (if the Global Note is not lodged with the CMU) or the CMU Accountholder at the direction of the holder of a Global Note (if the Global Note is lodged with the CMU) shall be the only person(s) entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note or such CMU Accountholder (as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

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

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

#### **6.6 *Payment Day***

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):
  - (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) Hong Kong;
  - (iii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Pricing Supplement;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open; and
- (c) either (A) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively), (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (C) in relation to any sum payable in Renminbi, a day on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

#### **6.7 *Interpretation of principal and interest***

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

- (a) any additional amounts which may be payable with respect to principal under Condition 8; (b) the Final Redemption Amount of the Notes;

- (b) the Early Redemption Amount of the Notes;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.7); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

## **7 Redemption and Purchase**

### **7.1 Redemption at maturity**

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

### **7.2 Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such Additional Amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts or give effect to such treatment, as the case may be, were a payment in respect of the Notes then due.

Prior to giving any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. The Fiscal Agent shall be entitled to accept and rely upon

such certificate (without further investigation or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out in this Condition 7.2, in which event they shall be conclusive and binding on the Noteholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **7.3 *Redemption at the option of the Issuer (Issuer Call)***

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

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Fiscal Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or the CMU (as appropriate), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Calculation Amount. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

### **7.4 *Redemption at the option of the Noteholders (Investor Put)***

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer, in accordance with Condition 14, not less than 15 nor more than 30 days' notice (or such other notice period as is specified in the applicable Pricing Supplement) (which notice shall be irrevocable save as provided in Condition 7.6), the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Pricing Supplement such Note on the Optional Redemption Date and at the relevant Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Pricing Supplement, together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. Registered Notes may be redeemed under this Condition 7.4 in any multiple of their lowest Specified Denomination. It may be that

before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement. Such option shall operate as set out below in Condition 7.6.

### **7.5 Redemption for Put Event**

Upon the occurrence of a Put Event (as defined below), the holder of each Note will have the right, at such holder's option, exercisable during the Change of Control Put Period (as defined below) by giving to the Issuer a notice (which notice shall be irrevocable save as provided in Condition 7.6) to require the Issuer to redeem all, but not some only, of such holder's Notes on the Put Date (as defined below) at the Early Redemption Amount, together with accrued interest up to but excluding the Put Date. Such option shall operate as set out below and in Condition 7.6.

The Issuer shall give notice to Noteholders and the Fiscal Agent in accordance with Condition 14 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Put Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 7.5 (a "Put Event Notice").

For the purposes of this Condition 7.5:

a "Change of Control" occurs when:

- (i) any Person or Persons acting together acquires Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the date of issue of the Notes;
- (ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity; or
- (iii) one or more other Persons acquires the legal or beneficial ownership of all or substantially all of the Guarantor's issued share capital;

"**Change of Control Put Period**" means a period of 60 days following a Put Event, or, if a Put Event Notice is given, a period of 60 days following the date upon which such notice is given;

"**Control**" means the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

"**Put Date**" means the fourteenth day after the expiry of the Change of Control Put Period;

"**Put Event**" will be deemed to occur if:

- (i) there is a Change of Control; and
- (ii) at the time of the occurrence of a Change of Control, the Notes carry an investment grade credit rating (in these Conditions meaning Baa3/BBB-, or equivalent, or better), from any two Rating Agencies and such rating from any one of such Rating Agencies is, within a period ending 120 days after the date notice of the Change of Control first becoming public (which period shall be extended so long as the Notes are under consideration (as publicly announced within such 120 day period) for rating review), either downgraded to a non-investment grade credit rating (in these Conditions meaning Ba1/BB+, or equivalent, or worse) or withdrawn,

provided that (aa) if at the time of the occurrence of the Change of Control the Notes carry either a non-investment grade credit rating from either of such Rating Agencies then assigning a credit rating to the Notes or no credit rating from any one of such Rating Agencies, a Put Event will be deemed to occur upon the occurrence of a Change of Control alone; and (bb) if at the time of the occurrence of the Change of Control the Notes carry a rating from more than two Rating Agencies, at least two of which are investment grade, then paragraph (ii) above will apply;

a “Person”, as used in this Condition 7.5, includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of state (in each case whether or not being a separate legal entity) but does not include the Guarantor’s wholly owned direct or indirect Subsidiaries; and

“**Rating Agency**” means Moody’s Investors Service, Inc. (“Moody’s”) or Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. (“S&P”) or any other reputable credit rating agency of international standing, appointed by the Issuer and the Guarantor and includes the respective successors and assigns of such Rating Agency.

## **7.6 Put Notices**

To exercise the right to require redemption of this Note pursuant to Condition 7.4 or 7.5, the holder of this Note must, if this Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg and the CMU, deliver at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), at any time during the normal business hours of such Paying Agent or, as the case may be, the Registrar on any Business Day (as defined in Condition 5) falling within the notice period (in the case of Condition 7.4) or Change of Control Put Period (in the case of Condition 7.5), a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a “Put Notice”) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or the CMU, to exercise the right to require redemption of this Note pursuant to Condition 7.4 or 7.5, the holder of this Note must, within the notice period (in the case of Condition 7.4) or Change of Control Put Period (in the case of Condition 7.5), give notice to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and the CMU (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or any common depositary, as the case may be, for them to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means or notice being given to the CMU Lodging and Paying Agent) in a form acceptable to Euroclear, Clearstream, Luxembourg, the CMU and the CMU Lodging and Paying Agent from time to time.

Any Put Notice or other notice given in accordance with this Condition 7.6 and the standard procedures of Euroclear, Clearstream, Luxembourg and the CMU given by a holder of any Note pursuant to Condition 7.4 or 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to Condition 7.4 or 7.5.

## **7.7 Early Redemption Amounts**

For the purpose of Condition 7.2 and Condition 7.5 above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note (other than a Zero Coupon Note, an Instalment Note and a Partly Paid Note) with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the “Amortised Face Amount”) calculated in accordance with the following formula:

Early Redemption Amount =  $RP \times (1 + AY)^y$  where:

“RP” means the Reference Price;

“AY” means the Accrual Yield expressed as a decimal; and

“y” is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

## **7.8 Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.7.

## **7.9 Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

## **7.10 Purchases**

The Issuer, the Guarantor or any Subsidiaries of the Issuer or the Guarantor may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to any Paying Agent and/or the Registrar for cancellation.

### **7.11 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.10 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

### **7.12 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3, 7.4 or 7.5 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.7(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14.

## **8 Taxation**

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

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Day (as defined in Condition 6.6).

As used in these Conditions:

- (i) “**Tax Jurisdiction**” means Hong Kong, the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) “**Relevant Date**” means the date on which the payment first becomes due, except that, if the full amount of the money payable has not been duly received by the Fiscal Agent, as the case may be, on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect is duly given to the Noteholders by the Issuer in accordance with Condition 14.

## 9 Prescription

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## 10 Events of Default

If any one or more of the following events (each an “Event of Default”) shall occur:

- (a) **Payment default:** the Issuer fails to pay the principal within seven days after the due date for such payment or any interest within 14 days after the due date for such payment on any Note when due;
- (b) **Other defaults:** the Issuer or the Guarantor does not perform or comply with one or more of its other obligations in the Notes or under the Guarantee, which default is incapable of remedy or is not remedied within 30 days after written notice specifying such default, requiring it to be remedied and stating that such notice is a notice of default under the Notes and shall have been given to the Fiscal Agent at its specified office by Noteholders representing at least 5 per cent. of the aggregate outstanding principal amount of the Notes;
- (c) **Insolvency:** the Issuer or the Guarantor or any Material Subsidiary is (or is, or could be deemed by law or a court to be) insolvent or bankrupt or is unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or the Guarantor or any Material Subsidiary;
- (d) **Cross-default:** (i) any other present or future indebtedness of the Issuer or the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (d) have occurred equals or exceeds U.S.\$20,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates) on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity;
- (e) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or turnover of the Issuer, the Guarantor or any Material Subsidiary and is not discharged or stayed within 30 days (or such longer period as an Extraordinary Resolution of the Noteholders may permit);
- (f) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Guarantor or any Material Subsidiary (except for a members’ voluntary solvent winding up of a Material Subsidiary), or the Issuer,

the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of, and followed by, a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the Guarantor or another Material Subsidiary;

- (g) **Security enforced:** an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any material part of the property, assets or turnover of the Issuer or the Guarantor or any Material Subsidiary (as the case may be) and is not discharged within 30 days;
- (h) **Consent and authorisations:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, license, order, recording or registration) 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 the Notes, (ii) to ensure that those obligations are legally binding and enforceable, and (iii) to make the Notes admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done;
- (i) **Guarantees:** any of the Guarantees is not (or is claimed by the Guarantor not to be) in full force and effect;
- (j) **Ownership:** the Issuer ceases to be wholly owned and controlled by the Guarantor; or
- (k) **Analogous events:** any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

then any Note may, by notice in writing given to the Fiscal Agent at its specified office by Noteholders representing at least 5 per cent. of the aggregate outstanding principal amount of the Notes, be declared immediately due and payable whereupon it shall become immediately due and payable at its Early Redemption Amount together with accrued interest (if any) to the date of repayment, without further formality.

## 11 Replacement of Notes, Receipts, Coupons and Talons

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

## 12 Agents

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

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Fiscal Agent and a Registrar; and
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Registrar and Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 14.

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

None of the Agents shall be obliged to take any steps to ascertain whether a Change of Control, Potential Event of Default or Event of Default has occurred or whether any other party is complying with its obligations under the Conditions or the Agency Agreement, or to monitor or to investigate the occurrence of any Change of Control, Potential Event of Default or Event of Default or whether any other party is complying with its obligations under the Conditions or the Agency Agreement, and none of the Agents shall be liable to the Noteholders, the Issuer, the Guarantor or any other person for not doing so.

### **13 Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

### **14 Notices**

All notices regarding Bearer Notes will be deemed to be validly given if published in a leading daily newspaper of general circulation in Hong Kong. It is expected that such publication will be made in the *South China Morning Post* in Hong Kong. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

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

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the CMU, be substituted for such publication in such newspaper(s) or such mailing, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or the CMU for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or the persons shown in the relevant CMU Issue Position Report.

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

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

## **15 Meetings of Noteholders and Modifications**

### **15.1 Meeting of Noteholders**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Guarantor and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons present holding Notes or voting certificates or being proxies or representatives and holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons present holding Notes or voting certificates or being proxies or representatives at the adjourned meeting whatever the nominal amount of the Notes so held or represented will form a quorum, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to change the currency of payment of the Notes, (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Guarantees, in which case the necessary quorum shall be two or more persons holding or representing not less than 66 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting two or more persons holding or representing not less than 33 per cent. in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders. In addition, a resolution in writing signed by or on behalf of Noteholders of not less than 90 per cent. of the aggregate nominal amount outstanding will take effect as if it were a duly passed Extraordinary Resolution. 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.

### **15.2 Modifications**

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interest of the Noteholders; or
- (b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter. Any determination as to prejudice applying to the interests of the Noteholders pursuant to these Conditions shall be made by the Issuer and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination.

## 16 Substitution

On or immediately following the effective date of any Group Reorganisation, the Guarantor may, without the consent of the Noteholders, Receiptholders or Couponholders, substitute in its place as guarantor under the Guarantee of the Substitute (as defined below), provided that (i) no payment in respect of the Notes or the Guarantees is at the relevant time overdue, (ii) no event specified in Condition 10 has occurred, and (iii) confirmation from each Rating Agency, then assigning a credit rating to the Notes, is given in writing to the Guarantor and notified to the Noteholders in accordance with Condition 14 that such credit rating will not be downgraded or withdrawn by reason of such substitution. The substitution shall be made by a deed poll (the “Deed Poll”), to be substantially in the form exhibited to the Agency Agreement, and may take place only if (aa) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (bb) where, at the time of the substitution, the Notes carry no rating from any Rating Agency, the obligations of the Substitute under the Deed Poll and the Guarantees shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll, (cc) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll and the Guarantees represent valid, legally binding and enforceable obligations of the Substitute and, in the case of the Deed Poll of the Guarantor, have been taken, fulfilled and done and are in full force and effect, (dd) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (ee) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from independent legal advisers with a leading securities practice in each jurisdiction referred to in (aa) above and in England that the Deed Poll is legal, valid, binding and enforceable, that each of the Issuer, the Guarantor and the Substitute have obtained all necessary approvals, authorisations and consents to perform its obligations under the Deed Poll and that each of the Issuer, the Guarantor and the Substitute is duly incorporated and has the corporate capacity and due authority to enter into the Deed Poll, and (ff) the Issuer and/or the Guarantor shall have given at least 30 days’ written prior notice of such substitution to the Fiscal Agent and Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Guarantees shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the Guarantor not to be) in full force and effect and the provisions of Condition 10(c) to 10(i) inclusive shall be deemed to apply in addition to the Guarantor in its additional capacity.

For the purposes of these Conditions,

“**Group Reorganisation**” means any reorganisation, restructuring, scheme of arrangement or analogous proceeding (a “Reorganisation”) which effects the interposition of a limited liability company (the “Substitute”) between the ordinary shareholders of the Guarantor immediately prior to the Reorganisation (the “Existing Shareholders”) and the Guarantor provided that:

- (i) only ordinary shares of the Substitute are issued to the Existing Shareholders;

- (ii) immediately after completion of the Reorganisation the only shareholders of the Substitute are the Existing Shareholders or transferees of the Existing Shareholders if such transfers are permitted under the Reorganisation;
- (iii) the Substitute is the only beneficial shareholder of the Guarantor;
- (iv) all Subsidiaries of the Guarantor immediately prior to the Reorganisation (other than the Substitute, if the Substitute is then a Subsidiary of the Guarantor) are Subsidiaries of the Guarantor (or the Substitute) immediately after the Reorganisation; and
- (v) the Guarantor (or the Substitute) holds directly or indirectly, the same percentage of the ordinary share capital of those Subsidiaries as was held by the Guarantor immediately prior to the Reorganisation.

## **17 Further Issues**

The Issuer may, from time to time, without the consent of the Noteholders, the Receiptholders or the Couponholders, 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 on them) and so that such further issue shall be consolidated and form a single series with the Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition and forming a single series with the Notes.

## **18 Contracts (Rights of Third Parties) Act 1999**

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

## **19 Governing Law and Submission to Jurisdiction**

### **19.1 Governing law**

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

### **19.2 Submission to Jurisdiction**

- (a) Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons (a "Dispute") and accordingly each of the Issuer, the Guarantor and any Noteholders, Receiptholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 19.2, each of the Issuer and the Guarantor waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) Notwithstanding Condition 19.2(a) above, to the extent allowed by law, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

### **19.3 *Agent for service of process***

Each of the Issuer and the Guarantor irrevocably appoints Elemental Process Agent Limited at 27 Old Gloucester Street, London WC1N 3AX, United Kingdom, as its agent in England to receive service of process in any Proceedings in England. If for any reason the Issuer or the Guarantor, as the case may be, does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the Issuer or TCCL:

- to refinance part of the existing indebtedness of the Group;
- to fund capital expenditures of TCCL or the Group; and/or
- for general corporate purposes.

## RISK FACTORS

*In addition to other information in this Offering Circular, investors should carefully consider the following risk factors, together with all other information contained in this Offering Circular, before purchasing the Notes. The risks and uncertainties described below may not be the only ones that the Issuer, TCCL or the Group face. Additional risks and uncertainties that the Issuer and TCCL are not aware of or that they currently believe are immaterial may also adversely affect the business, financial condition or results of operations of the Issuer, TCCL or the Group. If any of the possible events described below occurs, the Issuer's, TCCL's or the Group's business, financial condition or results of operations could be materially and adversely affected. In such case, the Issuer or TCCL may not be able to satisfy their obligations under the Notes or the Guarantee (as applicable), and investors could lose all or part of their investment.*

### **Risks Relating to TCCL's Business**

***TCCL relies on a limited number of key suppliers for a significant portion of its supply of natural gas in the PRC. The loss of any of these key suppliers, or a reduction in supply from any of them, could adversely affect TCCL's business and operating results.***

In the PRC, currently some of TCCL's project companies have not signed long-term supply contracts with upstream suppliers, and as a consequence, TCCL cannot guarantee that these project companies will have stable supplies of natural gas. Compounded with an expected increase in natural gas consumption in the PRC driven by the enforcement of the government's coal-to-gas policy, the lack of stable supply of natural gas may have a material adverse effect on TCCL's financial condition and results of operations. In addition, TCCL's project companies in the PRC rely on a limited number of companies for their natural gas supply and transportation. See "*Description of TCCL – Suppliers and Customers*". While these suppliers are parties to term contracts, TCCL may be unable to negotiate extensions or replacements of these contracts on favourable terms, if at all. The loss of all or a portion of the volumes of natural gas supplied by these suppliers could also have a material adverse effect on TCCL's financial condition and results of operations.

TCCL relies upon its suppliers to produce, in a timely manner, the quality and volumes of natural gas for which they contract with TCCL. In the event that one or more of TCCL's suppliers does not perform in accordance with its contractual obligations, TCCL may be required to seek alternate sources of natural gas supply to satisfy its contractual sale obligations. In the event that such supply becomes scarce or the price of raw materials rises significantly, whether as a result of extreme demand, political events, natural disasters or otherwise, TCCL may not be able to satisfy its supply requirements or may be required to pay more to secure incremental natural gas supplies, which would have a material adverse effect on its financial condition and results of operations.

***If TCCL is unable to renew, extend or replace gas sales contracts with its commercial and industrial customers, if it renews them on less favourable terms, or if it otherwise loses certain key customers, TCCL may suffer a material reduction in its revenues, earnings and cash flows.***

TCCL's commercial and industrial customers in the PRC accounted for approximately 76 per cent. of its total piped city-gas sales by volume in the year ended 31 December 2020. See "*Description of TCCL – Suppliers and Customers*". Many of TCCL's commercial and industrial gas sales that comprise its revenue are generated under contracts that expire periodically and must be renegotiated and extended or replaced, in some instances on an annual basis. There can be no assurance that TCCL will be able to extend or replace these gas sales contracts for commercial and industrial customers when they expire or that the terms of any renegotiated contracts will be as favourable to TCCL as the existing contracts. If TCCL is unable to renew, extend or replace these contracts or if it renews, extends or replaces them on less favourable terms, TCCL may suffer a material reduction in its revenues, earnings and cash flows, which would adversely affect its financial condition and results of operations.

***TCCL's PRC operations rely in part on revenue from gas connection, which may be adversely affected by conditions in the PRC real estate market and fiscal and pricing restrictions introduced by the PRC government.***

A substantial proportion of the revenue generated by TCCL's PRC operations is derived from gas connection, which is gas pipeline networks connection under gas connection contracts in order to connect property development projects, commercial or industrial customers to TCCL's gas pipeline networks. Gas connection fees are typically received in stages based on the pipeline construction and will generally achieve a higher gross margin than revenue generated from gas sales.

As a large portion of this gas connection fee income is generated from new residential property development projects, the results of gas connection operations may be affected by the performance of the PRC real estate markets and the general economic conditions in China. In recent years the PRC government and PRC fiscal regulatory bodies have imposed various policies designed to limit or restrict the rate of growth of real estate development in the PRC. While TCCL believes that its geographic coverage, with interests in 164 piped city-gas projects (inclusive of piped gas projects re-invested by the Group's companies) across 21 provinces, autonomous regions and municipalities in the PRC as at 31 December 2020, helps mitigate the risks of adverse property market conditions in individual cities, there can be no assurance that TCCL's PRC operations will not be adversely affected if further property market credit-tightening measures are introduced. In addition, property development projects may be materially and adversely affected by a number of factors, including shortage of equipment or materials, price fluctuations, bad weather, natural disasters, accidents, downturns in the property market, operational conditions and other unforeseeable situations or matters. Should any of these events occur, the completion of the whole or part of the property development project may be postponed and, consequently, the receipt of connection fees may be delayed.

The PRC government, keen to promote consumption of natural gas for environmental reasons, may also seek to regulate, reduce or abolish the one-time gas connection fees charged by the project companies of TCCL. There is no assurance that such regulatory policies will not be extended to all the cities or provinces. On 27 June 2019, the National Development and Reform Commission (the "NDRC"), the Ministry of Housing and Urban-Rural Development and the State Administration for Market Regulation jointly issued the "Guidance to Regulate the Charges of Installation for Urban Gas Projects" (《關於規範城鎮燃氣工程安裝收費的指導意見》) under which fees charged on installation of urban gas projects will only be levied on assets belonging to users within the building area. For new residential buildings, the installation fee will be included in the housing price instead of charging the users directly and for the installation fees charged for urban gas projects, the ratio of profit to cost shall not exceed 10 per cent. in principal. On 23 December 2020, the General Office of the State Council circulated the "Opinions about Standardizing and Regulating Fees for Water, Electricity, Gas and Heat Supplies in Cities and Towns and Promoting High-quality Development of the Utilities Industry" (《關於清理規範城鎮供水供電供氣供暖行業收費促進行業高質量發展的意見》) effective from 1 March 2021, which stressed that unreasonable charges in utilities industry must be scrapped, residents should not be asked to pay for the cost of water and gas pipelines outside the residential property project and that construction and installation fees for water and gas pipelines within new commercial housing projects and public housing projects should be covered by property developers, and must not be paid by home buyers. There is no assurance that TCCL will continue to have the right to charge pipeline connection fees in its existing markets at the levels currently enjoyed by its project companies, or that TCCL will be able to charge similar connection fees in new markets. Any reduction in connection fees will have an adverse impact on TCCL's results of operations and financial condition.

***TCCL could be exposed to the credit risk of its customers, and an increase in the non-payment by its customers could affect its business and financial condition.***

The risk of non-payment or delayed payment is a major concern in TCCL's business, especially with respect to customers that have high energy consumption. Although TCCL has the ability to terminate or suspend provision of energy to its customers who do not pay, any material increase in non-payment by its customers may materially and adversely affect the operating results, prospects and financial condition of TCCL.

***TCCL is subject to risks related to non-performance by its suppliers, commercial and industrial customers and other counterparties due to force majeure events.***

Substantially all of TCCL's contracts with suppliers, commercial and industrial customers and other counterparties have force majeure provisions that permit such parties to suspend, terminate or otherwise not perform obligations under their contracts with TCCL upon the occurrence of certain events including, but not limited to, strikes and other industrial or labour disturbances, terrorism, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruptions or delays in transportation, or any natural disaster; all being circumstances not within the control of the party claiming force majeure. A force majeure event under TCCL's long term natural gas supply contracts in the PRC includes any act, event or circumstance which merely renders performance uneconomical for either TCCL or its supplier. If one or more of TCCL's commercial and industrial customers, suppliers or other counterparties do not perform under their contracts for any extended period of time, TCCL's results of operations and financial condition could be materially adversely affected.

