

## REGISTRATION DOCUMENT

dated 4 July 2018

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Registration Document is issued pursuant to the requirements of Listing Rule 4.13 of the Listing Rules and contains information about Hili Finance Company p.l.c.

### Issue of €40,000,000 3.85% Unsecured Bonds 2028

by

#### HILI FINANCE COMPANY P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C 85692

#### with the joint and several Guarantee\* of Hili Ventures Limited

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C 57902

\*Prospective investors are to refer to the Guarantee contained in Annex II of the Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risks" or "Risk Factors" contained in the Summary Note, this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.

#### Sponsor



#### Legal Counsel



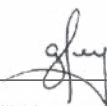
#### Manager & Registrar



#### APPROVED BY THE DIRECTORS



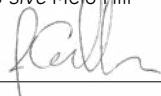
Carmelo sive Melo Hili



Geoffrey Camilleri



Dorian Desira



Jacqueline Camilleri



Mario Vella

**THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.**

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS WHATSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.**

**A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

## IMPORTANT INFORMATION

---

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON HILI FINANCE COMPANY P.L.C. IN ITS CAPACITY AS ISSUER AND HILI VENTURES LIMITED AS GUARANTOR IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.**

THE DIRECTORS OF THE ISSUER, AS IDENTIFIED UNDER THE HEADING "DIRECTORS" IN SECTION 3.1 OF THIS REGISTRATION DOCUMENT, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS OF THE ISSUER ACCEPT RESPONSIBILITY ACCORDINGLY.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES: BY ANY PERSON IN ANY JURISDICTION IN WHICH (I) SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; (III) OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

**STATEMENTS MADE IN THIS REGISTRATION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.**

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING "ADVISORS" IN SECTION 3.2 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR, AS THE CASE MAY BE, IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE CONTENTS OF ANY WEBSITE OF HILI VENTURES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO ANY WEBSITE OF HILI VENTURES DO NOT FORM PART OF THIS PROSPECTUS. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

**THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.**

CONTENTS
 

---

<b>IMPORTANT INFORMATION</b>	<b>2</b>
<b>TABLE OF CONTENTS</b>	<b>4</b>
<b>1. DEFINITIONS</b>	<b>5</b>
<b>2. RISK FACTORS</b>	<b>6</b>
2.1 Forward-looking Statements	7
2.2 General	7
2.3 Risks relating to the Issuer and its Business	7
2.4 Risks relating to the Business of Hili Ventures	8
2.5 Risks relating to the Guarantee	12
<b>3. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER AND GUARANTOR</b>	<b>12</b>
3.1 Directors	12
3.2 Advisors	13
3.3 Auditors	13
<b>4. INFORMATION ABOUT THE ISSUER AND GUARANTOR</b>	<b>14</b>
4.1 The Issuer	14
4.2 The Guarantor	14
4.3 Overview of Hili Ventures' Revenue Segments	15
<b>5. OPERATING AND KEY FINANCIAL REVIEW</b>	<b>17</b>
5.1 The Issuer	17
5.2 The Guarantor	17
<b>6. PRINCIPAL INVESTMENTS</b>	<b>20</b>
<b>7. BUSINESS DEVELOPMENT STRATEGY AND TREND INFORMATION</b>	<b>20</b>
7.1 The Guarantor	20
7.2 Premier Capital p.l.c.	20
7.3 1923 Investments p.l.c.	20
7.4 Hili Properties p.l.c.	22
7.5 Motherwell Bridge Industries Ltd	23
<b>8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES</b>	<b>23</b>
8.1 The Issuer	23
8.2 The Guarantor	25
8.3 Working Capital	26
8.4 Conflict of Interest	26
<b>9. AUDIT COMMITTEE PRACTICES</b>	<b>27</b>
<b>10. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS</b>	<b>27</b>
10.1 The Issuer	27
10.2 The Guarantor	28
<b>11. HISTORICAL FINANCIAL INFORMATION</b>	<b>28</b>
<b>12. LITIGATION</b>	<b>28</b>
<b>13. ADDITIONAL INFORMATION</b>	<b>28</b>
13.1 Share Capital of the Issuer	28
13.2 Memorandum and Articles of Association of the Issuer	29
13.3 Share Capital of the Guarantor	29
13.4 Memorandum and Articles of Association of the Guarantor	30
<b>14. MATERIAL CONTRACTS</b>	<b>31</b>
<b>15. THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST</b>	<b>31</b>
<b>16. DOCUMENTS AVAILABLE FOR INSPECTION</b>	<b>31</b>

## 1. DEFINITIONS

---

In this Registration Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>Act</b>	the Companies Act (Cap. 386 of the Laws of Malta);
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bondholders</b>	a holder of Bonds to be issued by the Issuer in terms of the Prospectus;
<b>Bond(s)</b>	a maximum of €40,000,000 unsecured bonds due 2028 of a face value of €100 per bond bearing interest at the rate of 3.85% per annum and redeemable at their nominal value, as detailed in the Securities Note;
<b>Company or Issuer</b>	Hili Finance Company p.l.c., a company registered under the laws of Malta with company registration number C 85692 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
<b>Directors or Board</b>	the directors of the Issuer whose names are set out under the heading “Directors” found in section 3.1 of this Registration Document;
<b>EBIT