***TCCL faces competition from competing products within the energy industry.***

TCCL competes against other energy substitutes including coal gas, liquefied petroleum gas ("LPG"), diesel fuel and electricity in the PRC. Fuel consumers will consider factors such as connection fees, usage charges, energy content, reliability, convenience and safety when choosing a fuel. Most major appliances, such as cooking stoves or hot water heaters, can only run on a single fuel such as gas, LPG, oil products or electricity. There is no assurance that existing end-users will continue to use gas. TCCL's success depends on its ability to compete effectively with the existing and new energy substitutes in the PRC. Intensified competition among energy sources may result in increased costs and downward pressure on prices, all of which may adversely affect the business and financial condition of TCCL.

There can be no assurance that TCCL will be able to compete successfully against existing and potential energy substitutes or that increased competition within the energy industry will not have an adverse effect on TCCL's business and financial condition. See "*Description of TCCL – Competition*". Any material decrease in the usage of piped city-gas by either industrial or commercial users or domestic users as a whole may materially and adversely affect the operating results, prospects and financial condition of TCCL.

***TCCL is subject to joint venture risks associated with its PRC joint ventures.***

TCCL has interests in many joint ventures engaging in the piped city-gas, smart energy and laundry businesses in the PRC. Such joint ventures may involve special risks, including the possibility that the joint venture partner may (i) have economic or business objectives that are inconsistent with those of TCCL, (ii) experience financial difficulties that may require additional funding from TCCL, or (iii) be unable or unwilling to fulfil its obligations under the joint venture contracts. Certain important decisions of these joint ventures, including (x) amendment of their articles of association, (y) the termination and dissolution of the joint ventures, or (z) the merger of the joint ventures with other economic entities, must be passed by unanimous approval of all joint venture partners. In addition, the transfer of any interest may be subject to a right of first refusal or other restrictions and TCCL's results of operations are partially dependent on the ability of these joint ventures to pay dividends to the shareholders.

Of relevance to TCCL's PRC joint ventures is the "Catalogue for the Guidance of Foreign Investment Industries" promulgated by the Ministry of Commerce (the "MOFCOM") and the NDRC in the PRC on 30 November 2004, effective on 1 January 2005, which states that (a) the construction and operation of urban water plants falls within the category of industries in which foreign investment is encouraged, and (b) the construction and operation of fuel gas, heat and water supply and sewage networks in large and medium sized cities falls under the category of industry in which foreign investment is subject to restrictions and the Chinese partners shall hold the majority shareholdings. On 31 October 2007, the MOFCOM and the NDRC jointly issued the revised Catalogue for the Guidance of Foreign Investment Industries effective 1 December 2007, under which the construction and operation of fuel gas, heat and water supply and sewage networks in big cities fall under the category of industry in which foreign investment is subject to restrictions and the Chinese partners shall hold the majority shareholdings. On 24 December 2011, the MOFCOM and the NDRC jointly issued the new Catalogue for the Guidance of Foreign Investment Industries effective 30 January 2012, which specifies that the construction and operation of fuel gas, heat and water supply and sewage networks in cities with a population of more

than 500,000 people fall under the category of industry in which foreign investment is subject to restrictions and Chinese partners shall hold the majority shareholdings. Respectively on 10 March 2015 and 28 June 2017, the MOFCOM and the NDRC jointly issued the Catalogue for the Guidance of Foreign Investment Industries (2015 Revised) and the Catalogue for the Guidance of Foreign Investment Industries (2017 Revised), under which the construction and operation of fuel gas, heat and water supply and sewage networks in cities with a population of more than 500,000 people remain under the category of industry in which foreign investment is subject to restrictions and Chinese partners shall hold the majority shareholdings. On 28 June 2018, the MOFCOM and the NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2018 Version) effective from 28 July 2018, under which the construction and operation of fuel gas, heat and water supply and sewage networks in cities with a population of more than 500,000 people is included in the negative list for foreign investment access and Chinese partners shall hold the majority shareholdings. On 30 June 2019, the MOFCOM and the NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2019 Version) replacing the Special Administrative Measures (Negative List) for Foreign Investment Access (2018 Version) from 30 July 2019 under which the construction and operation of fuel gas and heat in cities with a population of more than 500,000 people was removed from the negative list for foreign investment access, which has been superseded by the Special Administrative Measures (Negative List) for Foreign Investment Access (2020 Version) effective from 23 July 2020. Before 1 January 2020, under the then applicable PRC laws, the establishment and alteration of the foreign invested enterprises which fall within the category of industry as listed in the negative list for foreign investment access shall be approved by competent commerce authorities other than being filed with the commerce authorities. TCCL believes its business is in line with the PRC government's national policy and that local governments are supportive of the business of TCCL. See *"The PRC Gas Industry – PRC Downstream Piped City-Gas Industry"*. The establishment and the business of TCCL's PRC project companies have in each case been approved by the relevant local commerce authority or MOFCOM except for a few PRC project companies the incorporations of which have not been approved by the relevant commerce authorities, and in many cases, TCCL's joint venture partners are state-owned enterprises. The law stipulated that an approval from the competent commercial administration must be granted before a joint venture can be established. However, there is no specific provision under PRC laws on specific penalties for establishing joint ventures without such approval. In the event, however, that relevant approvals in respect of new joint venture projects in the PRC and elsewhere are not granted, TCCL's existing expansion plans and strategies may have to be revised and the operating results, prospects and financial condition of TCCL may be adversely affected. On 15 March 2019, the National People's Congress of the PRC adopted the Foreign Investment Law of the PRC or the Foreign Investment Law with a view toward unifying and streamlining the foreign investment framework into China which came into effect on 1 January 2020, according to which, all foreign invested enterprises, including TCCL's PRC project companies, will be required to follow the corporate governance rules under the PRC Company Law. However, for foreign invested enterprises formed prior to the adoption of the Foreign Investment Law, the Foreign Investment Law allows for a five-year transition period to bring the corporate governance of such foreign invested enterprises in line with the PRC Company Law.

***TCCL may have difficulty implementing and monitoring its corporate policies across its joint ventures in the PRC.***

TCCL strives to implement its corporate governance, operational and safety standards at each of its joint venture projects in the PRC. Due to continuous business expansion and the joint venture structure of the projects, implementing and monitoring these standards may prove difficult and failure to do so may result in violations of local regulations or TCCL's own internal policies. There have also been instances that certain of TCCL's PRC project companies were not fully in compliance with PRC laws or regulations relating to competition, pricing, land administration, environmental protection and registration of alterations for foreign invested enterprises and were imposed administrative penalties by PRC governmental or regulatory authorities for such non-compliance. There can be no assurance that TCCL can effectively monitor each joint venture and prevent non-compliance. This may result in violations that could affect TCCL's reputation and business prospects in the PRC, which could materially adversely affect its financial condition and results of operations.

***Some of TCCL's PRC project companies do not possess valid land use rights, building ownership certificates or valid leases to certain properties.***

Some of TCCL's PRC project companies do not possess valid land use rights or building ownership certificates to certain properties used to conduct business. In addition, certain land and buildings have been leased from third parties who have not provided the relevant land use rights, building ownership certificates or consents of the co-owners (as applicable) mainly for business operation or office purposes, and a substantial portion of the leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC laws. There can be no assurance that the use of such leased properties will not be challenged.

***TCCL's gas businesses in the PRC are dependent on their ability to maintain their licences and/or concession rights.***

TCCL conducts its piped city-gas business in the PRC pursuant to licences from the PRC government which authorises it, in some instances, to provide exclusive gas delivery services in various PRC locales. Although many of the PRC project companies possess valid gas operation licences, some are still in the process of obtaining or renewing such licences. Furthermore, for the project companies that have obtained such licences, the PRC government may revoke TCCL's licences in certain circumstances based on the recommendation of the governmental bodies charged with the regulation of the transportation, distribution, marketing and storage of gas. Although TCCL is not aware of any material adverse breaches and/or potential material adverse breaches of the terms and conditions of its existing licenses, the reasons for which TCCL's licences in the PRC may be revoked include:

- repeated failure to comply with the obligations under its licences and failure to remedy a significant breach of an obligation in accordance with specified procedures;
- total or partial interruption of service for reasons attributable to it that affects transportation capacity during the periods stipulated in its licences;
- sale, assignment or transfer of its essential assets or the placing of encumbrances thereon without prior authorisation, unless such encumbrances serve to finance extensions and improvements to the gas pipeline system;
- its bankruptcy, dissolution or liquidation;
- the gas supplied failing to meet the national standard, which persists after the warnings of relevant regulatory agencies;
- ceasing and abandoning the provision of the licenced service, attempting to assign or unilaterally transfer its licences in full or in part without prior authorisation, or giving up its licences, other than in the cases permitted therein; and
- delegation of the functions granted in such licences without the prior authorisation of or the termination of such licences without regulatory approval of new licences.

If any of TCCL's licences were revoked, it would be required to cease providing gas supply and transportation services in the relevant PRC locale. The impact of a loss of some or all of its licences on TCCL's business, financial condition and results of operations may be material and adverse. The fact that pricing of piped city-gas is subject to the review and approval of relevant PRC local governmental authorities may also adversely affect the financial condition and results of operations.

***TCCL's PRC piped city-gas projects are subject to competition in the energy market.***

In the PRC, TCCL's piped city-gas projects compete with various participants in the energy market including electricity companies, LPG providers, oil products providers, steam providers operating combined heat and power generation and upstream suppliers entering the downstream piped city-gas business. The Group also competes for the right to establish exclusive operations with other piped city-gas companies, whether through a competitive bidding process for a project or otherwise. Most of TCCL's projects have exclusive operation rights in their respective operating areas to supply piped city-

gas. However, some piped city-gas projects are still in the process of obtaining such exclusive operation rights, of which some began exclusive operations before the promulgation of the “Administrative Measures on Municipal Utility Concession” in 2004 and the other projects were recently established. Prior to the measures being adopted in the PRC, exclusive concessions were not formally granted. There is no assurance that these projects will successfully obtain exclusive operation rights in these jurisdictions, which may subject them to additional competition risk from other downstream participants. An increase in competition may adversely affect the financial condition and results of operations of these projects.

***Inability to fully pass on natural gas cost fluctuations to piped city-gas end-users in the PRC could adversely affect TCCL’s financial condition and results of operations.***

In the PRC, downstream piped city-gas tariffs are set by the local pricing bureau and any tariffs adjustment affecting residential users may normally be approved only after a public hearing. City-gas operators need to apply to the pricing bureau to adjust tariffs (although in some instances the city-gas operator is free to adjust tariffs within a pre-approved range). An increasing number of cities, such as Beijing, Chengdu, Jinan and Wuhan, have implemented a cost pass-through mechanism. However, in the event of an increase in the price of natural gas, TCCL may not be able to pass-through the full amount of the increase or there may be delays in the approval of the pass-through. Any delay in obtaining approval to pass on fuel cost fluctuations fully and in a timely manner may result in a material adverse effect on TCCL’s financial condition and results of operations. On June 20, 2017, in order to strengthen the regulation of gas distribution tariff and maintain the healthy development of downstream distribution industry, the NDRC published the Guidelines to Strengthen the Gas Distribution Tariff Regulation (《關於加強配氣價格監管的指導意見》) (the “Guidelines”). The Guidelines stipulated the principle of “permitted costs plus reasonable returns” governing the return on assets of gas distribution with a 7 per cent. cap for natural gas distributors which is calculated based on the domestic gas prices.

***TCCL’s operations are subject to the risks, some of which may not be fully covered by insurance, of equipment and systems failure, accidents, interruptions and terrorism.***

TCCL’s gas transportation and distribution systems and other processing facilities are subject to many operational and technical risks, including the breakdown or failure of equipment, information systems and processes; the performance of equipment below original forecasts (whether due to misuse, unexpected degradation, design flaws or, construction or manufacturing defects); failure to keep on hand adequate supplies of spare parts; operator error; and labour disputes.

In addition, adverse weather due to climate change, natural disaster, catastrophe or other event could result in severe personal injury, property damage and environmental damage, which could curtail TCCL’s operations and otherwise materially adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. Substantially all of TCCL’s gas-related and other processing operations are exposed to potential natural disasters, including but not limited to typhoons, storms, floods and earthquakes. If one or more facilities that TCCL owns or operates or the facilities of another company that is engaged in petrochemical, energy and other industries that is also subject to the risks discussed above and that is located in one of TCCL’s supply areas, are damaged by severe weather or any other disaster, accident, catastrophe or other event, TCCL’s operations could be significantly interrupted. Similar interruptions could result from damage to production or other facilities that supply TCCL’s facilities or other stoppages arising from factors beyond its control. The occurrence or continuance of any of these or similar events could increase the costs associated with TCCL’s operations and reduce its ability to operate its businesses at their intended capacities, thereby reducing revenues. Risks of substantial costs and liabilities, including those from leaks and explosions and similar events and accidents, are inherent in TCCL’s principal operations and TCCL cannot give any assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons.

Although TCCL believes it has adequate insurance coverage, TCCL may not be fully insured against all of the risks inherent in its business. If a significant accident or event occurs against which TCCL is not fully insured, its financial condition and results of operations would be adversely affected. In addition, TCCL may not be able to obtain insurance of the type and amount it desires at reasonable rates. Premiums and deductibles for insurance policies may increase substantially, and certain insurance could become unavailable or available only for reduced amounts of coverage. If TCCL were to incur

significant liability for which it is not fully insured, such liability could have a material adverse effect on TCCL's financial position and results of operations. In addition, any claims made under any insurance policies maintained by TCCL may not be paid in a timely manner, or at all, and may be insufficient if such an event were to occur.

***Labour disruptions could interrupt TCCL's operations.***

As at 31 December 2020, TCCL, including its subsidiaries, but not joint ventures or associates employed approximately 22,431 employees in Hong Kong and the PRC. See "*Description of TCCL – Employees*". Some of TCCL's Hong Kong and PRC employees are currently represented by labour unions and may become fully unionised in the future. In addition, some of TCCL's suppliers, contractors or companies (in each case, especially in the PRC) in which it has investments are or may become unionised in the future or experience labour instability. Although TCCL has enjoyed good labour relations to date and has no reason to expect its labour relations to deteriorate or in any way become disruptive to its businesses, TCCL is unable to predict the outcome of any future labour negotiations and any future conflicts with its employees or contractors and/or their respective unions could arise and have a material adverse effect on its results of operations and financial condition.

***TCCL is required to comply with environmental laws and regulations in the PRC, its non-compliance with such laws and regulations, including those to be implemented in the future in the PRC may result in material adverse effects on its results of operations, as well as exposure to risk relating to environmental and health and safety issues.***

A variety of general and industry-specific PRC environmental laws and regulations apply to TCCL's gas-related and other energy-related operations, concerning issues such as damage caused by air emissions, noise emissions, waste water discharges, waste pollution, solid and hazardous waste handling and disposal, requirements for obtaining environmental impact assessments and the investigation and remediation of contamination. Costs and liabilities related to compliance with applicable environmental laws and regulations are an inherent part of the TCCL's business. These laws can impose liability for non-compliance with regulations or clean up liability on generation of hazardous waste and other substances that are disposed of either on- or off-site, regardless of fault or the legality of the disposal activities. Other laws may require TCCL to investigate and remediate contamination at its properties or where it conducts operations, including contamination that was caused in whole or in part by previous owners of its properties or to carry out various environmental impact assessment prior to any exploration activities, which may involve substantial investment in time and resources. Moreover, these laws and regulations are increasingly becoming more stringent and may in the future create substantial environmental compliance or remediation liabilities and costs.

Further, TCCL is required to comply with laws and regulations in the PRC that require the obtaining of licenses and/or approvals relating to the protection of the environment and land use, which are constantly changing. The requirements to obtain such licenses and/or approvals may be made more stringent in the future and such license and/or approvals may not be renewed when they expire. There have been instances where some of TCCL's PRC project companies were not in full compliance with the applicable environmental laws, such as the requirement to undergo and pass an environmental impact assessment and to obtain an environmental approval for certain project. Relevant approvals may not have been obtained from the environmental authorities for some of the projects related to the installation of the pipelines, gas and water supply facilities and other energy infrastructure assets. Several of TCCL's PRC project companies have not undergone an environmental impact assessment before commencing construction or have not obtained an environmental acceptance approval upon completion. There have also been instances where certain of TCCL's PRC project companies were imposed administrative penalties including fines by relevant environmental authorities for non-compliance with relevant environmental protection requirements. In addition, some of TCCL's PRC project companies are currently in the process of obtaining or renewing the pollutant discharge licenses for certain projects.

Failure to obtain any such licenses and/or approvals or to comply with any environmental laws and regulations could have a material adverse effect on TCCL, including closure or temporary suspension of individual facilities found to be not in compliance with any such laws or regulations, adverse restrictions on its operations, as well as the imposition of civil or criminal liability, the imposition of liens or fines and expenditures to bring its facilities into compliance. While TCCL intends to comply with applicable environmental legislation and regulatory requirements, it is possible that such compliance may prove

restrictive and/or costly. TCCL may also, in the future, become involved in proceedings with various regulatory authorities that may require it to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. In addition, third parties may sue TCCL for damages and costs resulting from environmental contamination emanating from its properties and/or production facilities.

Although there has been no claim that TCCL's properties and production facilities are not in compliance in all material respects with all applicable environmental laws, unidentified environmental liabilities could arise which could have an adverse effect on TCCL's business and financial condition, profitability and results of operations. See "*Description of TCCL – Environmental Matters and Safety*".

***TCCL's planned acquisition of equity interests in Shanghai Gas Company Limited may not proceed or materialise.***

On 27 October 2020, The Hong Kong and China Gas Company Limited ("HKCG") and TCCL jointly published an announcement on the Hong Kong Stock Exchange in relation to the execution of a capital increase agreement (the "Capital Increase Agreement") among TCCL, Shanghai Gas Company Limited (上海燃氣有限公司) ("Shanghai Gas") and Shenergy (Group) Company Limited (申能(集團)有限公司) ("Shenergy Group"), pursuant to which TCCL agreed to increase the registered capital and capital reserves of Shanghai Gas by way of capital contribution and TCCL will acquire a 25 per cent. equity interest in Shanghai Gas upon completion (the "Capital Increase"). As at the date of this Offering Circular, completion of the Capital Increase has not taken place. Under the Capital Increase Agreement, completion is conditional upon the satisfaction of a number of conditions precedent including the completion of the national security review and the capital verification process. As such, there is no assurance that the planned acquisition will proceed or be completed.

TCCL faces contractual risks relating to the Capital Increase Agreement. TCCL's failure to complete the proposed transaction in the time required may entitle other contractual parties to claim damages, which in turn, could have a material adverse impact on TCCL's business, financial condition, results of operations or prospects. In addition, should the proposed transaction complete, there can be no assurance that the anticipated benefits arising from such transaction will materialise. For instance, the planned acquisition may fail to broaden the TCCL's customer base or enhance the TCCL's future earnings in the amount expected, which could adversely impact TCCL's business, financial condition, results of operations or prospects.

***TCCL has made significant investment in a number of non-piped city-gas businesses, which if not successful, could adversely affect TCCL's business and financial condition.***

TCCL is committed to developing Distributed Energy System ("DES") projects. See "*Description of TCCL – Other Business Lines*". TCCL may not be successful in implementing new business strategies or penetrating new industries. TCCL's business strategy includes expanding the range of its products and services to diversify its revenue sources which exposes TCCL to a number of risks and challenges, including, among others, the following:

- new business activities may require greater marketing and compliance costs than TCCL's traditional services;
- new business activities may have less growth or profit potential than TCCL anticipates, and there can be no assurance that new business activities will become profitable at the level TCCL desires, or at all;
- the new technology that TCCL relies on to develop its new businesses may not be successful;
- TCCL's competitors may have substantially greater experience and resources to commit to the new business activities TCCL wishes to develop;
- TCCL may not have sufficient expertise amongst its personnel and management who are able to supervise and conduct the relevant new business activities; and

- TCCL may need to dedicate additional resources in order to enhance the capability of its information technology and risk management systems to support a broader range of activities.

New business endeavours may require knowledge and expertise which differ from those used in TCCL's current business operations, including different management skills, risk management procedures, guidelines and systems. TCCL may not be successful in developing such knowledge and expertise or implementing its business strategy. TCCL's inability to implement its business strategy could have a material adverse effect on its business, financial condition and results of operations.

***Expansion of TCCL's gas business is subject to risks, including, without limitation, time and cost overruns, any of which could cause an adverse effect on its business and financial condition.***

One of the ways TCCL expects to grow its gas business is through the construction of additions to its existing processing, transportation and distribution systems in the PRC. The construction of a new pipeline, the expansion of an existing pipeline or the construction of new processing facilities each involves regulatory, environmental, political and legal uncertainties beyond TCCL's control and requires the expenditure of significant amounts of capital that TCCL will be required to finance through borrowings or from operating cash flow. If TCCL undertakes these projects, there can be no assurance that the actual costs incurred, the capacity added or time taken for implementation of these expansion plans will not vary from TCCL's expectations.

TCCL may also rely on estimates of future demand and cash flow projections in its decision to build additional capacity, which may prove to be inaccurate. If TCCL experiences unanticipated or extended delays in generating operating cash flow from any of these new projects, it may need to reallocate or reprioritise financial resources, which may adversely affect its business, prospects, financial condition or results of operations.

***TCCL may fail to obtain or renew required government approvals, permits and licenses for the operating activities in the PRC.***

It is required to obtain certain government approvals, permits and licenses for TCCL's operating activities in gas industry in the PRC. TCCL's ability to carry on business is therefore subject to its ability to obtain, and the PRC government's willingness to issue, renew and not revoke, such requisite approvals, permits and licenses. Certain of TCCL's PRC project companies are in the process of applying for the issuance or extension of the governmental licenses or permits required for the operations including, without limitation, certain gas operation permits, hygiene permits, work safety permits, pollutant discharge licenses and road transportation permits. In addition, the construction of piped gas infrastructure in the PRC requires various governmental approvals, licenses or permits including but not limited to project verification approvals, planning permits, construction permits and certificates or confirmations of completion and acceptance. Certain of TCCL's PRC project companies are currently in the process of applying for the relevant governmental approvals or permits for the construction of certain projects. There can be no assurance that TCCL will be able to obtain or renew its existing approvals, permits and licenses on commercially reasonable terms in a timely manner, or at all, and such approvals, permits and licenses may be revoked by the relevant authorities. TCCL could be subject to fines or penalties imposed by the relevant government authorities, or be required to cease the construction or operation of certain of the projects due to non-compliance with the terms of the government approvals, permits and licenses. Any such fines, penalties or orders for the cessation of construction or operation could materially and adversely affect TCCL's business, financial condition and results of operations.

***The expansion strategy of TCCL in the PRC relies, in part, on the continued economic development of its operational locations in the PRC.***

Although TCCL carries out financial, audit and legal due diligence in respect of each project before it enters into a joint venture contract with a local joint venture partner, there is no guarantee that new PRC locations into which TCCL expands will develop or grow as projected or that there will be sufficient customer demand to justify such expansion. Given the substantial capital investment at the early stages of each project, any unexpected adverse changes in the economic growth of an operational location may materially adversely affect the performance of the relevant project and hence, the performance and financial conditions of TCCL.

***TCCL may be unable to execute fully its growth strategy if it encounters difficulties in accessing capital and credit markets.***

TCCL's strategy contemplates growth through the development and acquisition of a wide range of downstream, midstream, upstream, water business and other energy and resources infrastructure assets while maintaining a strong balance sheet. This strategy includes constructing and acquiring additional assets and businesses to enhance TCCL's ability to compete effectively and diversify its asset portfolio, thereby providing more stable cash flow.

TCCL regularly considers and enters into discussions regarding the construction or acquisition of additional assets, stand-alone development projects and other transactions that it believes will present opportunities to realise synergies and increase its cash flow. TCCL may require substantial new capital to finance the future development and acquisition of assets. Limitations on TCCL's access to capital will impair its ability to execute this strategy. If TCCL's cost of capital is high, it may not be able to finance the construction or acquisition of assets necessary to implement its business strategy. TCCL may be unable to raise the necessary funds on satisfactory terms, if at all.

The global economic and financial conditions remain unstable, following the global financial and economic crisis, including the intensifying trade tension among major economies such as that between the United States and the PRC, the potential withdrawal of countries from the Euro-zone and the UK's exit from the European Union on 31 January 2020, a slump in commodity prices, interest rate hikes, fears of a slowdown in the PRC and global economies and volatility in the PRC and other stock markets. In particular, there have been recent escalations in the trade tensions between the United States and the PRC. The imposition of tariffs by the United States on products from the PRC from July 2019 and the retaliation by the PRC have caused even greater volatility in the global markets. Although the United States and the PRC entered into a "phase one" economic and trade agreement in January 2020 as an initial step towards resolving the trade disputes between them, the effect of such an agreement and the amicable resolution of such a trade war remain elusive and the lasting impact any trade war may have on the global economy and the industries that the Group operates in remain uncertain. There remains considerable uncertainty as to the timeline and outcome of the trade negotiations between the United States and the PRC. Failure of trade negotiations between the United States and the PRC may lead to material adverse consequences on the economies of Hong Kong and other Asia Pacific countries, which could, in turn, harm the Group's business and growth prospects.

Global market conditions could also have an adverse impact on TCCL's ability to fund its borrowing activities on acceptable terms, or at all. The markets for commercial paper and asset-backed securities, for example, have seen decreased liquidity since the onset of the sub-prime market disruptions. Reduced liquidity in the global capital markets could impact the Hong Kong or PRC markets and limit TCCL's ability to diversify its funding sources.

Given the volatility of the credit markets and potential adverse effects therefrom, to the extent that turmoil in the credit markets continues and/or intensifies, it may have the potential to affect TCCL's business, financial condition and results of operations in a materially adverse manner.

***TCCL's profit and cash flows are subject to risks due to changes in interest rates and foreign exchange.***

TCCL's profit and cash flows are subject to volatility stemming from movements in interest rates. As at 31 December 2020, approximately 29 per cent. of TCCL's loans were on a floating interest rates basis. TCCL is exposed to interest rate fluctuations on its floating rate loans, which would cause its finance costs to increase in a rising rate environment, and on the interest cost of future debt issues. An increase in TCCL's finance costs could adversely affect its financial condition, prospects, and results of operations. TCCL's profit and cash flows are also subject to volatility stemming from fluctuations in exchange rates, especially Renminbi, as substantial part of TCCL's revenue is generated by its PRC operating subsidiaries and is denominated in Renminbi. The devaluation of Renminbi could adversely affect TCCL's profit and cash flows when translated or converted from Renminbi to other currencies.

***TCCL depends on key personnel, the loss of whom may result in an insufficient number of qualified employees.***

TCCL believes that its ability to implement its business strategy and its future success depends on the continued service of its senior management team, which has extensive experience in the industry and is vital in maintaining some of its major customer and governmental relationships. In addition, the loss of technical knowledge, management and industry expertise of any of TCCL's key officers, directors and senior managers could make it difficult for TCCL to execute its business plan effectively and could result in delays in new projects being completed as well as loss of major customers while TCCL seeks employee replacements.

The future growth and success of TCCL will depend to a large extent on its ability to retain or recruit qualified individuals to strengthen its management, operational and research teams. With TCCL's expansion into the PRC and diversification of its overall business, there may be a lack of sufficient management staff to oversee sales and operating, administrative and financial procedures and controls, which may in turn materially adversely affect the business of TCCL.

***Both Henderson Land Development Company Limited, which is the ultimate beneficiary owner of TCCL, and The Hong Kong and China Gas Company Limited, which owns a significant stake in TCCL's shares, may have interests that differ significantly from those of the Noteholders.***

As at 31 December 2020, Henderson Land Development Company Limited ("Henderson Land") was beneficially interested in approximately 41.5 per cent. of shares of HKCG, and HKCG beneficially interested in approximately 68.2 per cent. of TCCL's shares. The interests of Henderson Land and HKCG may differ significantly from or compete with TCCL's interests or the interests of Noteholders, and there can be no assurance that Henderson Land or HKCG will exercise influence over TCCL's business in a manner that is in the best interests of the Noteholders.

***TCCL is subject to the cybersecurity risks.***

The business operations of TCCL are dependent on information technology systems that are vulnerable to cyber-attacks, critical system failure, leakage or loss of sensitive information, all of which would adversely affect TCCL's operations and corporate image. Also, the advanced technology may lead to cyber-attacks (such as hacking and use of ransom-ware) resulting in data loss and privacy leakage, exposing its businesses to non-compliance with the required data privacy regulations.

TCCL's network may be vulnerable to unauthorised access, computer viruses and other disruptive problems. Costs incurred in rectifying any of such disruptive problems may be high and may adversely affect TCCL's business, financial condition or results of operations. Eliminating these security problems may result in interruptions, delays or termination of user access to TCCL's website.

***TCCL's subsidiaries may be subject to restrictions on the payment of dividends to TCCL.***

A significant part of the Group's business is conducted through TCCL's subsidiaries, and TCCL depends in part on the receipt of dividends from subsidiaries to satisfy its obligations, including TCCL's obligations under the Guarantee. The ability of TCCL's subsidiaries to pay dividends may be subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the constitutional documents of these companies, applicable laws and restrictions contained in the debt instruments of such companies. For example, some of the loan agreements entered into by TCCL's subsidiaries may prohibit the payment of dividends to their shareholders until the relevant loan is no longer outstanding. TCCL cannot assure that its subsidiaries will have distributable earnings or will be permitted to distribute their distributable earnings to TCCL as it anticipates, or at all. In addition, dividends payable to TCCL by these companies are limited by the percentage of TCCL's equity ownership in these companies. These factors could reduce the payments that TCCL receives from its subsidiaries, which may reduce TCCL's ability to meet its payment obligations under the Guarantee.

## **Risks Relating to the PRC**

*TCCL is dependent on the political, economic, regulatory and social conditions in the PRC.*

TCCL plans to continue to develop its business and operations in the PRC in the future. Accordingly, TCCL's performance and the quality and growth of its assets are necessarily dependent on the overall economy in the PRC. The general economic, political, legal and social conditions prevailing in the PRC will directly and indirectly affect TCCL's financial performance and operations. Particularly, any changes in the policies implemented by the government in the PRC which result in currency and interest rate fluctuations, capital restrictions, regulation of the energy and water industry and changes in duties and taxes detrimental to TCCL's business may materially adversely affect its operations, financial performance and future growth.

The economy of the PRC differs from the economies of most developed countries in many respects, including the:

- level of government involvement;
- level of development;
- growth rate;
- level of capital reinvestment;
- control of capital reinvestment;
- control of foreign exchange; and
- allocation of resources.

Before its adoption of reform and open-door policies in 1978, the PRC was primarily a planned economy. Since then, the PRC government has been reforming the PRC's economic system and has in recent years also begun reforming the government structure. These reforms have resulted in significant economic growth and social progress. Although the PRC government still owns a significant portion of the productive assets in the PRC, economic reform policies since the late 1970s have emphasised autonomous enterprises and the utilisation of market mechanisms. While TCCL believes these reforms will have a positive effect on its overall and long-term development, there is no assurance that such policies will continue to prevail in the future. Economic reform policies may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, TCCL may not continue to benefit from all, or any, of these policies. TCCL cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on its business, sales, operating results and financial condition.

The economy of the PRC experienced rapid growth over the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC government, but has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit.

While the International Monetary Fund expects global economic growth to strengthen to 6 per cent. in 2021, moderating to 4.4 per cent. in 2022, there are a number of uncertainties ahead. The ongoing trade dispute between the PRC and the United States and the increase in tariffs that the United States plans to impose on Chinese imports have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world. In Europe, the exit of the United Kingdom from the European Union, and any prolonged period of uncertainty which results, could have a significant negative impact on international markets.

The implications for the world and TCCL are significant. First, a rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Second, the interplay of United States fiscal and monetary policies, and aggressive quantitative easing programmes in Japan and Europe may lead to more volatile global capital flows, which could in turn impact global growth. Third, financial market volatility and increased uncertainty may have a broader global economic impact that may in turn have a material adverse effect on TCCL's businesses, financial condition and results of operations.

Economic growth in the PRC has also historically been accompanied by periods of high inflation. Increasing inflation rates were caused by many factors beyond TCCL's control, such as rising production and labour costs, high lending levels, changes in national and international governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. Further inflationary pressures within the PRC may have a material adverse effect on the TCCL's businesses, financial condition or results of operations.

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. Inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect TCCL's businesses, financial condition or results of operations.

***Introduction of new laws or changes to existing laws by the PRC government may adversely affect TCCL's business.***

TCCL's business and operations in the PRC and the business and operations of its customers and suppliers in the PRC are subject to the laws and regulations promulgated by the PRC government. The PRC government is still in the process of developing a comprehensive set of laws and regulations in the course of the PRC's transformation from a centrally planned economy to a freer market oriented economy. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade with a view to developing a comprehensive system of commercial laws. However, due to the fact that these laws and regulations have not been fully developed and because of the limited volume of published cases and their non-binding nature, the interpretation of PRC laws and regulations still involves a significant degree of uncertainty and is less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed countries or regions. As the legal system in the PRC is still in a state of flux, laws and regulations or the interpretation of the same may be subject to change. For example, on 14 September 2015, the NDRC issued the "Circular on Promoting the Reform on of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt" (《關於推進企業發行外債備案登記制管理改革的通知》) (the "NDRC Circular") requiring enterprises domiciled within the PRC and their overseas subsidiaries or branches to file and register with the NDRC prior to issuance of debt instruments outside China and to file a post-issuance report within 10 working days after the issuance. On 12 June 2017, the NDRC posted an announcement on its website referring to the NDRC Circular and required certain offshore companies controlled by individuals to register their offshore bonds with the NDRC. While TCCL believes that the NDRC Circular does not apply to the issuance of the Notes, there remains uncertainties over the interpretation, implementation and enforcement of the NDRC Circular. If there is any change in the interpretation and implementation of the NDRC Circular and TCCL fails to complete such filing in accordance with the relevant requirements, it may be subject to penalties or other enforcement actions by relevant PRC government authorities. In addition, the NDRC may also make oral amendments or modifications to the requirements of, and certificates or approvals issued under, the NDRC Circular on a case by case basis. Furthermore, any change in the political and economic policy of the PRC government may also lead to similar changes in the laws and regulations or the interpretation thereof. Such changes may adversely affect TCCL's operations and business in the PRC.

The PRC legal system is a codified legal system made up of written laws, regulations, circulars, administrative directives and internal guidelines as well as judicial interpretations. Unlike common law jurisdictions such as Hong Kong, decided cases do not form part of the legal structure of the PRC and thus have no binding effect. As such, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the authorities. This has resulted in the outcome of dispute resolutions not having the level of consistency or predictability as in other countries with more developed legal

systems. Due to such inconsistency and unpredictability, if TCCL should be involved in any legal dispute in the PRC, it may experience difficulties in obtaining legal redress or in enforcing its legal rights.

From time to time, changes in law and regulations (such as establishment of the Counter-Terrorism law, Cybersecurity law, carbon trading platform, gas price and city-gas connection fee reform, reinforcement of Anti-Monopoly law) or the implementation thereof may also require TCCL to obtain additional approvals and licences from the PRC authorities for the conduct of its operations in the PRC. In such event, TCCL may need to incur additional expenses to comply with such requirements. This will in turn affect TCCL's financial performance as its business costs will increase. Furthermore, there can be no assurance that such approvals or licences will be granted to TCCL promptly or at all. If TCCL experiences delay in obtaining, or inability to obtain, such required approvals or licences, its operations and business in the PRC, and hence its overall financial performance will be adversely affected.

In the PRC, gas distribution companies which invest in and operate the piped city-gas supply business in urban areas are under the supervision of a number of government ministries and departments, including the MOFCOM, the NDRC, the Ministry of Construction (原建設部) (the "MOC", which has been superseded by the Ministry of Housing and Urban-Rural Development or the "MOHURD"), the Ministry of Human Resources and Social Security and the Ministry of Public Security. TCCL must comply with the relevant requirements of certain regulations, including without limitation the "Regulations on Administration of Fuel Gas in Towns and Cities" (《城鎮燃氣管理條例》 or the "Fuel Gas Regulations"). In addition, TCCL must comply with the relevant requirements and policies of local authorities where TCCL's projects are situated. For example, any proposed increase in gas usage charges levied by TCCL exceeding the original approved charge requires the consent of the local pricing bureau. There is no assurance that any increases will be approved.

Exclusive rights or rights of first refusal to provide piped city-gas are granted by local governments pursuant to policies of promoting environmental protection and encouraging the use of natural gas and the construction of natural gas supply facilities. There can be no assurance that the above regulatory regime and policies (including the granting of exclusive rights or rights of first refusal to supply piped city-gas in operational locations) will not be changed. TCCL's operations and profitability may be materially adversely affected if changes that occur are not favourable to TCCL.

***The occurrence of a severe communicable disease or a pandemic in the PRC, could materially and adversely affect TCCL's business operations, financial condition and results of operations.***

Contagious diseases and pandemics which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including the cities in which the Group operates, are under the threat of severe communicable diseases such as severe acute respiratory syndrome, avian influenza, swine influenza or more recently, the novel coronavirus ("COVID-19").

The outbreak of COVID-19 globally since late 2019 could materially and adversely affect the overall business sentiment and environment in Hong Kong and the PRC, particularly if such outbreak is inadequately controlled. In particular, with the suspension of operations and production of PRC manufacturers in the first quarter of 2020, the gas sales volume of the Group in the industrial segment dropped by 15.9 per cent. to 1,295 million cubic metres for the three months ended 31 March 2020 as compared to the same period in 2019. Similarly, with the imposition of mandatory home quarantine and other travel restrictions by local government as well as closure of catering services, outlets and workplaces, the gas sales volume of the Group in the commercial segment dropped by 37.6 per cent. to 401 million cubic metres for the three months ended 31 March 2020 as compared to the same period in 2019.

The Group has adopted a series of gas bill relief measures to alleviate the operating pressure of its industrial and commercial customers impacted by COVID-19 including payment deferrals – if a customer failed to settle its gas bills on time as a result of COVID-19, there would be undisrupted gas supply while the payment due date was postponed by the Group to the extent appropriate. These relief measures, if expanded or maintained for an extended period of time, may have a material adverse impact on the Group's margins, financial condition and results of operations. In addition, the Group has incurred additional costs in response to the COVID-19 pandemic and related government policies, such

as the cost of disinfecting facilities the Group relies on for its operations and of providing necessary personal protective equipment to the Group's employees. The Group mobilised staff to source protective equipment such as surgical masks, protective clothing, gloves, goggles and alcohol disinfectant from around the world. These supplies were then donated to organisations in need and vulnerable groups. The Group leveraged its business strengths to donate and install gas stoves, water heaters and gas clothes dryers for medical institutions for free, seeking to support and better cater for the health workers' basic needs by providing a full range of facilities. These increased costs and expenses may not be fully recoverable or adequately covered by insurance.

TCCL's revenue is currently derived mainly from its PRC operations, and any labour shortages, fall in occupancy rates or contraction or slowdown in the growth of domestic consumption in the PRC could materially and adversely affect its business, sales, operating results and financial condition. In addition, if any of Group's employees are affected by any severe communicable disease including COVID-19, it could adversely affect or disrupt the Group's production and operations at the relevant plants and materially and adversely affect its business, sales, operating results and financial condition, which may also involve a closure of the Group's facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of the Group's customers and suppliers, which could materially and adversely affect its business, sales, operating results and financial condition.

The COVID-19 pandemic is ongoing and evolving rapidly. The duration and ultimate impact of the outbreak cannot be reasonably estimated at this time. While COVID-19 vaccines have been developed and made available by a number of biopharmaceutical manufacturers, there remains uncertainty regarding the efficacy, safety and durability of such vaccines. The restrictions imposed to contain the outbreak may be further broadened or continue for extended periods of time. Such measures may not be successful in stabilizing markets or containing the economic or other impacts of the outbreak. Even if the current COVID-19 situation were to improve, there can be no assurance that (i) there will not be another outbreak of COVID-19 or another contagious disease in the future or (ii) that governments will not re-impose restrictive measures that significantly disrupt economic activities in the event that there is a resurgence of the pandemic. As a result, the global economy is facing significant uncertainties and global financial markets are experiencing significant volatilities which may adversely affect the PRC economy, the Group and its business and financial condition, results of operations, prospects, liquidity, capital position and the value of the Notes. Investors must exercise caution before making any investment decisions.

***The Group is subject to restrictions on remittance of RMB into and out of the PRC and governmental controls on currency conversion and may be affected by the risks relating to fluctuations in exchange rates in the future which could materially affect the Group's financial condition and the results of its operations.***

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of the PRC. The Notes are denominated in U.S. dollars, while a substantial part of the Group's revenue is generated by its PRC operating subsidiaries and is denominated in Renminbi, a portion of which may need to be converted into other currencies in order to meet the Group's foreign currency obligations, such as payments of dividends, overseas acquisitions, and payments of principal and interests under the Notes or other foreign currency denominated debt, if any.

Under existing PRC laws and regulations on foreign exchange, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from State Administration of Foreign Exchange ("SAFE") provided that certain procedural requirements are complied with. Approval from, or registration with, competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. More restrictions and extensive vetting processes have been put in place by SAFE to regulate cross-border transactions under the capital account, such as the Notice of the SAFE on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知). The PRC government may, at its discretion, take measures to restrict access to foreign currencies for current account and capital account transactions under certain circumstances. If the foreign exchange control system prevents the Group from obtaining sufficient foreign currencies to

satisfy the Group's foreign currency demands, the Group may not be able to make interest payments and/or principal repayment to the Noteholders or holders of other foreign currency denominated debt, if any. In addition, there can be no assurance that new laws or regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC.

The value of Renminbi against the U.S. dollar and other foreign currencies is subject to changes in the PRC's policies, as well as international economic and political developments. Pursuant to reforms of the exchange rate system, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a band of 2.0 per cent. above or below the central parity rate against a basket of foreign currencies, effective from 17 March 2014. In August 2015, the People's Bank of China ("PBOC") changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. On 11 December 2015, the China Foreign Exchange Trade System ("CFETS"), a sub-institutional organisation of PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs Renminbi against 24 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, the Group's financial condition and results of operations could be adversely affected because of its U.S. dollar denominated indebtedness and other obligations. Such devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of the Group's earnings and its ability to satisfy its obligations under the Notes.

Further to the PBOC's adjustment in August 2015, the value of Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. There can be no assurance that Renminbi will not experience significant depreciation or appreciation against the U.S. dollar or against any other currency in the future. There remains significant international pressure on the PRC Government to adopt more flexible currency policies. In the event of material fluctuations in the exchange rates of the U.S. dollar against Renminbi, the Group's ability to pay its obligations in foreign currencies may be materially and adversely affected. Such fluctuations may also cause the Group to incur foreign exchange losses and affect the relative value of any dividends distributed by its PRC subsidiaries. In addition, appreciation or depreciation in the value of Renminbi relative to the U.S. dollar may affect the Group's financial results in U.S. dollars without giving effect to any underlying change in its businesses or results of operations.

***The Issuer or TCCL may be treated as a PRC resident enterprise for PRC tax purposes, which could result in unfavourable tax consequences to its financial condition and the Noteholders.***

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and the implementation rules, which both took effect on 1 January 2008, enterprises established outside the PRC whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax purposes. The implementation rules define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Taxation Administration specified certain criteria for the determination of the "de facto management bodies" for foreign enterprises that are controlled by PRC enterprises. However, there have been no official implementation rules regarding the determination of the "de facto management bodies" for foreign enterprises that are controlled by individuals or foreign enterprises (including companies such as ourselves).

Although it is unclear under PRC tax law whether the Issuer or TCCL has a "de facto management body" located in China for PRC tax purposes, the Issuer and TCCL take the position that they are not a PRC resident enterprise for tax purposes. The Issuer and TCCL cannot assure you that the PRC tax authorities will agree with its position. If the Issuer or TCCL is deemed to be a PRC resident enterprise for PRC tax purposes, it would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide income. Furthermore, if the Issuer is deemed to be a PRC resident enterprise for PRC tax purposes, the Issuer would be obligated to withhold PRC income tax of up to 10 per cent. on the payments on the Notes to investors that are non-PRC resident enterprises (or 20 per cent. in the case of

individuals), if such payments are regarded as being derived from sources within the PRC. In addition, if the Issuer or TCCL fails to do so, it may be subject to fines and other penalties. Similarly, any gain realised by such non-PRC resident enterprise investors from the transfer of the Notes may be regarded as being derived from sources within the PRC and would accordingly be subject to a 10 per cent. PRC withholding tax (or 20 per cent. in the case of individuals).

If the Issuer or TCCL is required under the EIT Law to withhold PRC income tax on interest paid to Noteholders who are “non-resident enterprises,” it will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by a Noteholder of such amounts as would have been received by the Noteholder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on the Issuer’s or TCCL’s ability to pay interest on, and repay the principal amount of, the Notes, as well as their profitability and cash flow.

***It may not be possible to effect service of process or to enforce any judgments obtained from non-PRC courts against the Group.***

The Terms and Conditions of the Notes and the transaction documents are governed by English law and the Issuer and TCCL have submitted to the exclusive jurisdiction of the English courts. However, the majority of TCCL’s subsidiaries are incorporated in the PRC and the majority of the Group’s assets are located in the PRC. Therefore, it may not be possible for investors to effect service of process from outside PRC upon the Group or its management.

Currently, the PRC does not have treaties providing for the mutual recognition and enforcement of judgements of courts in many other jurisdictions, including England and Wales. Accordingly, an English court judgment is unlikely to be recognised by the PRC courts and, therefore, unlikely to be enforceable in the PRC. Therefore, the Noteholders may not have a direct recourse against any of the assets of the Group located in the PRC and may need to commence winding up proceedings in the Cayman Islands against TCCL. Even if a Noteholder is successful in such winding up proceedings in the Cayman Islands, it is unclear whether a liquidator appointed by the court of the Cayman Islands or any order made in the insolvency proceedings commenced in the Cayman Islands can be recognised and/or enforced in the PRC. In any event, liquidation is a collective remedy and any distribution of assets or proceeds of liquidated assets from such winding up proceedings will be shared amongst all creditors of the Group.

***Any occurrence of force majeure events, natural disasters or other adverse incidents in the PRC may materially and adversely affect the Group’s businesses, financial condition and results of operations.***

Any future occurrence of force majeure events or natural disasters may materially and adversely affect the Group’s businesses and results of operations. The PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. As the Group’s businesses are dependent on economic conditions in the PRC as a whole, any future occurrence of severe natural disasters in the PRC may adversely affect its economy and, in turn, the Group’s businesses and results of operations. There is no assurance that any future occurrence of natural disasters or the measures taken by the PRC government or other countries in response to such events will not seriously disrupt the Group’s operations or those of the Group’s business partners or prospective investors in the Group’s, which may have a material adverse effect on the Group’s results of operations.

***The Group’s labour costs may increase for various reasons including the implementation of the PRC Labour Contract Law or inflation in the PRC.***

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012 and became effective on 1 July 2013. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make a compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum

wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' service. Employees who consent to waive such annual leave at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each day being waived. Under the National Leisure and Tourism Outline 2013-2020 (国民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, regulations on paid annual leave of employees shall have been implemented on a general basis by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013- 2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations. In addition, inflation in the PRC has increased in recent years. According to the National Bureau of Statistics of the PRC, consumer price inflation in the PRC was 2.9 per cent. and 2.5 per cent. in 2019 and 2020, respectively. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

#### **Risks Relating to Notes denominated in RMB (“RMB Notes”)**

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

The RMB is not freely convertible at present. The PRC government continues to regulate conversion between the RMB and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Currently, participating banks in Hong Kong and a number of other jurisdiction (the “Applicable Jurisdiction”) have been permitted to engage in the settlement of current account trade transactions in Renminbi.

However, remittance of Renminbi by foreign investors into and out of the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from or registration with the relevant authorities and subject to a strict monitoring systems. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although starting from 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the PBOC in 2018, there is no assurance that the PRC government will liberalise the control over cross-border Renminbi remittances in the future or the new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, TCCL will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

***There is only limited availability of RMB outside the PRC, which may affect the liquidity of the RMB Notes and TCCL's ability to source RMB outside the PRC to service such RMB Notes.***

As a result of the restrictions by the PRC government on cross-border RMB fund flows, the availability of RMB outside the PRC is limited. Currently, licensed banks in Singapore and Hong Kong may offer limited RMB-denominated banking services to Singapore residents, Hong Kong residents and specified business customers. The PBOC has also established a RMB clearing and settlement system for participating banks in the Applicable Jurisdictions through settlement agreement (the "Settlement Agreement") on the Clearing of RMB Business with financial institutions in a number of financial centres and cities (each, a "RMB Clearing Bank") and these RMB Clearing Banks have been permitted to engage in the settlement of RMB trade transactions.

RMB business participating banks do not have direct RMB liquidity support from PBOC. The relevant RMB Clearing Bank only has access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore.

The limited availability of RMB outside the PRC may affect the liquidity of the Notes. To the extent TCCL is required to source RMB in the offshore market to service the Notes, there is no assurance that TCCL will be able to source such RMB on satisfactory terms, if at all.

***Investment in the Notes is subject to exchange rate risks.***

The Issuer will make all payments of interest and principal with respect to the RMB Notes in Renminbi unless otherwise specified. The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against the U.S. dollar to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. As a result, the value of these RMB payments may vary with the changes in prevailing exchange rates in the marketplace. If the value of RMB depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

***Investment in RMB Notes is subject to interest rate risks.***

The PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The RMB Notes may carry a fixed interest rate. Consequently, the trading price of such RMB Notes will vary with fluctuations in interest rates. If a holder of RMB Notes tries to sell any RMB Notes before their maturity, they may receive an offer that is less than the amount invested.

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

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

investors in respect of the RMB Notes will be made solely (i) whilst the RMB Notes are represented by a Global Note deposited with a sub-custodian for CMU, by transfer to a RMB bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, (ii) for so long as the RMB Notes are represented by a Global Note held with the common depositary for Euroclear and Clearstream, Luxembourg or any alternative clearing systems, by transfer to a RMB bank account maintained in Hong Kong or a financial centre in which an RMB Clearing Bank clears and settle Renminbi, if so specified in the final terms, in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures, or (iii) for so long as the Notes are in definitive form, by transfer to a RMB bank account maintained in Hong Kong or a financial centre in which an RMB Clearing Bank clears and settles Renminbi, if so specified in the final terms in accordance with prevailing rules and regulations.

***Investment in Notes may be subject to PRC tax.***

In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Noteholder's investment in the Notes may be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Notes.

**Factors that may affect the Issuer's ability to fulfil its obligations under the Notes**

***The Notes will be effectively subordinated to debt of TCCL's subsidiaries as well as its own debt.***

In addition to operating itself, TCCL is also a holding company that operates through its subsidiaries and other Group entities. As a result, (i) TCCL's obligations under the Notes will be effectively subordinated to all existing and future obligations of the existing or future Group entities and (ii) all claims of creditors of the existing or future subsidiaries or other Group entities, including trade creditors, lenders and all other creditors, and rights of holders of preferred shares of such entities (if any) will have priority as to the assets of such entities over TCCL's claims and those of its creditors, including the holders of Notes. As at 31 December 2020, TCCL's total outstanding borrowings was approximately HK\$11,493 million.

***The Issuer is dependent on the business and financial condition of TCCL and its subsidiaries and other Group entities to make payments under the Notes.***

The Issuer is a wholly owned subsidiary of TCCL formed for the principal purposes of financing the Group's operations and will on-lend all or part of the proceeds from the issue of the Notes to TCCL and its subsidiaries and other Group entities. The Issuer's ability to make payments under the Notes depends on timely payments under such on-lent loans and the availability of funds from TCCL and its subsidiaries and other Group entities. In the event that TCCL and its subsidiaries or other Group entities do not make such payments due to limitation in such loans or other agreements, lack of available cash flow or other factors, the Issuer's ability to make payments under the Notes could be adversely affected.

***The Issuer may be unable to redeem the Notes.***

On certain dates, including a Put Event and at maturity of the Notes, the Issuer may, and at maturity, will be required to, redeem all the Notes. If such an event were to occur, the Issuer may not have sufficient cash 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, or redeem tendered Notes by the Issuer would constitute an event of default, which may also constitute a default under the terms of other indebtedness of TCCL.

**Considerations which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme**

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

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

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

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

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

Interest rates and indices which are deemed to be or used as “benchmarks”, (including the London interbank offered rate (“LIBOR”) and the euro interbank offered rate (“EURIBOR”)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the “EU Benchmarks Regulation”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “UK Benchmarks Regulation”) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The UK Financial Conduct Authority (“FCA”) has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR). Such factors may have the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

The Terms and Conditions of Notes provide for certain fallback arrangements in the event that LIBOR and/or any page on which such benchmark may be published (or any other successor service) becomes unavailable or a Benchmark Event (as defined in the Terms and Conditions) otherwise occurs. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Terms and Conditions), with or without the application of an adjustment spread and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser). An adjustment spread, if applied could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Reference Rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing a Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the relevant benchmark were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

***Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR.***

On 27 July 2017, the chief executive of the FCA, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. On 5 March 2021, the FCA announced the future cessation or loss of representatives of the 35 LIBOR benchmark settings currently published by ICE Benchmark Administration (“IBA”), the administrator of LIBOR, after taking into account the results of the consultation conducted by the IBA that closed on 25 January 2021 (the “FCA Announcement”). The FCA will now consult on requiring the IBA to continue to publish certain LIBOR settings for a further period on a changed methodology (also known as a ‘synthetic’) basis. However, following the FCA Announcement, it is now clear that all 35 LIBOR settings will either cease to be provided or no longer be representative after the respective dates set out in such FCA Announcement. This may cause LIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions of the Notes, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

**Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

***Notes subject to optional redemption by the Issuer.***

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***Index Linked Notes and Dual Currency Notes.***

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;

- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

***Partly-paid Notes.***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

***Variable rate Notes with a multiplier or other leverage factor.***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

***Inverse Floating Rate Notes.***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

***Fixed/Floating Rate Notes.***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

***Notes issued at a substantial discount or premium.***

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

## **Risks related to Notes generally**

### ***Modification and waivers.***

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### ***Change of law.***

The Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

### ***Notes where denominations involve integral multiples: definitive Notes.***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### ***If the Issuer does not satisfy the Issuer's obligations under the Notes, Noteholders' remedies will be limited.***

Payment of principal of the Notes may be accelerated only in the event of certain events involving the Issuer's bankruptcy, winding-up or dissolution or similar events or otherwise if certain conditions have been satisfied. See "*Terms and Conditions of the Notes – Events of Default*".

### ***The Notes are subject to restrictions on resales and transfers.***

The Notes and the Guarantees have not been and will not be registered under the Securities Act or any state securities laws, and the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes may be offered and sold only pursuant to offers and sales that occur outside the United States in compliance with Regulation S.

## **Risks related to the market generally**

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

### ***The secondary market generally.***

Notes issued under the Programme will be new securities which may not be widely distributed and Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been

structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

***Exchange rate risks and exchange controls.***

The Issuer will pay principal and interest on the Notes and TCCL will make payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

***Interest rate risks.***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

***Credit ratings may not reflect all risks.***

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

**Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DESCRIPTION OF THE ISSUER

The Issuer, a wholly owned subsidiary of TCCL, was incorporated with limited liability under the laws of Hong Kong on 28 April 2010. Its registered office is located at 23rd Floor, 363 Java Road, North Point, Hong Kong. The Issuer, whose primary purpose is to act as a financing subsidiary of TCCL, will remain a wholly owned subsidiary of TCCL as long as the Notes are outstanding and will utilise the net proceeds of the Notes as set out in “*Use of Proceeds*”.

The directors of the Issuer are Mr. Chan Wing-kin, Mr. Peter Wong Wai-ye and Mr. John Ho Hon-ming. The below lists the names, titles and professional experience of the Issuer’s present Directors and the dates of their respective appointments.

**Mr. Chan Wing-kin** was appointed as a Director of the Issuer on 28 April 2010. He has been the Chairman and an Executive Director of TCCL since March 2007. Mr. Chan is the Managing Director of HKCG (a listed public company and the controlling shareholder of TCCL) and is a director of major local and overseas subsidiaries of HKCG. Mr. Chan is also the Vice Chairman of Shenzhen Gas Corporation Ltd. and Foran Energy Group Co., Ltd., and was previously a Non-executive Director of the tenth session of the board of directors of Shanghai Dazhong Public Utilities (Group) Co., Ltd., all of which are listed public companies. He is an Honorary President of The Hong Kong Management Association and a Vice Chairman of China Gas Association. Mr. Chan is a Member of the Standing Committee on Judicial Salaries and Conditions of Service of the Government of the Hong Kong Special Administrative Region. He was previously the Deputy Chairman of the Council of The Hong Kong Institute of Education (now known as The Education University of Hong Kong) and a Member of the Board of Stewards of The Education University of Hong Kong Foundation. Mr. Chan received the Executive Award under the DHL/SCMP Hong Kong Business Awards 2005, the Director of the Year Awards – Listed Companies (SEHK – Hang Seng Index Constituents) Executive Directors from The Hong Kong Institute of Directors in 2006, the Leadership Award in Gas Industry Award 2015 from the Institution of Gas Engineers & Managers and the Energy and Utilities Alliance of the United Kingdom, “The CEO of the Year 2017” Award from China Newsweek in 2017 and was named consecutively as one of “The 100 Best-Performing CEOs in the World” by Harvard Business Review from 2015 to 2019. He was awarded an Honorary Fellowship by The Hong Kong Institute of Education (now known as The Education University of Hong Kong) in 2016. Mr. Chan, a Chartered Engineer, is also Honorary Fellow of the Energy Institute of the United Kingdom, Fellow of The Hong Kong Institution of Engineers; Fellow of The Institution of Mechanical Engineers, Fellow of the Institution of Gas Engineers & Managers of the United Kingdom and Honorary Fellow of International Institute of Utility Specialists.

**Mr. Peter Wong Wai-ye** was appointed as a Director of the Issuer on 28 April 2010. He has been an Executive Director and the Chief Executive Officer of TCCL since March 2007. Mr. Wong was appointed to the Board of Directors of HKCG (a listed public company and the controlling shareholder of TCCL) in February 2013 and subsequently appointed Deputy Managing Director of HKCG with effect from 1 April 2021. Mr. Wong also holds directorships in various subsidiaries of HKCG. He is a director of Shenzhen Gas Corporation Ltd.. He was previously the Vice Chairman of Foshan Gas Group Co., Ltd. (now known as Foran Energy Group Co., Ltd.) and a director of China-Singapore Suzhou Industrial Park Development Group Co., Ltd. (“CSSD”) until his retirement at CSSD on 29 June 2020. All of which are listed public companies. He is a Member of the Mainland Business Advisory Committee of the Hong Kong Trade Development Council. Mr. Wong was named consecutively as one of “The Best CEO of Chinese Listed Companies” by Forbes in 2012 and 2013. He is a chartered professional accountant of Canada, a certified public accountant of Hong Kong and a chartered company secretary both in Hong Kong and the United Kingdom. Mr. Wong is a Fellow of The Hong Kong Institute of Directors and a Fellow of the Institution of Gas Engineers & Managers of the United Kingdom. He completed the Advanced Management Program from Harvard Business School in the United States. Mr. Wong was formerly a director of the Certified Management Accountants Society of British Columbia, Canada and the president of its Hong Kong branch, a member of the Advisory Board of the Department of Accounting of Hong Kong Shue Yan University. He is a member of the Advisory Committee of the College of Professional and Continuing Education, The Hong Kong Polytechnic University. Mr. Wong has over 44 years of experience in corporate finance, management and international working experience.

**Mr. John Ho Hon-ming** was appointed as a Director of the Issuer on 28 April 2010. He has been an Executive Director and the Company Secretary of TCCL since March 2007. Mr. Ho has been appointed as an Executive Director of HKCG (a listed public company and the controlling shareholder of TCCL) with effect from October 2020. Mr. Ho is also the Chief Financial Officer and the Company Secretary of HKCG and holds directorships in various subsidiaries of HKCG. He is a director of Changchun Gas Co., Ltd., Shenzhen Gas Corporation Ltd. and Foran Energy Group Co., Ltd., all of which are listed public companies. Mr. Ho is the Vice Chairman of the General Committee of the Chamber of Hong Kong Listed Companies, Vice Chairman of the Taxation Committee of the Hong Kong General Chamber of Commerce and a Member of the Accountancy Training Board of the Vocational Training Council. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow of The Hong Kong Institute of Directors. Mr. Ho graduated from the University of Manchester in the United Kingdom with an honourable Bachelor of Arts degree in Economics and Social Studies (Accounting and Finance). He completed the Advanced Management Program from Harvard Business School in the United States, the Senior Executive Program offered by Harvard Business School, Tsinghua University School of Economics and Management and China Europe International Business School, and the Chief Executive Program from Singapore Institute of Management. Mr. Ho has over 42 years of experience in accounting, corporate finance and investments.

The Issuer does not have any employees or subsidiaries.

The issued share capital of the Issuer is HK\$1, dividing into 1 ordinary share. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

The Issuer's financial statements for the year ended 31 December 2020 were audited by Deloitte Touche Tohmatsu, its independent auditor.

## CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

The table below sets out the Issuer's capitalisation as derived from its audited financial statements for the year ended 31 December 2020:

	<b>As at 31 December 2020</b>	
	<b>Actual</b>	<b>Actual<sup>(1)</sup></b>
	<i>HK\$</i>	<i>U.S.\$</i>
	<i>(in millions)</i>	
<b>Current liabilities:</b>		
Borrowings <sup>(2)</sup> . . . . .	1,287.0	165.0
<b>Non-Current liabilities:</b>		
Borrowings <sup>(2)</sup> . . . . .	5,667.0	726.5
<b>Shareholders' deficit</b> . . . . .	(196.9)	(25.2)
<b>Capitalisation<sup>(3)</sup></b> . . . . .	5,470.1	701.3

*Notes:*

- (1) The Issuer maintains its accounts in Hong Kong dollars. The financial information stated above has been translated into U.S. dollars at the exchange rate of HK\$7.80 to U.S.\$1.00.
- (2) All of the Issuer's borrowings are unsecured but guaranteed by TCCL.
- (3) Total capitalisation includes borrowings in non-current liabilities and shareholders' deficit.

The Issuer had no material contingent liability as at 31 December 2020.

Except as disclosed above, there has been no material change in the Issuer's capitalisation and indebtedness since 31 December 2020.

## CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets out TCCL's consolidated capitalisation as derived from its audited financial statements as at 31 December 2020:

	<b>As at 31 December 2020</b>	
	<b>Actual</b>	<b>Actual<sup>(4)</sup></b>
	<b>HK\$</b>	<b>U.S.\$</b>
	<i>(in millions)</i>	
<b>Current liabilities:</b>		
Borrowings <sup>(2)</sup> . . . . .	5,136.7	658.6
<b>Non-Current liabilities:</b>		
Borrowings <sup>(2)</sup> . . . . .	6,356.0	814.9
<b>Shareholders' funds<sup>(1)</sup></b> . . . . .	<b>20,722.9</b>	<b>2,656.8</b>
<b>Capitalisation<sup>(3)</sup></b> . . . . .	<b>27,078.9</b>	<b>3,471.7</b>

*Notes:*

- (1) Directors of TCCL proposed a final dividend of HK\$0.15 per ordinary share for the year ended 31 December 2020, and the proposed dividend of HK\$445.3 million was included in the shareholders' funds as at 31 December 2020. On 16 March 2020, a scrip dividend scheme was proposed by the Board, which offers the shareholders of TCCL may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. This proposal was approved at TCCL's annual general meeting held on 21 May 2020. On 6 July 2020, 98,247,825 shares of HK\$0.10 each were allotted and issued at HK\$3.644 each to shareholders who had elected to receive new shares in lieu of cash dividend in respect of the 2019 final dividend under the scrip dividend scheme. This brought the total outstanding shares as at 31 December 2020 to 2,968,934,833.
- (2) All TCCL's borrowings were unsecured.
- (3) Total capitalisation includes borrowings in non-current liabilities and shareholders' funds.
- (4) TCCL maintains its accounts in Hong Kong dollars. The financial information stated above has been translated into U.S. dollars at the exchange rate of HK\$7.80 to U.S.\$1.00.

Except as disclosed above, there has been no material change in TCCL's consolidated capitalisation and indebtedness since 31 December 2020. TCCL usually pays dividends once annually, and at times offers scrip dividend scheme to its shareholders. For the year ended 31 December 2020, TCCL proposed final dividend of a total of HK\$445.3 million at HK\$0.15 per ordinary share. On 18 March 2021, a scrip dividend scheme was proposed by the Board, which offers the shareholders of TCCL may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. The final dividend proposal was approved at TCCL's annual general meeting held on 27 May 2021.

## THE PRC GAS INDUSTRY

This section provides an overview of the gas industry in the PRC. The information presented in this section has been extracted from publicly available documents and reports prepared by third parties, which have not been independently verified by the Issuer, TCCL, the Arrangers or any of their affiliates or advisers. It does not consider any other facets of regulation such as PRC company law and taxation law.

### PRC Downstream Piped City-Gas Industry

#### *Natural Gas Production and Consumption in the PRC*

In its push to accelerate the conversion to clean fuels, the PRC government has stated in its Fourteenth five year plan for 2021–2025 its plan to achieve carbon neutrality by 2060, setting major key performance indicators on economic and social development, including a 13.5 per cent reduction in the PRC’s energy consumption per unit of GDP and 18 per cent cut in the PRC’s CO<sub>2</sub> emission per unit of GDP. The PRC government intends to achieve this goal by increasing energy consumption from cleaner fuels such as natural gas, hydroelectric power and other renewable energy sources such as biomass and wind power. The PRC government has provided strong support to the development of clean energy led by natural gas. The PRC’s President Xi recently stated at the General Assembly of the United Nations that the PRC’s emissions would peak around 2030 and the PRC would strive to achieve carbon neutrality by 2060. Under the Energy Production and Consumption Revolution Strategy (《能源生產及消費革命戰略》) (2016–2030), the PRC government targets to increase the proportion of natural gas in the PRC’s total primary energy consumption to 15 per cent. by 2030.

In recent years, gas consumption has been growing rapidly. According to BP Statistical Review 2020, domestic gas consumption in 2019 grew by 8.6 per cent. year-on-year, amounting to 307.3 billion cubic metres (“BCM”) accelerating with supply not able to keep pace. Such growth was partly driven by strong economic growth and the PRC government’s initiatives to curb air pollution by reducing reliance on coal and moving to the cleaner gas alternative.

#### China Natural Gas Consumption



Source: BP Statistical Review of World Energy 2020

The majority domestic gas production in the PRC originates from three onshore regions, namely the Sichuan Basin in Southwest China, the Xinjiang Province and Qinghai Province with the Tarim, Junggar, and Qaidam Basins in Northwest China, and the Ordos Basin in Shanxi Province to the North. According to BP Statistical Review 2020, the PRC produced 177.6 BCM of gas in 2019, representing a year-on-year growth of 9.9 per cent..

## *Natural Gas Infrastructure in the PRC*

In order to encourage natural gas usage and improve the supply infrastructure, the PRC government and key Chinese oil and gas upstream participants have made significant investments in the construction of gas pipelines that bring natural gas from the gas-rich provinces to the regions of the country where natural gas consumption is high. The table below summarises key natural gas pipeline projects in the PRC currently in operation.

<b>Name of Major Pipeline Completed</b>	<b>Service region</b>	<b>Completion date</b>	<b>Annual capacity (BCM)</b>
Shaan-Jing I . . . . .	Shaanxi to Beijing	1997	3.3
Se-Ning-Lan . . . . .	Qinghai to Gansu	2001	3.4
Zhongxian-Wuhan (Zhong-Wu) . . . . .	Chongqing to Hubei	2004	3.0
West-to-East (W2E) . . . . .	Xinjiang to Shanghai	2004	12.0
Shaan-Jing II . . . . .	Shaanxi to Beijing	2005	12.0
West-to-East (W2E) – expansion . . . . .	Xinjiang to Shanghai	2009	5.0
Daqing-Harbin . . . . .	Daqing to Harbin	2007	5.0
Daqing-QiQi Harer . . . . .	Daqing to QiQi Harer	2008	0.8
Sichuan-to-East China . . . . .	Sichuan to Shanghai	2010	15.0
Yulin-Jinan . . . . .	Shaanxi to Jinan	2010	3.0
Shaan-Jing III . . . . .	Shaanxi to Beijing	2010	15.0
West-to-East II (W2E II) . . . . .	Xinjiang to Guangzhou	2011	30.0
Burma-China . . . . .	Yunnan and Guizhou	2013	12.0
ZhongWei-Guiyang . . . . .	Ningxia to Guizhou	2016	15.0
Shaan-Jing IV . . . . .	Shaanxi to Beijing	2017	15.0
West-to-East III (W2E III) . . . . .	Xinjiang to Guizhou	2018	30.0

Source: PetroChina, Sinopec and PRC

### *PipeChina (國家石油天然氣管網集團有限公司)*

The formation of the China Oil & Gas Pipeline Network Corporation (“PipeChina”) in 2019 is part of the oil and gas reform, intending to segregate the ownership of upstream and midstream gas infrastructure assets in the PRC through acquiring natural gas pipelines from the three big oil groups in the PRC. PipeChina will replace the traditional operators of the domestic pipeline network such as China National Offshore Oil Corp, PetroChina Company Limited and Sinopec Kantons Holding Ltd., and will operate the majority of natural gas pipelines in the PRC.

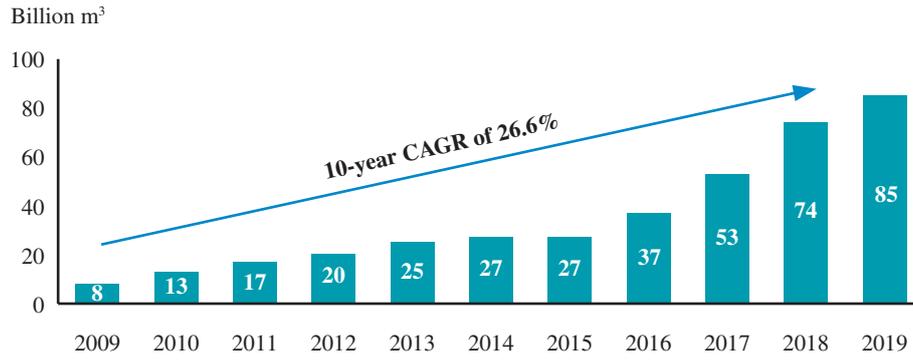
With the establishment of PipeChina, the usage of the midstream pipelines could be opened up for third parties, which increases the number of natural gas suppliers and facilitates the formation of market mechanism.

### *Natural Gas Import into the PRC*

The PRC currently has seventy operational LNG regasification terminals in Fujian, Guangdong, Jiangsu, Liaoning and Zhejiang provinces. A further three terminals are currently under construction or planning in the PRC. With significant regasification capacity under development, LNG will play a key role in helping to meet the PRC’s growing gas demand requirements.

The PRC is an importer of gas as a mean to bridge the domestic gap between supply and demand. Gas is primarily transported globally via pipeline or as LNG. According to BP Statistical Review 2020, the PRC’s total gas imports increased by 9.2 per cent. from approximately 121.3 BCM to 132.5 BCM from 2018 to 2019. The majority of the PRC’s increase in imports was from LNG, which increased by 11.3 BCM, from 73.5 BCM to 84.8 BCM, representing an increase of 15.4 per cent.. The PRC has overtaken South Korea and becomes the second largest LNG importer globally. The PRC’s pipeline gas imports also increased during the period from 2017 to 2019 by 7.8 BCM, from 39.9 BCM to 47.7 BCM, representing an increase of 19.5 per cent.. In 2017, the PRC’s LNG gas imports exceeded its pipeline gas imports.

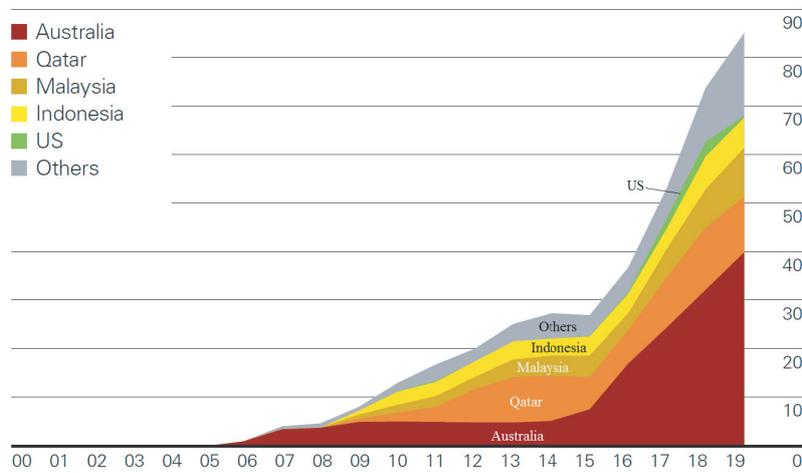
## China LNG Imports



Source: BP Statistical Review of World Energy 2020

### LNG imports by source: China

Billion cubic metres



Source: BP Statistical Review of World Energy 2020

## DESCRIPTION OF TCCL

### Overview and History

TCCL is an investment holding company. Its subsidiaries are principally engaged in the sales and distribution of piped gas in the PRC including the provision of piped gas, construction of gas pipelines, the operation of city gas pipeline network, the operation of gas fuel automobile refilling stations, and the sale of gas household appliances. TCCL has been listed on the Main Board of Hong Kong Stock Exchange since 2005 and had a market capitalisation of approximately HK\$15.1 billion as at 31 May 2021. Its principal place of business in Hong Kong is situated at 23rd Floor, 363 Java Road, North Point, Hong Kong.

As at 31 December 2020, TCCL operated a total of 197 project companies (inclusive of piped gas projects re-invested by the Group's companies) spanning 21 provinces, municipalities and autonomous regions in the PRC, including Anhui, Fujian, Guangdong, Guangxi, Guizhou, Hebei, Henan, Heilongjiang, Hubei, Hunan, Jilin, Jiangsu, Jiangxi, Liaoning, Inner Mongolia, Shandong, Sichuan, Shanghai, Yunnan, Zhejiang and Chongqing, and served approximately 14.1 million customers. As at 31 December 2020, the Group totalled 58,081 kilometres in gas pipeline network length, 12,000 million cubic metres in gas sales volume, and HK\$12,826 million in revenue.

In line with the escalating concern for sustainable development, businesses in the international community have started to focus on companies with environmental sustainable operations. In this regard, TCCL's admission as a constituent stock to the "Hang Seng Corporate Sustainability Index Series" in Hong Kong in 2012 highlighted the industry's recognition of the Group's efforts to fulfil corporate social responsibilities and performance in sustainable development.

### Strengths

*TCCL hold a strong and sustainable position in the geographical markets in which it operates.*

TCCL (formerly known as Panva Gas) has been operating joint venture projects in the PRC since 1998 and has developed a significant foothold in 21 provinces, municipalities and autonomous regions across the PRC. TCCL maintains good relationships with and receives support from the PRC government authorities, as many of TCCL's joint venture partners are provincial or local governments or government-owned entities. As at 31 December 2020, TCCL, through its Group entities, maintained interests in 197 projects, including 164 piped city-gas projects (inclusive of piped gas projects re-invested by the Group's companies), 21 DES projects, one upstream project, four midstream transportation projects and seven engineering and other projects. Many of TCCL's piped city-gas projects have been granted exclusive operation rights, usually for terms of 30 years. TCCL also holds 38.7 per cent. of Foran Energy Group Co., Ltd., 11.7 per cent. of Chengdu Gas Group Corporation Ltd and 28.2 per cent. of Changchun Gas Company Limited as strategic shareholdings.

### Supportive Government Policies to Bolster Long-term Growth Prospects

TCCL benefits from the favourable industry backdrop for natural gas consumption in the PRC, which has grown at a CAGR of 13.0 per cent. from 2009 to 2019 according to the BP Statistical Review of World Energy 2020. The industry is further supported by the construction of large-scale natural gas infrastructure projects, such as the West-to-East project, the natural gas infrastructure project with Russia and several LNG terminal projects. The PRC has been importing gas from Russia since December 2019, after the Power of Siberia Pipeline was brought into operation. The pipeline is 3,000 kilometres long, with an export capacity of supplying up to 38 BCM of natural gas on an annual basis. Together with other import gas pipeline such as Central Asian Gas Pipeline, the China-Myanmar pipeline, this will facilitate the increase of the Group's upstream gas sources for 35 city-gas projects in Northern and Northeastern China, expand customer base in the region and boost gas sales growth.

Furthermore, the formation of PipeChina in 2019 is part of the oil and gas reform, intending to segregate the ownership of upstream and midstream gas infrastructure assets in the PRC through acquiring natural gas pipelines from the three big oil groups in the PRC. Before the reform, all the long-distance pipelines were controlled by national upstream gas suppliers. Major oil and gas companies were reluctant to grant third-party access to their pipelines as the opening up of pipelines essentially means sharing their sales

and markets with competitors. With the establishment of PipeChina, the usage of the midstream pipelines could be opened up for third parties, which increases the number of natural gas suppliers and facilitates the formation of market mechanism. The establishment of PipeChina would benefit downstream natural gas suppliers and end users, by enjoying more stable gas supplies and lower gas purchasing costs in the future. Since March 2020, under the “Central Pricing Catalogue”, the NDRC promoted city-gate natural gas prices to be determined by the market in provinces with competitive capabilities which TCCL can leverage the competitive market prices to manage costs in the upstream market.

***TCCL’s management team has rich experiences in the gas and distribution businesses and TCCL has a committed substantial shareholder.***

TCCL’s management and operational teams have extensive experiences in numerous aspects of the gas industry such as business operations, technical know-how, engineering, safety and sales and marketing. The management team maintains a high standard of corporate governance, prudence in financial controls and strict adherence to environmental and safety policies. TCCL’s management and operational teams also have strong contacts with local and provincial governmental departments and authorities in the PRC. TCCL also appoints some board members and key managers for each of TCCL’s project companies in the PRC, and in most cases, the general managers, to establish and maintain TCCL’s corporate governance and operational standards and to lend their expertise to the new ventures.

TCCL’s primary substantial shareholder is HKCG. As at 31 December 2020, HKCG held the beneficial interest in approximately 68.21 per cent. of TCCL’s shares. TCCL could leverage on HKCG’s wealth of experience in city-gas business which is gained in its 159 years of history. TCCL will be benefit from an operational perspective through leveraging the use of Jintan Gas Storage and Tangshan LNG terminal, which is owned and invested by HKCG.

***TCCL has a higher focus on commercial and industrial business development.***

TCCL focuses more on the development of the commercial and industrial market. In 2020, around 76 per cent. of the gas sales volume is to the commercial and industrial market. These sectors will benefit from the PRC’s relatively fast growth of GDP. Furthermore, the profitability of these sectors is also higher and more stable, as it is easier and more flexible to pass-through gas cost. The national environmental policy which promotes coal-to-gas conversion and wider utilisation of natural gas will drive a faster growth of gas demand in the commercial and industrial sectors as well. As the PRC aims to achieve carbon emission peak by 2030 and carbon neutrality by 2060 whereas natural gas continues to grow as an important source of clean energy in the PRC, with a growing presence in PRC’s energy mix, TCCL will be able to capture this growth trend.

***TCCL has a strong and conservative financial profile.***

TCCL has strong financials supported by stable income and cash flow primarily derived from its piped city-gas business in the PRC. TCCL also exercises a prudent financial policy and maintains its key leverage ratios at conservative and serviceable levels. In June 2015, Standard & Poor’s upgraded the long-term corporate credit rating of TCCL from “BBB” to “BBB+”, while maintaining its rating outlook as “stable”. In July 2015, Moody’s Investors Service upgraded the issuer rating of TCCL from “Baa2” to “Baa1” with a “stable” outlook rating. These ratings have been maintained since 2015. These ratings, and the ongoing enhancement in its credit standing in particular, reflect the credit rating agencies’ recognition of TCCL’s stable business and credit profile.

## **Strategy**

***Strategically expand its PRC businesses.***

TCCL sees the PRC as a key driver of its growth and is committed to expanding its current operations and joint venture projects. As at 31 December 2020, the Group maintained interests in 164 piped city-gas projects (inclusive of piped gas projects re-invested by the Group’s companies).

TCCL seeks to implement downstream piped city-gas projects in cities with natural gas availability and good economic growth prospects that will increase demand for piped city-gas in the commercial, industrial and residential sectors. In addition, TCCL aims to expand its four midstream projects by establishing a strong strategic link to a secure natural gas supply, which will complement its downstream piped city-gas projects and also gain a foothold in geographic areas where TCCL does not currently operate. TCCL expects to experience growth in existing projects and commence new projects, in particular, by seeking business opportunities in locations near to its existing projects and existing and future long haul transportation pipelines.

In October 2020, TCCL announced its RMB4.7 billion investment in Shanghai Gas, amounting to 25 per cent. of the enlarged capital of Shanghai Gas. The two parties have also signed an agreement to strengthen cooperation, with Shanghai Gas acquiring 25 per cent. of TCCL within the upcoming two years. Following the entry into the Capital Increase Agreement with Shanghai Gas and its parent company, Shenergy Group in October 2020, all parties to the agreement have started to communicate on a number of business fronts. The progress of the collaboration is thus well on schedule. With a population of over 24 million, Shanghai is a huge gas market. Shanghai Gas has a customer base of 6.3 million and an annual natural gas sales volume of more than nine BCM. Shanghai Gas also owns a pipe network of over 25,000 km and has an LNG import volume of six BCM and LNG storage capacity of 1.2 million cubic metres. Through the cooperation, TCCL will not only extend its business footprint to Shanghai, the most economically developed city in China, but also create substantial synergies for its business presence in eastern China and the entire Yangtze River Delta. Furthermore, TCCL will also benefit from the expansion of its scale of business and the enhancement of its quality of development. The synergy will increase HKCG's and TCCL's combined customer base to around 40 million accounts. Yet another benefit is TCCL's ability to access and use the facilities of Wuhaogou and Yangshan Port LNG receiving terminal which is operated by Shanghai Gas. This will also help to expand TCCL's channels for the direct purchase of natural gas from abroad.

***Shift towards higher quality customer base and higher margin business segments with lower risk profiles.***

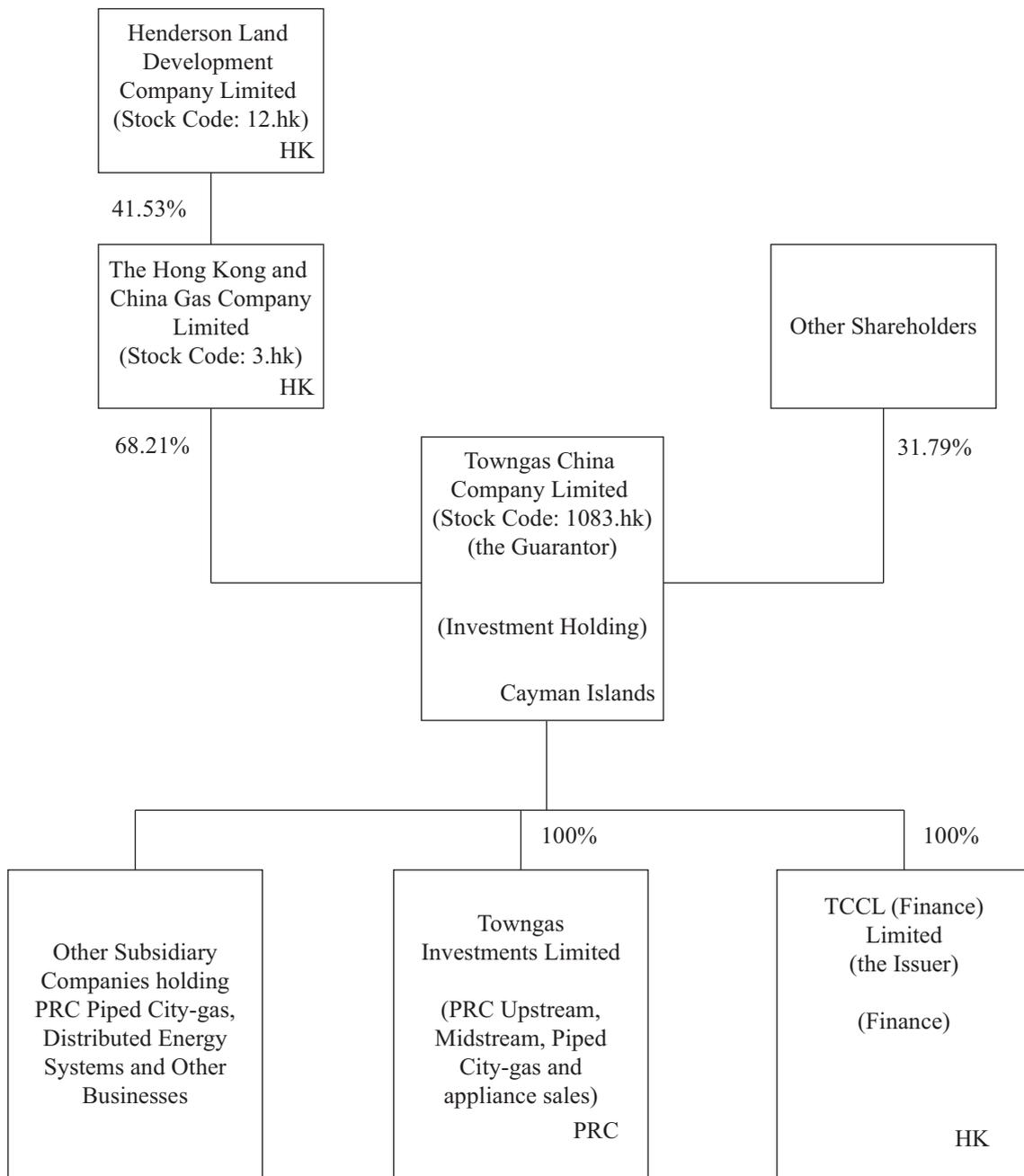
In the PRC, TCCL aims to increase its customer base in the more attractive commercial and industrial market segments as opposed to the residential market segment. In the commercial and industrial market segments, TCCL's project companies have greater pricing power due to their relatively relaxed government controls, the price competitiveness of piped city-gas and the ability to deliver piped city-gas in bulk at higher margins. For the year ended 31 December 2020, TCCL's gas sales by volume in the PRC were approximately 78 per cent. to commercial and industrial customers and approximately 22 per cent. to residential customers.

***Leverage existing experience and infrastructure.***

TCCL owns and operates an underground infrastructure system, with a pipeline network of approximately 58,000 km in total, in each of its downstream piped city-gas locations in the PRC. As a result, TCCL can efficiently meet growing demand for piped city-gas by expanding and maintaining its pipeline network in the PRC. With the ongoing urbanisation in the PRC, many cities and towns will continue their expansion. TCCL's established backbone infrastructure and pipelines will facilitate business growth by extending branches to the expanded zones, areas and industrial parks, etc. in those cities and towns.

## Organisation

The following is a simplified diagram of TCCL's corporate structure as at 31 December 2020:



## Gas Business Lines

The gas industry can be broadly categorised into three segments: upstream production, midstream transportation and downstream piped city-gas distribution. TCCL's core business is the processing, transportation and distribution of piped city-gas in the PRC. The PRC also presents midstream and upstream growth opportunities. The following discussion provides a description of TCCL's downstream piped city-gas transportation and distribution in the PRC, and a summary of the Group's PRC projects.

## ***Overview***

The following is a general industrial description of the gas delivery process. Natural gas production mainly involves underground exploration, drilling, extraction and purification. After extraction from a gas well, natural gas is transmitted to nearby facilities for removal of water content and impurities. The natural gas is then transported from the facilities via long haul pipelines under high pressure so that it may be supplied to multiple locations near such pipelines.

In the PRC, TCCL operates, indirectly through its project companies, the gas pipeline infrastructure of each piped city-gas project location (including the intermediate pipelines, the city gates, the main pipelines and the branch pipelines). In the PRC, TCCL primarily engaged in downstream activities by way of purchasing natural gas from oil and gas exploration and production companies and distributing natural gas to end-users. The downstream company determines the method of delivering natural gas to its desired destination after taking into account factors such as the distance between the collection and delivery points and the expected demand for gas from the relevant gas supply locations. Apart from pipeline transportation and distribution, there are alternative means of natural gas transportation including the delivery of liquefied or compressed natural gas by truck to a processing station from gas wells or stations located along the relevant long haul pipeline.

Main pipelines are laid within a piped city-gas operational location and represent the backbone of the gas delivery system. Different sections of the main pipelines operate at slightly different pressures, with computer-controlled regulators controlling the flow of natural gas for delivery to end-users via the branch pipelines. When there is a demand for a connection of gas to a particular area within a location, the downstream company will invest in the construction of the branch pipelines to connect the main pipelines to the pressure-regulating boxes located in the end-users' buildings or premises. The pressure-regulating box reduces the natural gas to a lower pressure before the natural gas is transported to the end users' buildings or premises.

## **PRC Gas Projects**

### ***Overview***

TCCL's PRC business began in 1998 and it is TCCL's strategy to expand in the PRC, as TCCL views the PRC as an important aspect of its growth strategy. TCCL maintains a presence in many of the PRC's most economically vibrant cities and regions, and as at 31 December 2020, the Group maintained interests in 164 downstream piped city-gas projects (inclusive of piped gas projects re-invested by the Group's companies), 4 midstream transportation projects across 19 provinces, municipalities and autonomous regions. In the downstream piped city-gas segment, TCCL seeks to implement projects in developing cities with natural gas availability, high-living standards and good economic growth prospects to service utility needs and industrial infrastructure growth. In the midstream transportation segment, TCCL aims to expand its 4 midstream projects by establishing a strong strategic link to a reliable natural gas supply for its downstream piped city-gas operational areas.

In line with the escalating concern for sustainable development, businesses in the international community have started to focus on companies with environmental sustainable operations. In this regard, TCCL's admission as a constituent stock to the "Hang Seng Corporate Sustainability Index Series" in Hong Kong in 2012 highlighted the industry's recognition of the Group's efforts to fulfil corporate social responsibilities and performance in sustainable development.

## **Downstream piped city-gas in the PRC**

### ***Overview***

TCCL's piped city-gas business forms the core of its activities in the PRC. TCCL first began operations in the PRC in 1998. As at 31 December 2020, TCCL maintained interests in 164 piped city-gas projects (inclusive of piped gas projects re-invested by the Group's companies) in 19 provinces, municipalities and autonomous regions and served approximately 14.1 million commercial, industrial and residential customers.

For the downstream piped city-gas projects (inclusive of piped gas projects re-invested by the Group's companies), TCCL expects growth to come primarily from (i) expansion of TCCL's gas pipeline infrastructure by each project, (ii) future development of additional projects, (iii) an increase in gas consumption by the commercial and industrial customers as a result of economic development, (iv) an increase in natural gas as a component of total energy consumption and (v) planned construction of long haul pipelines by the PRC government. Accordingly, TCCL believes that there is potential for expansion, which is also evidenced by the PRC government's policy implementations to emphasise the role of natural gas as a source of energy. TCCL aims to capture both an increased market share and a steady income stream from an established customers base. Generally, the existing downstream piped city-gas projects focus on attracting large industrial and commercial customer base, as their gas usage rates are of a higher yield than residential customers. For the year ended 31 December 2020, gas sales by volume by TCCL in the PRC were 78 per cent. to commercial and industrial customers and 22 per cent. to residential customers.

TCCL also sells quality gas appliances to customers under HKCG's Bauhinia brand, which HKCG launched in September 2005. As at 31 December 2020, about 3.4 million Bauhinia units have been sold since its launch. As at 31 December 2020, about 163 customer centres were in operation offering value-added gas services to customers in addition to providing a showcase for TCCL's products. TCCL and HKCG are also working closely with manufacturers to build on HKCG's experience in Hong Kong to design and produce innovative and effective products that will meet the needs of its customers with built-in safety features.

### ***Pricing and billing***

TCCL's gas usage charges in the PRC are based on actual usage on a per cubic metre basis. The gas usage charges per cubic metre vary among the piped city-gas operational locations. TCCL determines the gas usage charges after taking into consideration the wholesale price of gas, operating costs, the price of substitute products and the purchasing power of local residents, subject to the approval of the local pricing bureau.

Connection fees are determined after a detailed analysis of factors such as estimated capital expenditure, number of users, growth in penetration rates, income levels and affordability for local residents. For the year ended 31 December 2020, consolidated gas sales and sales of related products accounted for approximately 83 per cent., and consolidated connection fees accounted for approximately 17 per cent., of consolidated revenues respectively. Both connection fees and gas usage fees are subject to the approval of the local pricing bureau. Future price increases are also subject to the same approval process. Prior to increasing gas usage charges, the local pricing bureau may consider factors such as increases in the wholesale price of gas or operating expenses, inflation and additional capital expenditure.

Generally, TCCL mails bills each month to its residential, commercial and industrial customers. TCCL reads the metres of the majority of its customers each month so that bills accurately reflect usage, especially the high-volume consumption of its commercial and industrial customers. Customers have the option to pay by cheque, auto-pay, at banks or online. In some PRC piped city-gas locations, customers are also given the option to use pre-paid cards that are purchased and refilled at Towngas customer service centres. The pre-paid cards are inserted into the customers' gas units and gas volume is deducted based on usage. Because most of TCCL's gas sales in the PRC are commercial and industrial, and correspondingly, TCCL's ability to turn off the supply of gas due to non-payment is relatively easy, the bad debt rate is very low.

The following tables summarise the Group's principal piped city-gas project companies in the PRC as at 31 December 2020:

	<u>Equity Share</u> (%)	<u>Location</u>
Foran Energy Group Co., Ltd. . . . .	38.7	Guangdong
Qingyuan Hong Kong and China Gas Company Limited . . . .	80	Guangdong
Shao Guan Hong Kong and China Gas Company Limited . . . .	100	Guangdong
Yang Jiang Hong Kong and China Gas Company Limited . . . .	100	Guangdong
Chaozhou Fengxi Hong Kong and China Gas Company Limited . . . . .	60	Guangdong
Gao Chun Hong Kong and China Gas Co., Ltd . . . . .	100	Jiangsu
Dafeng Hong Kong and China Gas Company Limited . . . . .	51	Jiangsu
Tongshan Hong Kong and China Gas Company Limited . . . . .	100	Jiangsu
Shandong Jihua Gas Co., Ltd . . . . .	49	Shandong
Qingdao Zhongji Hong Kong and China Gas Company Limited <sup>(1)</sup> . . . . .	90	Shandong
Qingdao Dong Yi Hong Kong and China Gas Company Limited <sup>(1)</sup> . . . . .	60	Shandong
Weihai Hong Kong and China Gas Company Limited <sup>(1)</sup> . . . . .	50	Shandong
Taian Taishan Hong Kong and China Gas Company Limited <sup>(1)</sup> . . . . .	49	Shandong
Zibo Hong Kong and China Gas Company Limited <sup>(1)</sup> . . . . .	50	Shandong
Zibo Lubo Gas Company Limited <sup>(1)</sup> . . . . .	27	Shandong
Longkou Hongkong and China Gas Co., Ltd <sup>(1)</sup> . . . . .	100	Shandong
Weifang Hong Kong and China Gas Company Limited <sup>(1)</sup> . . . . .	50	Shandong
Chi Ping Hong Kong and China Gas Company Limited . . . . .	85	Shandong
Linqu Hong Kong & China Gas Company Limited . . . . .	42.4	Shandong
Laiyang Hong Kong and China Gas Co., Ltd . . . . .	100	Shandong
Boxing Hong Kong and China Gas Company Limited . . . . .	65	Shandong
Feicheng Hong Kong and China Gas Company Limited . . . . .	100	Shandong
Jinan Pingyin Hongkong & China Gas Company Limited . . . . .	82.2	Shandong
Wulian Hong Kong and China Gas Company Limited . . . . .	70	Shandong
Yangxin Hong Kong & China Gas Company Limited . . . . .	51	Shandong
Zhao Yuan Hong Kong & China Gas Company Limited . . . . .	100	Shandong
Tongxiang Hong Kong and China Gas Company Limited <sup>(2)</sup> . . . . .	76	Zhejiang
Huzhou Hong Kong and China Gas Company Limited <sup>(2)</sup> . . . . .	98.9	Zhejiang
Hangzhou Hong Kong and China Gas Company Limited <sup>(2)</sup> . . . . .	50	Zhejiang
Songyang Hong Kong and China Gas Company Limited . . . . .	51.4	Zhejiang
Chizhou Hong Kong and China Gas Company Ltd. . . . .	100	Anhui
Anqing Hong Kong and China Gas Company Limited <sup>(1)</sup> . . . . .	50	Anhui
Maanshan Hong Kong and China Gas Company Limited <sup>(1)</sup> . . . . .	50	Anhui
Huang Shan Hong Kong & China Gas Co., Ltd . . . . .	100	Anhui
Huangshan Huizhou Hong Kong and China Gas Company Limited . . . . .	100	Anhui
Huang Shan Taiping Hong Kong and China Gas Company Limited . . . . .	100	Anhui
Maanshan Bowang Hong Kong and China Gas Company Limited . . . . .	75.1	Anhui
Maanshan Jiangbei Hong Kong and China Gas Company Limited . . . . .	100	Anhui
Wuhu Hong Kong & China Gas Company Limited . . . . .	50	Anhui
Wuhu Jiangbei Hong Kong and China Gas Company Limited . . . . .	100	Anhui
Changchun Gas Company Limited . . . . .	28.2	Jilin
Gongzhuling Hong Kong and China Gas Company Limited . . . . .	100	Jilin
Siping Hong Kong and China Gas Company Limited . . . . .	80	Jilin
Ben Xi Hongkong and China Gas Company Limited . . . . .	80	Liaoning
Chaoyang Hongkong and China Gas Company Limited . . . . .	90	Liaoning
Tie Ling Hong Kong and China Gas Company Limited . . . . .	80	Liaoning
Fuxin Hongkong and China Gas Company Limited . . . . .	90	Liaoning
Yingkou Hong Kong and China Gas Company Limited <sup>(2)</sup> . . . . .	100	Liaoning

	<u>Equity Share</u>	<u>Location</u>
	(%)	
Dalian Changxing Hong Kong and China Gas Company Limited <sup>(2)</sup> . . . . .	100	Liaoning
Dalian DETA Hong Kong and China Gas Company Limited <sup>(2)</sup> . . . . .	40	Liaoning
Shenyang Hong Kong and China Gas Company Limited . . . . .	100	Liaoning
An Shan Hong Kong and China Gas Company Limited . . . . .	100	Liaoning
Dalian Lvshun Hong Kong and China Gas Company Limited . . . . .	100	Liaoning
Kazuo Hong Kong and China Gas Co., Ltd. . . . .	100	Liaoning
Beipiao Hong Kong and China Gas Company Limited . . . . .	80	Liaoning
Fuxin Dali Gas Company Limited . . . . .	100	Liaoning
Fuxin Xinqiu Hong Kong and China Gas Company Limited . . . . .	100	Liaoning
Jianping Hong Kong and China Gas Company Limited. . . . .	80	Liaoning
大連瓦房店港華燃氣有限公司 . . . . .	90	Liaoning
Qiqihar Hong Kong and China Gas Company Limited . . . . .	61.7	Heilongjiang
Cang Xi Hong Kong and China Gas Company Limited. . . . .	100	Sichuan
Chengdu Gas Group Corporation Ltd . . . . .	11.7	Sichuan
Da Yi Hong Kong and China Gas Company Limited . . . . .	100	Sichuan
Jianyang Hong Kong and China Gas Company Limited . . . . .	100	Sichuan
Lezhi Hong Kong and China Gas Company Limited. . . . .	100	Sichuan
Mei Shan Peng Shan Hong Kong and China Gas Company Limited. . . . .	70	Sichuan
Peng Xi Hong Kong and China Gas Company Limited . . . . .	100	Sichuan
Pingchang Hong Kong and China Gas Company Limited . . . . .	90	Sichuan
Weiyuan Hong Kong and China Gas Company Limited . . . . .	100	Sichuan
Yue Chi Hong Kong and China Gas Company Limited. . . . .	90	Sichuan
Zhong Jiang Hong Kong and China Gas Company Limited . . . . .	100	Sichuan
Ziyang Hong Kong and China Gas Company Limited. . . . .	90	Sichuan
Mianyang Hong Kong and China Gas Company Limited. . . . .	100	Sichuan
Mianyang Heqing Towngas Company Limited. . . . .	80	Sichuan
Xin Du Hong Kong and China Gas Company Limited, Cheng Du . . . . .	100	Sichuan
Xin Jin Hong Kong and China Gas Company Limited . . . . .	60	Sichuan
Jiajiang Hong Kong & China Gas Company Limited . . . . .	70	Sichuan
Mianzhu Hong Kong and China Gas Company Limited . . . . .	80	Sichuan
Mianzhu Yuquan Hong Kong and China Gas Company Limited. . . . .	80	Sichuan
Chongqing Hong Kong and China Gas Company Limited . . . . .	50	Chongqing
Cangxian Hong Kong & China Gas Company Limited . . . . .	90	Sichuan
Mengcun Hong Kong & China Gas Company Limited . . . . .	90	Hebei
Qinhuangdao Hong Kong & China Gas Company Limited . . . . .	51	Hebei
Yan Shan Hong Kong & China Gas Company Limited . . . . .	90	Hebei
Shijiazhuang Huabo Gas Company Limited. . . . .	45	Hebei
Changting Hong Kong and China Gas Company Limited . . . . .	90	Fujian
Luliang Hong Kong & China Gas Company Limited . . . . .	100	Yunnan
Xingyi Hong Kong and China Gas Company Limited. . . . .	70	Guizhou
Zhongxiang Hong Kong & China Gas Company Limited . . . . .	100	Hubei
Jiujiang Hong Kong and China Gas Co., Ltd. . . . .	60	Jiangxi
江西昌九港華燃氣有限公司 . . . . .	60	Jiangxi
Fuzhou Fubei Natural Gas Co., Ltd . . . . .	40	Jiangxi
Wuning Hong Kong and China Gas Company Limited . . . . .	100	Jiangxi
Xiushui Hong Kong and China Gas Company Limited . . . . .	80	Jiangxi
Yifeng Hong Kong and China Gas Company Limited. . . . .	100	Jiangxi
Miluo Hong Kong and China Gas Company Limited . . . . .	70	Hunan
Guilin Hong Kong and China Gas Company Limited . . . . .	100	Guangxi
Guangxi Zhongwei Pipeline Gas Development Group Company Limited. . . . .	100	Guangxi
Liuzhou Hong Kong and China Gas Company Limited. . . . .	100	Guangxi
Baotou Hong Kong and China Gas Company Limited. . . . .	85	Inner Mongolia
青島嶗山灣港華能源有限公司 . . . . .	60	Shandong

*Notes:*

- (1) ten piped city-gas projects transferred from HKCG to Towngas China in March 2007.
- (2) six piped city-gas projects transferred from HKCG to Towngas China in July 2010.

***Midstream projects in the PRC***

TCCL has also made investments in midstream transportation projects that connect the upstream supplier and the downstream piped city-gas provider. These types of midstream investments complement downstream piped city-gas projects, thus enabling TCCL to strengthen its piped city-gas market interests in the relevant PRC regions and also provide a foothold in cities where TCCL currently does not have a presence.

As at 31 December 2020, HKCG maintained interests in 4 midstream projects. The projects generate revenues via wholesale and charging downstream customers for each cubic metre of gas shipped from the upstream supplier.

The following table is a summary of the Group's midstream projects as at 31 December 2020:

	<u>Equity Share</u>	<u>Location</u>
	(%)	
<b>Midstream Projects</b>		
Anhui Province Wenerly Towngas Natural Gas Company Limited. . . . .	49	Auhui
泰安市泰港燃氣有限公司 . . . . .	49	Shandong
內蒙古港億天然氣有限公司 . . . . .	85	Inner Mongolia
山東濟華潤昌燃氣有限公司 . . . . .	69.4	Shandong

**Other Business Lines**

TCCL owns or wholly owns a number of subsidiaries engaged in a variety of business services, including distributed energy system, engineering and upstream projects. TCCL believes its subsidiaries are a key component in its diversification and expansion plans.

**Distributed Energy System**

Towngas China Energy Investment Limited ("TCEI"), another subsidiary of the Company, is actively engaged in business development in the three major segments of regional heat supply, energy interconnection and smart energy for industrial and commercial customers. Accordingly it has achieved several breakthroughs, acquiring projects in connection with distributed photovoltaic applications and further underpinning its progress in power-related businesses. TCEI is developing extensive cooperations with professional associations and businesses in the industry, enhancing the Group's expertise and technical abilities, while also fostering solid foundations for the business development of the Group's energy business.

The following table is a summary of the Group's DES projects as at 31 December 2020:

	<u>Equity Share</u> (%)	<u>Location</u>
<b>DES Projects</b>		
四川能投分布式能源有限公司 . . . . .	24.4	Sichuan
瀋陽智慧能源系統科技有限公司 . . . . .	55	Liaoning
徐州工業園區中港熱力有限公司 . . . . .	49.8	Jiangsu
青島港能投智慧能源有限公司 . . . . .	62.4	Shandong
吉林省清潔能源開發利用有限公司 . . . . .	63.4	Jilin
陽信港能投智慧能源有限公司 . . . . .	67.8	Shandong
唐山港能投智慧能源有限公司 . . . . .	49	Hebei
博興港能投智慧能源有限公司 . . . . .	78	Shandong
廣西港華智慧能源有限公司 . . . . .	100	Guangxi
徐州港華能源有限公司 . . . . .	70	Jiangsu
馬鞍山港能投智慧能源有限公司 . . . . .	85	Anhui
新密港能投智慧能源有限公司 . . . . .	85	Henan
松陽港能投智慧能源有限公司 . . . . .	85.4	Zhejiang
當塗港能投智慧能源有限公司 . . . . .	75	Anhui
深圳港能投智慧能源有限公司 . . . . .	100	Guangdong
唐山港華能源有限公司 . . . . .	45	Hebei
常州港華天合智慧能源有限公司 . . . . .	45	Jiangsu
安徽港華科達智慧能源有限公司 . . . . .	50	Anhui
銅陵港能投智慧能源有限公司 . . . . .	40	Anhui
阜新港能投智慧能源有限公司 . . . . .	58	Liaoning
海城港華能源有限公司 . . . . .	51	Liaoning

### Upstream Project

TCCL's first upstream project was added to its energy resource portfolio in 2020. TCCL, together with 12 Group companies in the southwest region, jointly launched the Towngas Sichuan United Energy project to build a shale gas liquefaction plant and gas storage facilities. Upon completion, the project will be able to cater for peak requirements for gas storage in the southwestern region. Going forward, the Group will achieve its goals to interconnect company pipeline networks in the region and provide direct supplies of regular gas from gas source locations to businesses in the vicinity.

### Engineering

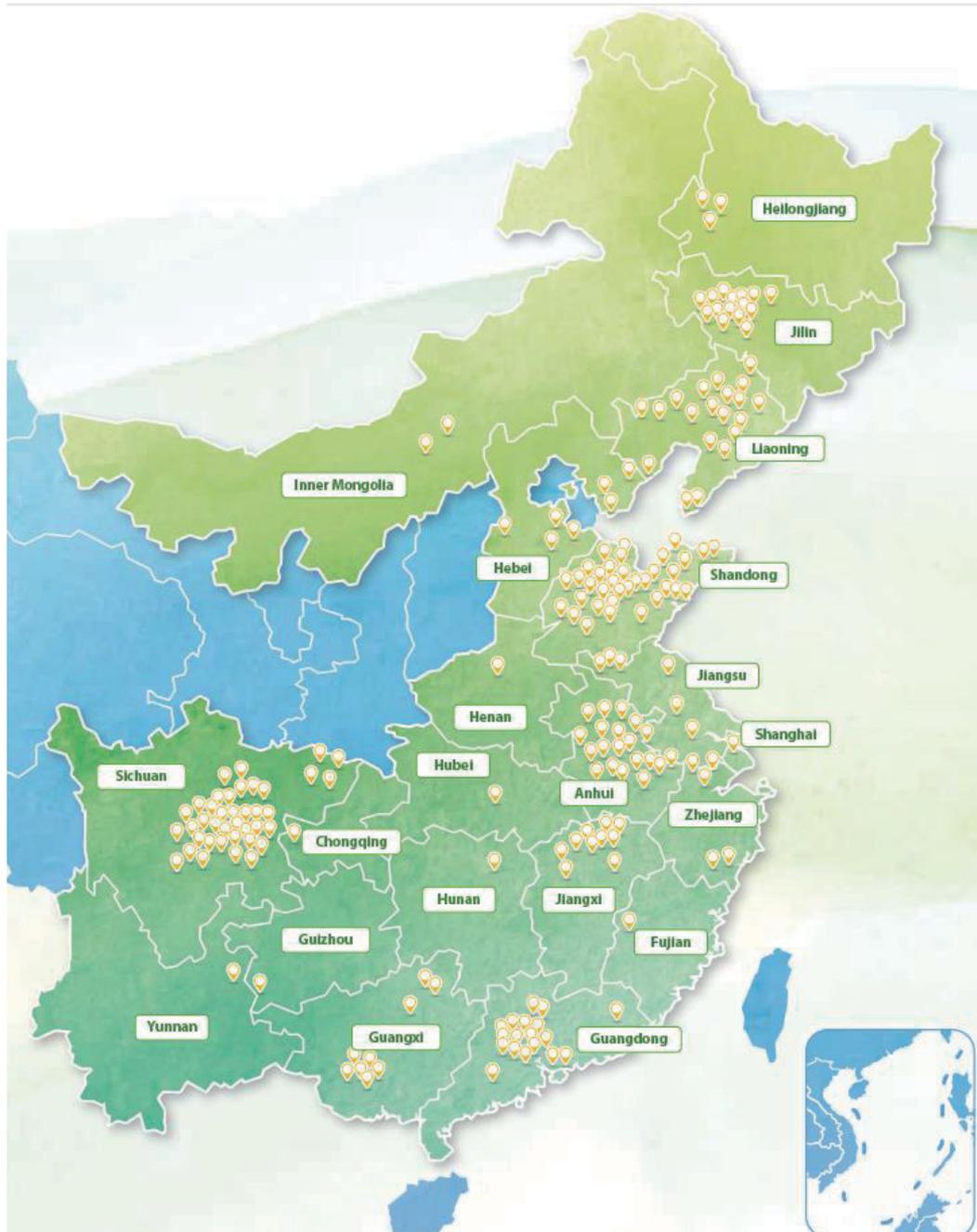
TCCL's wholly owned subsidiary U-Tech (Guang Dong) Engineering Construction Co., Ltd. is an engineering construction and project management company. It is the Group's engineering services arm, providing premium engineering services to the Group's internal and external customers across different regions. It also provides a platform for the development of project work construction business and is able to swiftly integrate resources from among the Group's construction companies whilst speeding up the development of project companies, in addition to also enhancing TCCL's efficiencies in construction management.

### Extended Businesses/Other Businesses

In connection with the Group's integrated green energy services, the Group is currently working to upgrade and transform a number of the Group's services, in addition to provision of natural gas to industrial and commercial customers. Examples include the Group's diversification into cooling, heating, steam and hot water, together with other energy-saving, value-added services. A laundry business, under the "C-Tech" brand, has been commissioned, and efforts are being made to develop the industrial and commercial applications in this market to further gas usage. In line with this extended services strategy, the Group continues to expand the scope of services available on the cloud platform of the Group's online service centre under the Group's Towngas Lifestyle initiative. Further to gas insurance and e-commerce sales services, a brand known as "Towngas Home" has been launched to offer premium household services to residential customers. Premium domestic services relating to kitchenware, heat supply and water purification are also being provided to residential customers under the "Cosy Home" brand.

The following map illustrates the geographic locations of the Group's businesses as at 31 December 2020:





## Suppliers and Customers

### *Suppliers*

#### *Natural Gas*

In the PRC, TCCL sources its gas requirements primarily from large upstream oil and gas production companies. Demand for raw materials in the PRC is high, and TCCL is seeking new means to increase its supply by formalising arrangements with large upstream suppliers as well as investing in city-gas projects with LNG receiving terminal and shale gas liquefaction plant and gas storage facilities. See “*Upstream Project*”.

## ***Customers***

As at 31 December 2020, the Group was serving approximately 14.1 million piped city-gas customers in the PRC, an increase of 5 per cent. from approximately 13.4 million as at 31 December 2019, as a result of business expansion and new projects in the PRC.

In the coming years, TCCL aims to increase its customer base in the commercial and industrial market segments as opposed to the residential market segment. In the commercial and industrial market segments, TCCL has greater pricing power, the ability to deliver its products in bulk and potentially earn higher margins. A shift to the commercial and industrial market segments would increase contribution from recurring piped city-gas revenues. Gas sales volume was approximately 78 per cent. to commercial and industrial customers and approximately 22 per cent. to residential customers for the year ended 31 December 2020.

## ***Competition***

TCCL's core business in the PRC is downstream piped city-gas supply to residential, commercial and industrial customers. Within most areas where TCCL operates, the project possesses exclusive rights for gas distribution for a term of 30 years, and therefore there is no direct competition in those areas. However, TCCL does face competition in the wider energy market, especially from suppliers of LNG, LPG, diesel, coal and electricity, and potentially in areas where exclusive rights have not been secured.

## **Environmental Matters and Safety**

### ***Environment***

TCCL remains committed to the promotion of clean energy and environmental protection in its effort to support the transformation of mainland China's energy structure. The Group strives to reduce its environmental footprint and combat climate change. By formulating energy conservation and environmental management measures, it aims to maximise energy efficiency. A number of TCCL project companies have obtained the ISO 14000 Environmental Management Standards certification.

TCCL has established a specialised division for environmental protection which is responsible for formulating management policies and systems, drafting the Staff Handbook on Safety and Environmental Protection and conducting supervisory checks on the Group's environmental management. It identifies and assesses key environmental factors pertaining to the Group's scope of businesses across various aspects, including resource and energy utilisations, exhaust gas emissions, effluent discharge, discharge on soil, energy release and generation of waste.

TCCL abides by relevant environmental laws and regularly reviews and updates its environmental policies. It has referred to relevant laws and principles set out by state authorities and provisioned specific clauses on conservation of resources and energy. In addition, it has set energy efficiency benchmarks and launched site inspections on energy conservation efforts as well as established specific requirements on the energy efficiency of production facilities, buildings and offices and transportation and logistics, among other areas.

TCCL mandates its project companies to formulate energy saving measures that gradually reduce energy consumption and emissions. Project companies are required to adopt more environmentally friendly materials and technologies in their daily operations and reduce the amount of waste generated while reusing and recycling where possible. In addition, TCCL conducts training for project company staff and encourages them to take part in environmental activities to raise the environmental awareness of staff, customers and business partners in order to disseminate the principles of low-carbon living.

TCCL has always integrated its environmental, social and governance (ESG) responsibilities with its daily business operations, establishing a solid foundation for the creation of long-term corporate and social values through committed efforts to step up its ability to realise sustainable development. Since 2011, the Group has been selected as a constituent of the Hang Seng Corporate Sustainability Benchmark Index Series for 10 consecutive years. Its excellent ESG ratings also reflect the Group's embodiment of the values of stable operations and compliant governance, while developing its sustainable business and creating significant return for stakeholders.

## *Safety*

TCCL has strong safety commitment. In the PRC, TCCL carries out regular safety inspections, checking not only on the condition of gas pipes and installations but also the gas appliances used. As potential risks are immediately addressed, TCCL has been able to reduce the number of serious gas incidents.

Internally, TCCL makes every effort to imbue a safety mind-set not only among the employees but also the partners and contractors. Group Safety Committee Meetings are also held every month at the senior management level. In addition to addressing any potential safety issues which may arise, members of the Group Safety Committee will carry out inspections in person to ensure that safety levels are being met.

TCCL has launched a “General Manager Monthly Safety and Risk Management Programme”, which ensures the direct commitment of the most senior members of management. TCCL’s sophisticated network monitoring “Supervisory Control and Data Acquisition System”, implemented in project companies, continues to improve network safety. The effectiveness of this system is such that it is increasingly being adopted by other gas companies in the PRC.

TCCL also implemented a number of “Key Management Focus” projects addressing safety and risk to further improve the safety performance while the safety audit scoring system received a boost with the implementation of “Five Star+ Safety and Risk Management Audit Programme”.

Regional Joint Venture General Manager Safety Conferences were held in Changchun and Chongqing in 2009 and a technical workshop was held for water projects on safety and risk management audit along with table top exercises which helped to enhance emergency handling procedures. Also, health, safety and environment workshops were held regularly in various regions and provinces, such as Jiangsu, Shandong, Guangdong, Sichuan for safety and risk management personnel of the project companies to share experiences on safety and risk management in Hong Kong and the mainland China which helped to strengthen the safety culture across the business operations.

The “Year of Safe Production” campaigns, first launched in 2008, is being rolled out throughout the operations in the PRC. The campaign took place in northeastern China and southwestern China in 2009 and 2010 respectively, followed by Shandong in 2011 and extended to three further provinces-Jiangsu, Zhejiang and Anhui in 2012, and other regions and provinces during 2013 to 2017. Under this initiative, an analysis of operations, based on geographical location, climate, operations history, safety awareness and other key factors, is carried out to identify key risk areas and establish key performance indicators to address these risks. To evaluate the results of the Group’s effort over the past decade in organising the campaign, the Group’s Safety Committee conducted inspections in the northeastern and northern regions of China in 2017. The Group’s Safety Committee mandated that various safety measures remain in place to ensure safety of gas supply.

2014 was themed the “Year of Safety Re-inspection” across TCCL, and comprehensive production safety re-inspections were conducted on gas facilities, installations and network around mainland China. During the year, the first Pipeline Network Operation Competition organised by TCCL aiming to test participants’ technical knowledge, their knowledge of emergency procedures, work regulations and procedures, and proper handling of equipment was held amongst TCCL’s project companies in the PRC.

During 2015 to 2017, TCCL continued to fully implement the “Enterprise Risk Management System” in which project companies were required to carry out regular corporate risk self-assessment based on nine aspects, namely, the risks of production equipment and facilities, operational risks, legal risks, material supply risks, financial risks, risks of health, safety and environment, risks of human resources, market risks and the risks of information technology systems. Risk Management Committees were established at the Group and project company levels to put corporate risk assessment into action so as to boost their risk control capabilities and to ensure the corporate risk management plan can be implemented in a systematic and effective manner. In 2017, several project companies were selected for a survey on their corporate risk management and control measures taken to gauge their risk management capabilities. In 2020, TCCL further updated the Enterprise Risk Management System by adding the 10th risk – Ethics and Integrity, and standardizing the level of risk in accordance with latest requirement.

General manager of each project company conducts a safety inspection of the operational gas networks every month to identify and address any issues that arise. In addition, two cross-examinations among the project companies are carried out every year. To further emphasise the importance of safe operations and enhance management quality of work safety, the Annual Regional Safety Patrol, led by TCCL's Chairman, was conducted in Northeast China and North China in 2017.

The Health, Safety & Environment Department ("HSED"), situated in TCCL's head office in Shenzhen, holds both advisory and monitoring roles and responsibilities in all matters in relation to health, safety and environment ("HSE") within the Group. It provides professional support to assist the PRC project companies in developing and implementing proactive safety and risk management programmes, aiming at reducing the risk level of all production operations to an acceptable level. These programmes include, but are not limited to, carrying out regular safety inspections of all project companies to identify safety deficiencies, providing safety training to the front-line employees to cultivate their safety culture and to enhance their safety awareness.

### Litigation

Although TCCL may, from time to time, be involved in litigation and claims arising out of its operations in the normal course of business, TCCL is not currently a party to any material legal proceedings out of the ordinary course of business. In addition, TCCL is not aware of any material legal or governmental proceedings against it, or contemplated to be brought against it, under any environmental statute or regulation to which TCCL is subject.

### Insurance

TCCL's insurance programme covers not only the types of insurance required by law but also covers insurance protecting TCCL's assets and legal liability arising from its business operation, in amounts which management believes are reasonable and appropriate. Types of insurance taken out by TCCL include but are not limited to Property All Risk, Business Interruption, Public Liability, Employees' Compensation, Motor, Directors & Officers Liability Insurance. See "*Risk Factors – Risks Related to TCCL's Business – TCCL's operations are subject to the risks, some of which may not be fully covered by insurance, of equipment and systems failure, accidents, interruptions and terrorism*".

### Employees

The following table shows the number of TCCL's employees, including subsidiaries, as at 31 December 2018, 2019 and 2020:

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Hong Kong</b>			
Management Staff . . . . .	3	3	3
General Staff . . . . .	5	6	6
Workmen . . . . .	–	–	–
Hong Kong Total . . . . .	8	9	9
<b>Outside Hong Kong</b>			
Outside Hong Kong Total. . . . .	22,072	22,226	22,422
<b>Total</b> . . . . .	<b>22,080</b>	<b>22,235</b>	<b>22,431</b>

As at 31 December 2020, including its subsidiaries but not joint ventures or associates, TCCL employed a total of 22,431 employees, comprising 22,422 employees outside Hong Kong and 9 employees in Hong Kong.

Total remuneration for employees, including its subsidiaries but not joint ventures or associates, amounted to HK\$1,018 million for the year ended 31 December 2020, a decrease of HK\$73.2 million as compared to year ended 31 December 2019.

TCCL's aim is to develop a quality work environment that will attract, encourage and retain quality people within the organisation. TCCL also aims for its employees to match TCCL's commitment to provide safe and reliable gas services as efficiently and with as much care as possible and for its employees to continue to work towards the preservation and conservation of the environment in every aspect of their activities. Therefore, TCCL has a merit-based recruitment policy and is committed to hiring employees with the skills and knowledge to undertake their responsibilities.

## **Training**

TCCL provides a comprehensive programme of on-going job education and training, including formal courses at external training centres and in-house training as well as on-the-job training.

The Towngas Engineering Academy (TEA) was established in 2009, operating a training centre in North Point, Hong Kong and opened the Shandong Hong Kong and China Gas Training Institute in Mainland China, to nurture a highly skilled pool of professional talents for Towngas both in Hong Kong and Mainland China, including TCCL's partner associates. TEA continues to develop and implement curricula including gas engineering knowledge, technical and cultural training for building professional competence of frontline staff and engineering personnel within the Group. Besides internal and vocational training, in recent years, TEA has extended programs to the teenage public aims at arousing youngsters' interest towards the gas industry.

TCCL believes its reputation for high quality service is spreading rapidly in the PRC as its project companies learn from global practises and gain a view of what other successful companies are doing in their quality control activities around the world. TCCL's training activities have been successful in the PRC, with management and employees showing enthusiasm to learn from international best practises and the latest industry developments.

## **Employee Safety**

TCCL's project companies in the PRC benefit from HKCG's health, safety and environment-focused experience and activities. Over the years, building on its established processes, TCCL has been implementing international safety standards with the adoption of modern safety management systems, including sophisticated fire prevention systems, up-to-date gas detection procedures as well as established emergency handling strategies. Together with its regular safety inspection programme for customers, TCCL believes it has improved safety among its project companies. In 2008, a joint venture in Maanshan earned OHSAS 18001 certification, confirming that its occupational health and safety management systems is on par with stringent international specifications. The OHSAS 18001 standard was upgraded to ISO 45001 in 2018. As at the end of 2020, a total of 18 utility projects in the PRC have obtained OHSAS 18001/ISO 45001 standard certification.

At the same time, TCCL published and implemented a number of safety manuals and guidelines, including an updated HSE policy and HSE manuals, a guideline on safety signage and pipeline colour codes, fire evacuation plans, joint venture general manager monthly safety and risk management inspection programmes as well as corporate emergency plans. TCCL also conducted regular safety and risk management audits as well as inspections, ensuring ongoing understanding and compliance with the highest industry standards.

TCCL organises regular safety training courses and workshops for mainland employees to raise their awareness of safety and promote a safe working culture. This includes various operational safety workshops and experience-sharing visits to Hong Kong. Also, TCCL provides a range of communication channels to promote workplace safety, including WeChat, eLearning platforms and its corporate social media network. Using these channels, TCCL can share the latest HSE best practise guidelines, as well as incident alerts across its operations, so employees have access to HSE information and can take part in different activities, such as quizzes and competitions.

In 2017, a safety education video programme called "Don't Turn a Blind Eye" and the online safety and environmental protection knowledge contest were launched. Through these activities, employees learned about strict enforcement of safety systems, environmental protection, and occupation safety and health.

Responding to the national safe work month, the Group called on the project companies to organise the “Safety Walk” activity in 2017 and 2018. The event featured activities such as safety knowledge quiz, safe usage of gas promotion, safety promotion and environmental protection.

In 2020, the general manager of each JV increased safety inspections to twice a month and added an item on “Special Inspection for the Prevention and Control of COVID-19” to ensure all JVs implemented the specified sanitation and anti-viral measures.

### **Employee Relations**

TCCL has experienced no work stoppages or strikes in its Hong Kong and PRC operations. With a few exceptions, HKCG has no collective bargaining or labour agreements with its employees in Hong Kong or the PRC.

According to the “Labour Contract law of the PRC” (《中華人民共和國勞動合同法》), changes in labour rules, terms and conditions, policies and matters by employers that have a direct bearing on the immediate interests of employees have to be discussed with and determined through collective bargaining with labour unions or employee representatives. Advanced notification and explanation to labour unions or employees is also required for termination of employment contracts. In respect of TCCL, approximately 78 of its project companies have established labour unions, which engage in regular consultation and communication with management.

### **Intellectual Property**

TCCL holds no registered trademarks in both Hong Kong and the PRC.

### **Community Relations**

As a leading public utility, TCCL upholds the principles of “benefitting society through active participation in social services; contributing to the community through dedicated efforts in environmental protection”. As such, the Group makes every effort to set an example in its business operations, as it works to safeguard the health and safety of its stakeholders, protect the environment and serve the community.

The Board of TCCL places great emphasis on investing resources in environmental protection, social welfare and corporate governance. To this end, an Environmental, Social and Governance Committee, consisting of senior management members, has been established. Their responsibilities are to regularly report to the Board the implementation of various projects. A department is dedicated to the coordination of community initiatives and environmental protection activities. This department is in turn supported by the Towngas China Volunteer Team comprising employees from across the Group’s project companies, with more than 6,700 members currently. In 2020, the Group’s staff contributed more than 570,000 hours of public service.

To cope with the challenges and economic impacts arising from the outbreak of the COVID-19 pandemic, the Group took the initiative to channel both manpower and resources to help companies resume work and production as soon as possible. For example, when protective gear was in short supply, the Group mobilised staff to source for surgical masks, protective clothing, gloves, goggles and alcohol disinfectant from around the world. These supplies were then donated to organisations in need and vulnerable groups.

TCCL sought to pay the highest possible tribute to frontline medical workers who served the community tirelessly during the pandemic. In addition to donating protective equipment, the Group leveraged its business strengths to donate and install gas stoves, water heaters and gas clothes dryers for medical institutions for free, seeking to support and better cater for health workers’ basic needs by providing a full range of facilities.

Gentle Breeze Movement is one of TCCL's iconic community initiatives. Since 2013, the movement sought to improve the quality of life of underprivileged families as well as the teaching environment by providing support for schools with limited resources. To this end, it participates in school renovation projects in addition to donating books and school supplies. Between the start of the initiative and the end of 2020, TCCL has made donations totalling more than RMB3.15 million to over 30 schools.

In 2020, through this movement, the Group carried out educational support activities in Chongqing and Qingyuan. Xinmin Primary School is located in a remote area with poor facilities in Qijiang district, Chongqing city. In addition to donating books and school supplies, the Group volunteers provided scholarships for teachers and students who won prizes in the "Little Yue Fei" writing competition. The aim is to support the next generation to carry forward the spirit of loyalty and patriotism. At the same time, the Group also donated two tonnes of northeast rice produced by Bauhinia Farm to 22 schools in Qijiang district in support of the country's education initiatives.

A further educational support activity was the renovation of Dongmang Primary School in Qingyuan city, Guangdong province. In addition to repairing outdoor facilities such as the school gate and flag-raising platform, volunteers set up a "Towngas China Charity Library" for the school and donated a range of school equipment, including a campus broadcasting system, computers as well as desks and chairs, among others.

In addition, the Group's volunteers also make an effort to share the warmth with those in need during festivals. During the Dragon Boat Festival, the Group once again hosted its annual social welfare campaign, Rice Dumplings for the Community. Over 1,000 corporate volunteers as well as their relatives and friends got together with local educational institutions and charities to source ingredients and make rice dumplings. More than 20,000 rice dumplings were made and donated to the underprivileged in celebration of the festival.

## DIRECTORS AND MANAGEMENT

### Board of Directors

The Board of TCCL is committed to maintaining good corporate governance and is ultimately accountable for TCCL's activities, strategies and financial performance. The Board has four Executive Directors and three Independent Non-executive Directors.

The names, titles, and outside occupations, if any, of the Executive Directors and Independent Non-executive Directors, and the respective years in which they took office are set forth below.

<u>Name</u>	<u>Title/Position</u>	<u>Age</u>	<u>Current director position held since</u>
Mr. Alfred Chan Wing-kin . . . . .	Chairman and Executive Director	70	March 2007
Mr. Peter Wong Wai-ye . . . . .	Executive Director and Chief Executive Officer	69	March 2007
Mr. John Ho Hon-ming . . . . .	Executive Director and Company Secretary	64	March 2007
Mr. Martin Kee Wai-ngai . . . . .	Executive Director and Chief Operating Officer	54	May 2015
Dr. Moses Cheng Mo-chi . . . . .	Independent Non-executive Director	71	May 2007
Mr. Brian David Li Man-bun . . . . .	Independent Non-executive Director	46	May 2007
Mr. James Kwan Yuk-choi . . . . .	Independent Non-executive Director	69	May 2015

The below lists the names, titles and professional experience of TCCL's present Directors and the dates of their respective appointment.

**Mr. Alfred Chan Wing-kin** has been the Chairman and an Executive Director of TCCL since March 2007. Mr. Chan is the Managing Director of HKCG (a listed public company and the controlling shareholder of TCCL) and is a director of major local and overseas subsidiaries of HKCG. Mr. Chan is also the Vice Chairman of Shenzhen Gas Corporation Ltd. and Foran Energy Group Co., Ltd., and was previously a Non-executive Director of the tenth session of the board of directors of Shanghai Dazhong Public Utilities (Group) Co., Ltd., all of which are listed public companies. He is an Honorary President of The Hong Kong Management Association and a Vice Chairman of China Gas Association. Mr. Chan is a Member of the Standing Committee on Judicial Salaries and Conditions of Service of the Government of the Hong Kong Special Administrative Region. He was previously the Deputy Chairman of the Council of The Hong Kong Institute of Education (now known as The Education University of Hong Kong) and a Member of the Board of Stewards of The Education University of Hong Kong Foundation. Mr. Chan received the Executive Award under the DHL/SCMP Hong Kong Business Awards 2005, the Director of the Year Awards – Listed Companies (SEHK – Hang Seng Index Constituents) Executive Directors from The Hong Kong Institute of Directors in 2006, the Leadership Award in Gas Industry Award 2015 from the Institution of Gas Engineers & Managers and the Energy and Utilities Alliance of the United Kingdom, “The CEO of the Year 2017” Award from China Newsweek in 2017 and was named consecutively as one of “The 100 Best-Performing CEOs in the World” by Harvard Business Review from 2015 to 2019. He was awarded an Honorary Fellowship by The Hong Kong Institute of Education (now known as The Education University of Hong Kong) in 2016. Mr. Chan, a Chartered Engineer, is also Honorary Fellow of the Energy Institute of the United Kingdom, Fellow of The Hong Kong Institution of Engineers; Fellow of The Institution of Mechanical Engineers, Fellow of the Institution of Gas Engineers & Managers of the United Kingdom and Honorary Fellow of International Institute of Utility Specialists.

**Mr. Peter Wong Wai-ye** has been an Executive Director and the Chief Executive Officer of TCCL since March 2007. Mr. Wong was appointed to the Board of Directors of HKCG (a listed public company and the controlling shareholder of TCCL) in February 2013 and subsequently appointed Deputy Managing Director of HKCG with effect from 1 April 2021. Mr. Wong also holds directorships

in various subsidiaries of HKCG. He is a director of Shenzhen Gas Corporation Ltd.. He was previously the Vice Chairman of Foshan Gas Group Co., Ltd. (now known as Foran Energy Group Co., Ltd.) and a director of China-Singapore Suzhou Industrial Park Development Group Co., Ltd. (“CSSD”) until his retirement at CSSD on 29 June 2020. All of which are listed public companies. He is a Member of the Mainland Business Advisory Committee of the Hong Kong Trade Development Council. Mr. Wong was named consecutively as one of “The Best CEO of Chinese Listed Companies” by Forbes in 2012 and 2013. He is a chartered professional accountant of Canada, a certified public accountant of Hong Kong and a chartered company secretary both in Hong Kong and the United Kingdom. Mr. Wong is a Fellow of The Hong Kong Institute of Directors and a Fellow of the Institution of Gas Engineers & Managers of the United Kingdom. He completed the Advanced Management Program from Harvard Business School in the United States. Mr. Wong was formerly a director of the Certified Management Accountants Society of British Columbia, Canada and the president of its Hong Kong branch, a member of the Advisory Board of the Department of Accounting of Hong Kong Shue Yan University. He is a member of the Advisory Committee of the College of Professional and Continuing Education, The Hong Kong Polytechnic University. Mr. Wong has over 44 years of experience in corporate finance, management and international working experience.

**Mr. John Ho Hon-ming** has been an Executive Director and the Company Secretary of TCCL since March 2007. Mr. Ho has been appointed as an Executive Director of HKCG (a listed public company and the controlling shareholder of TCCL) with effect from October 2020. Mr. Ho is also the Chief Financial Officer and the Company Secretary of HKCG and holds directorships in various subsidiaries of HKCG. He is a director of Changchun Gas Co., Ltd., Shenzhen Gas Corporation Ltd. and Foran Energy Group Co., Ltd., all of which are listed public companies. Mr. Ho is the Vice Chairman of the General Committee of the Chamber of Hong Kong Listed Companies, Vice Chairman of the Taxation Committee of the Hong Kong General Chamber of Commerce and a Member of the Accountancy Training Board of the Vocational Training Council. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow of The Hong Kong Institute of Directors. Mr. Ho graduated from the University of Manchester in the United Kingdom with an honourable Bachelor of Arts degree in Economics and Social Studies (Accounting and Finance). He completed the Advanced Management Program from Harvard Business School in the United States, the Senior Executive Program offered by Harvard Business School, Tsinghua University School of Economics and Management and China Europe International Business School, and the Chief Executive Program from Singapore Institute of Management. Mr. Ho has over 42 years of experience in accounting, corporate finance and investments.

**Mr. Martin Kee Wai-ngai** has been an Executive Director of TCCL since May 2015 and was appointed as the Chief Operating Officer of TCCL in July 2017. Mr. Kee graduated from the Department of Engineering, The University of Hong Kong and holds a master degree in Business Administration. He joined HKCG (a listed public company and the controlling shareholder of TCCL) in 1990. In 2012, Mr. Kee was appointed as the executive vice president of Hong Kong & China Gas Investment Limited, responsible for the operation and management of the gas project companies in East China region. He was also appointed as the executive vice president of Hua Yan Water business in 2017. He is the Vice Chairman of Anhui Province Natural Gas Development Co., Ltd. and a director of Nanjing Public Utilities Development Co., Ltd., both of which are listed public companies. He completed the Advanced Management Program from Harvard Business School in the United States. Mr. Kee, a Chartered Engineer, is a member of The Institution of Gas Engineers & Managers of the United Kingdom, and was formerly the chairman of its Far East District Section. Mr. Kee is a member of the 14th Nanjing Committee of the Chinese People’s Political Consultative Conference.

**Dr. Moses Cheng Mo-chi** has been an Independent Non-executive Director of TCCL since May 2007 and is the Chairman of the Remuneration Committee and a member of the Board Audit and Risk Committee and the Nomination Committee of TCCL. He is also an independent non-executive director of HKCG (a listed public company and the controlling shareholder of TCCL). Dr. Cheng is a practising solicitor and the consultant of Messrs. P.C. Woo & Co. after serving as its senior partner from 1994 to 2015. Dr. Cheng was a member of the Legislative Council of Hong Kong. He is the founder chairman of The Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. Dr. Cheng is now also serving as Chairman of the Insurance Authority. In addition, he is a Fellow of the Hong Kong Academy of Finance. Dr. Cheng currently holds directorships in China Mobile Limited, China Resources Beer (Holdings) Company Limited, Guangdong Investment Limited, K. Wah

International Holdings Limited, Liu Chong Hing Investment Limited and Tian An China Investments Company Limited, all of which are listed public companies in Hong Kong. His other directorship in listed public companies in the last 3 years includes Kader Holdings Company Limited.

**Mr. Brian David Li Man-bun** has been an Independent Non-Executive Director of TCCL since May 2007 and is the Chairman of the Board Audit and Risk Committee and a member of the Remuneration Committee and the Nomination Committee of TCCL. Mr. Li is Co-Chief Executive of The Bank of East Asia, Limited (“BEA”) (a listed company on the Hong Kong Stock Exchange). He is responsible for the overall management and control of the BEA Group with a particular focus on its China and international businesses. He was General Manager & Head of Wealth Management Division of BEA from July 2004 to March 2009, and Deputy Chief Executive of BEA from April 2009 to June 2019. Mr. Li was appointed Executive Director of BEA in August 2014 and Co-Chief Executive of BEA in July 2019. He is also an independent non-executive director of Shenzhen Investment Holdings Bay Area Development Company Limited, China Overseas Land & Investment Limited and Guangdong Investment Limited, all of which are listed companies on the Hong Kong Stock Exchange. Mr. Li holds a number of public and honorary positions, including being a member of the National Committee of the Chinese People’s Political Consultative Conference, a Member of the Chief Executive’s Council of Advisers on Innovation & Strategic Development of the Government of the Hong Kong Special Administrative Region, a Council Member of the Hong Kong Trade Development Council, a Director of the Financial Services Development Council, a member of the Aviation Development and Three-runway System Advisory Committee, and Vice Chairman of the Executive Committee of St. James’ Settlement. Mr. Li is a member of the Hong Kong-Europe Business Council, a member of the Hongkong-Japan Business Co-operation Committee and a Vice Chairman of the Asian Financial Cooperation Association. Mr. Li is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a Member of the Hong Kong Academy of Finance and a Full Member of the Treasury Markets Association. Mr. Li holds an MBA degree from Stanford University as well as a BA degree from the University of Cambridge.

**Mr. James Kwan Yuk-choi** was appointed as an Executive Director of TCCL in 2007 and was re-designated as a Non-Executive Director of TCCL in 2013. Mr. Kwan was re-designated as an Independent Non-Executive Director and appointed as a member of the Board Audit and Risk Committee, the Remuneration Committee and the Nomination Committee of TCCL with effect from May 2015. He was awarded an Honorary Fellowship by The Hong Kong University of Science and Technology in 2011 and a VTC Honorary Fellowship by the Vocational Training Council in 2015. He was the President of The Institution of Gas Engineers (currently known as The Institution of Gas Engineers & Managers) in the United Kingdom in 2000/2001 and The Hong Kong Institution of Engineers in 2004/2005. Mr. Kwan was also a former member of the Construction Industry Council, the Transport Advisory Committee, the Vocational Training Council and the Standing Committee on Disciplined Services Salaries and Conditions of Service of the Hong Kong Special Administrative Region. Mr. Kwan is a Registered Professional Engineer (Gas), a Chartered Engineer, Honorary Fellow of The Hong Kong Institution of Engineers, Fellow of The Institution of Mechanical Engineers, Fellow of The Institution of Gas Engineers & Managers, Fellow of The Energy Institute and Fellow of Chartered Institution of Building Services Engineers of the United Kingdom. His other directorship in listed public companies in the last three years includes MTR Corporation Limited.

### **Board Practices**

According to the Articles of Association of TCCL, each Director is required to retire by rotation once every three years and that not less than one-third (or the number nearest to one-third) of all the Directors are subject to retirement by rotation at every annual general meeting. Subject to the provisions contained in the Articles of Association, the current term of office of all Independent Non-executive Directors) shall expire on 20 May 2022. TCCL’s independent auditor, currently Deloitte Touche Tohmatsu, is subject to re-appointment each year at the annual general meeting.

### **Committees of the Board**

TCCL’s Board maintains a Board Audit and Risk Committee, a Remuneration Committee and a Nomination Committee.

### ***Board Audit and Risk Committee***

The principal duty of the Board Audit and Risk Committee (formerly known as Audit Committee), formed in October 2005, is to assist the Board of TCCL in fulfilling its audit and control-related duties through the review of TCCL's financial reporting process, risk management and internal controls systems. The review covers all material controls, including financial, operational and compliance controls and risk management functions. TCCL has adopted written terms of reference for the Board Audit and Risk Committee that clearly define the role, authority and function of the Board Audit and Risk Committee. The Board Audit and Risk Committee is comprised of three members of the Board: Mr. Brian David Li Man-bun, Dr. Moses Cheng Mo-chi and Mr. James Kwan Yuk-choi, and is chaired by Mr. Brian David Li Man-bun.

### ***Remuneration Committee***

The principal duties of the Remuneration Committee, formed in October 2005, include, but are not limited to, making recommendations to the Board on TCCL's policy and structure for all remuneration of Directors and senior management (who are also executive directors of TCCL), reviewing and approving the special remuneration packages of all executive directors with reference to corporate goals and objectives resolved by the Board from time to time and determining, with delegated responsibility, the remuneration packages of individual executive directors. TCCL has adopted written terms of reference for the Remuneration Committee that clearly define the role, authority and function of the Remuneration Committee. The Remuneration Committee is comprised of four members of the Board: Dr. Moses Cheng Mo-chi, Mr. Brian David Li Man-bun, Mr. James Kwan Yuk-choi and Mr. Alfred Chan Wing-kin and is chaired by Dr. Moses Cheng Mo-chi.

### ***Nomination Committee***

The principal duties of the Nomination Committee, formed in November 2011, include, but are not limited to, reviewing the structure, size and composition (including the skills, knowledge and experience) and diversity of the Board and making recommendations on any proposed changes to the Board to complement TCCL's corporate strategy. It is also responsible for making recommendations to the Board on nominations and appointment of directors as well as assessing the independence of independent non-executive directors. The Committee shall consider the candidate from a range of backgrounds on his/her merits and against objective criteria set out by the Board. TCCL has adopted written terms of reference for the Nomination Committee that clearly define the role, authority and function of the Nomination Committee. The Nomination Committee is comprised of four members of the Board: Mr. Alfred Chan Wing-kin, Dr. Moses Cheng Mo-chi, Mr. Brian David Li Man-bun and Mr. James Kwan Yuk-choi, and is chaired by Mr. Alfred Chan Wing-kin.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

As at 31 December 2020, HKCG owned approximately 68.21 per cent. of TCCL's shares, and is a related party of TCCL.

Mr. Alfred Chan Wing-kin, the Chairman and an Executive Director of TCCL, is the Managing Director of HKCG; Mr. Peter Wong Wai-ye, an Executive Director and the Chief Executive Officer of TCCL, is the Deputy Managing Director of HKCG; Mr. John Ho Hon-ming, an Executive Director and the Company Secretary of TCCL, is an Executive Director of HKCG; and Dr. Moses Cheng Mo-chi, an Independent Non-Executive Director of TCCL, is an Independent Non-Executive Director of HKCG. See "*Directors and Management – Board of Directors*".

Other related parties of TCCL include subsidiaries of HKCG. Members of the Group enter into transactions with HKCG and its subsidiaries from time to time. Those transactions include, for example:

- the purchase of various types of fuel gas (including but not limited to liquefied coalbed methane, compressed natural gas and liquefied natural gas) by members of the TCCL Group from members of the HKCG Group;
- the purchase of various pipeline construction materials, gas meters and measuring tools by members of the TCCL Group from members of the HKCG Group;
- the services monitoring and managing of gas facilities projects and construction and installation projects of the TCCL Group by 瀋陽三全工程監理諮詢有限公司, a non wholly-owned subsidiary of HKCG, to members of the TCCL Group;
- the provision by 卓銳智高(武漢)科技有限公司("S-Tech (Wuhan)"), a wholly-owned subsidiary of HKCG, to members of the TCCL Group of (i) the user authorisation, installation, management and maintenance and the provision of technical supporting services in respect of the system software developed by S-Tech (Wuhan), including but not limited to Towngas Customer Information System, Geographic Information System, Supervisory Control and Data Acquisition, Mobility Meter Reading Application, Mobility Regular Safety Inspection Application and Mobility Maintenance Service Application and (ii) the user authorisation, installation, management and maintenance and the provision of technical supporting services relating to a cloud computing hardware system which will manage, operate and monitor the network infrastructure of information systems;
- the sale of distributed energy (including but not limited to electricity, steam, heating, cooling and hot water which are generated through the use of energy efficient technology to capture residual heat) by members of the TCCL Group to members of the HKCG Group; and
- the provision of engineering work services (including but not limited to non-excavation engineering work services, pipeline positioning measurement services, bidding agency services, cost consultation services, sale of innovative tools, urban pipeline engineering services, water supply, drainage and heating engineering work services, technical consultation services for engineering projects, and pipeline inspection services) by 卓裕(廣東)工程建設有限公司, a wholly-owned subsidiary of TCCL, to members of the HKCG Group.

Other transactions between the TCCL Group and related parties are disclosed in the notes to the financial statements of TCCL.

## Substantial Shareholding Interests in TCCL

As at 31 December 2020, so far as is known to the directors of TCCL, the interests of persons interested in 5 per cent. or more of the voting power at any general meeting of TCCL, as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”), were as follows:

<u>Name of persons interested</u>	<u>Extent of Interests</u>	
	<u>Number of shares interested</u>	<u>Per cent. of the number of issued shares of TCCL</u>
Dr. the Hon. Lee Shau-kee . . . . .	2,025,099,415 <sup>(1)</sup>	68.21
Rimmer (Cayman) Limited (“Rimmer”) . . . . .	2,025,099,415 <sup>(2)</sup>	68.21
Riddick (Cayman) Limited (“Riddick”) . . . . .	2,025,099,415 <sup>(2)</sup>	68.21
Hopkins (Cayman) Limited (“Hopkins”) . . . . .	2,025,099,415 <sup>(2)</sup>	68.21
Henderson Development Limited (“HD”) . . . . .	2,025,099,415 <sup>(2)</sup>	68.21
Henderson Land Development Company Limited (“HLD”) . . . . .	2,025,099,415 <sup>(2)</sup>	68.21
Faxson Investment Limited (“Faxson”) . . . . .	2,025,099,415 <sup>(2)</sup>	68.21
HKCG . . . . .	2,025,099,415 <sup>(3)</sup>	68.21
Towngas International Company Limited (“TICL”) . . . . .	1,850,656,677 <sup>(3)</sup>	62.33
Hong Kong & China Gas (China) Limited (“HK&CG (China)”) . . . . .	1,850,656,677 <sup>(3)</sup>	62.33
Towngas Investment Company Limited (“TICL-HK”) . . . . .	174,442,738 <sup>(3)</sup>	5.88
Planwise Properties Limited (“Planwise”) . . . . .	171,524,099 <sup>(3)</sup>	5.78

*Notes:*

- (1) The entire issued share capital of Rimmer, Riddick and Hopkins were owned by Dr. the Hon. Lee Shau-kee. Dr. the Hon. Lee Shau-kee was therefore taken to be interested in the same 2,025,099,415 Shares as set out in Notes 2 and 3 below by virtue of Part XV of the SFO.
- (2) Rimmer and Riddick as trustees of respective discretionary trusts, held units in a unit trust (“Unit Trust”). Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of HD. HD was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HLD. HLD through its subsidiaries (including Faxson) was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HKCG. Each of Rimmer, Riddick, Hopkins, HD, HLD and Faxson was therefore taken to be interested in the same 2,025,099,415 Shares which HKCG is deemed interested in as described in Note 3 below by virtue of Part XV of the SFO.
- (3) As HK&CG (China) was a wholly-owned subsidiary of TICL, which in turn was a wholly-owned subsidiary of HKCG, each of TICL and HKCG was therefore taken to be interested in the 1,850,656,677 Shares held by HK&CG (China) by virtue of Part XV of the SFO. In addition, as Planwise and Superfun Enterprises Limited (“Superfun”) were wholly-owned subsidiaries of TICL-HK, which in turn was a wholly-owned subsidiary of HKCG, each of TICL-HK and HKCG was therefore taken to be interested in 174,442,738 Shares, which included (a) the 171,524,099 Shares held by Planwise; and (b) the 2,918,639 Shares held by Superfun by virtue of Part XV of the SFO.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or the CMU (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantor believe to be reliable, but none of the Issuer, the Guarantor nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

### **Book-entry Systems**

#### ***Euroclear and Clearstream, Luxembourg***

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

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

#### ***CMU***

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

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

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the “income proceeds”) by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual.

An investor holding an interest in the Notes through an account with either Euroclear or Clearstream, Luxembourg will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

### **Transfers of Notes Represented by Registered Global Notes**

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

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

## TAXATION

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

### **Hong Kong**

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

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

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

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

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

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

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

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

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

## ***Stamp Duty***

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

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

If stamp duty is payable it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

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

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

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

## **PRC**

Under the EIT Law effective on 1 January 2008 as amended from time to time and its implementation rules, enterprises established outside the PRC whose “de facto management bodies” are located in China are considered to be PRC “resident enterprises” for tax purposes. The implementation rules define the term “de facto management body” as a management body that exercises full and substantial control and management over the business, production, personnel, accounts and properties of an enterprise. Although it is unclear under PRC tax law whether the Issuer or the Guarantor has a “de facto management body” located in China for PRC tax purposes, they currently intend to take the position that neither the Issuer nor the Guarantor is a PRC resident enterprise for tax purposes. The Issuer or the Guarantor cannot assure you that PRC tax authorities will respect this position. If it is deemed to be a PRC resident enterprise for enterprise income purpose, among other things, the Issuer or the Guarantor would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide income, possibly excluding dividends from PRC subsidiaries. Furthermore, if the Issuer or the Guarantor was treated as a PRC resident enterprise, it would be obligated to withhold PRC income tax from payments of interest on the Notes to investors that are non-resident enterprises, generally at the rate of 10 per cent., if the interest is regarded as derived from sources within the PRC. If the Issuer or the Guarantor fails to do so, it may be subject to fines and other penalties. In addition, if the Issuer or the Guarantor was treated as a PRC resident enterprise, any gain realized by such non-resident enterprise investors from the transfer of the Notes may be regarded as derived from sources within the PRC and accordingly may be subject to PRC income tax at a rate of 10 per cent.. In the case of income or gain of individuals, the tax (including withholding tax) rate would generally be 20 per cent.. Any PRC taxes may be reduced under applicable tax treaties. However, it is unclear whether in practice non-resident investors might be able to obtain the benefit of income tax treaties entered into between PRC and their countries (or regions).

## **Cayman Islands**

Prospectus investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

The following is a discussion of certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Payments of interest, premium and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest, premium and principal to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of Bearer Notes or a Global Note. Any Bearer Note or any Global Note itself will be stampable if it is executed in or brought into the Cayman Islands.

No stamp duty is payable in respect of the issue of the Registered Notes or a Global Note. An instrument of transfer in respect of a Registered Note or a Global Note is stampable if executed in or brought into the Cayman Islands.

### ***Foreign Account Tax Compliance Act***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) 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 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 (including by reason of a substitution of the issuer). However, if additional Notes (as described under "*Terms and Conditions – Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in 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.

## **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 Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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 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 Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 11 June 2021 (such agreement as further amended and/or supplemented and/or restated from time to time, the “Programme Agreement”), agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business. The Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

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

The Dealers may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being ‘offered’ should be read as including any offering of the Notes to the Dealers and/or their respective affiliates, for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Notes. If this is the case, liquidity of trading in the Notes may be constrained. The Issuer, the Guarantor and the Dealers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors.

### **United States**

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or, if Category 2 is specified in the Pricing Supplement, to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

If Category 2 is specified in the Pricing Supplement, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed,

and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

If Category 1 is specified in the Pricing Supplement, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

### **Prohibition of Sales to EEA Retail Investors**

Unless the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision:

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

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the pricing supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) if the pricing supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the pricing supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period

beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in each Relevant Member State.

## **United Kingdom**

### **Prohibition of Sales to UK Retail Investors**

Unless the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the United Kingdom.

For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of UK Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a “Public Offer”), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in Article 2 of UK Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of UK Prospectus Regulation.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

#### **Other regulatory restrictions in the United Kingdom**

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

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”). Accordingly, Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Hong Kong**

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

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

## **The People’s Republic of China**

Each Dealer has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People’s Republic of China.

## **Cayman Islands**

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes unless the Issuer is listed on the Cayman Islands Stock Exchange.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed or will represent, warrant and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from

time to time (the “Securities and Futures Act”)) pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) under Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

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

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the Securities and Futures Act) of that corporation or the beneficiaries’ rights and interests (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act 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 Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) pursuant to Section 276(7) of the Securities and Futures Act; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantor and any of the other Dealers shall have any responsibility therefor.

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

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

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of the Notes thereunder have been duly authorised by a meeting of the Board of Directors of the Issuer held on 4 June 2021. Each issue of Notes will be separately approved by the Board of Directors (or a committee thereof) of the Issuer.

### Guarantee

The giving of the Guarantee has been duly authorised by a meeting of TCCL's Board of Directors held on 27 May 2021 and a resolution of the board committee set up by TCCL's Board of Directors dated 4 June 2021.

### Consents

All consents, approvals, authorisations or other orders as may be required by the Issuer have been given for the establishment of the Programme and for the Issuer to undertake and perform its obligations under the Notes to be issued under the Programme and the documents entered into in connection with the Programme to which the Issuer is a party.

All consents, approvals, authorisations or other orders as may be required by TCCL have been given for the creation and issue of the Guarantee and for TCCL to undertake and perform its obligations under the Guarantee and the documents entered into in connection with the Programme to which TCCL is a party.

### Listing of Notes

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

### Clearing systems

The Notes to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. The Issuer may also apply to have the Notes accepted for clearance through the CMU. The relevant CMU instrument number will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

### No significant change

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

### Litigation

None of the Issuer, TCCL or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or TCCL is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, TCCL or the Group.

## **Auditor**

The independent auditor of the Issuer and TCCL is Deloitte Touche Tohmatsu who are independent Certified Public Accountants. Deloitte Touche Tohmatsu have audited TCCL's consolidated financial statements, and have issued an unqualified audit opinion, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants for the financial year ended 31 December 2020.

## **Documents**

So long as Notes are capable of being issued under the Programme, copies of the following documents will be available from the registered office of the Issuer and the Guarantor and from the specified office of the Paying Agent for the time being in Hong Kong:

- (a) the constitutional documents of the Issuer and the Guarantor;
- (b) the two most recently published annual audited consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2019 and 2020;
- (c) the most recently published half yearly unaudited condensed consolidated interim financial statements of the Guarantor (if any);
- (d) the most recent audited annual financial statements of the Issuer that have been filed with the Companies Registry of Hong Kong;
- (e) the Programme Agreement, the Agency Agreement, the Guarantee, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (f) a copy of this Offering Circular;
- (g) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer, the Guarantor and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference;
- (h) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document); and
- (i) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.

**THE ISSUER**

**TCCL (Finance) Limited**  
23rd Floor, 363 Java Road  
North Point  
Hong Kong

**THE GUARANTOR**

**Towngas China Company Limited**  
23rd Floor, 363 Java Road  
North Point  
Hong Kong

**REGISTRAR AND TRANSFER AGENT**

**The Bank of New York Mellon**  
**SA/NV, Dublin Branch**  
Riverside II  
Sir John Rogerson's Quay  
Grand Canal Dock  
Dublin 2  
Ireland

**CMU LODGING AND PAYING AGENT**

**The Bank of New York Mellon,**  
**Hong Kong Branch**  
Level 26  
Three Pacific Place  
1 Queen's Road East  
Hong Kong

**FISCAL AGENT**

**The Bank of New York Mellon,**  
**London Branch**  
One Canada Square  
London E14 5AL  
United Kingdom

**LEGAL ADVISERS**

*To the Dealers as to English law*

**Allen & Overy**  
9th Floor  
Three Exchange Square  
Central  
Hong Kong

*To the Issuer and the Guarantor as to Hong Kong law*

**Linklaters**  
11th Floor, Alexandra House  
18 Chater Road  
Central  
Hong Kong

*To the Dealers as to PRC law*

**Commerce & Finance Law Offices**  
6F NCI Tower  
A12 Jianguomenwai Avenue  
Beijing 100022  
PRC

*To the Guarantor as to Cayman Islands law*

**Maples and Calder (Hong Kong) LLP**  
26th Floor, Central Plaza  
18 Harbour Road, Wanchai  
Hong Kong

**AUDITOR**

**Deloitte Touche Tohmatsu**  
35th Floor  
One Pacific Place  
88 Queensway  
Hong Kong

**DEALERS**

**Australia and New Zealand Banking Group Limited**  
22/F, Three Exchange Square  
8 Connaught Place, Central  
Hong Kong

**BNP Paribas**  
63/F, Two International Finance Centre  
8 Finance Street  
Central, Hong Kong

**Crédit Agricole Corporate and Investment Bank**  
30th Floor  
Two Pacific Place  
88 Queensway  
Hong Kong

**Deutsche Bank AG, Hong Kong Branch**  
60/F, International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong

**Merrill Lynch (Asia Pacific) Limited**  
55/F, Cheung Kong Center  
2 Queen's Road Central  
Central, Hong Kong

**Morgan Stanley & Co. International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**Standard Chartered Bank**  
One Basinghall Avenue  
London EC2V 5DD  
United Kingdom

**United Overseas Bank Limited, Hong Kong Branch**  
(incorporated in Singapore with limited liability)  
28/F, 3 Garden Road  
Central, Hong Kong

**Bank of China (Hong Kong) Limited**  
34/F, Bank of China Tower  
1 Garden Road  
Hong Kong

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**DBS Bank Ltd.**  
10/F, The Center  
99 Queen's Road Central  
Hong Kong

**The Hongkong and Shanghai Banking Corporation Limited**  
Level 17, HSBC Main Building  
1 Queen's Road Central  
Hong Kong

**Mizuho Securities Asia Limited**  
14-15/F., K11 Atelier  
18 Salisbury Road  
Tsim Sha Tsui, Kowloon  
Hong Kong

**MUFG Securities EMEA plc**  
Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ  
United Kingdom

**UBS AG Hong Kong Branch**  
incorporated in Switzerland with limited liability  
52/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong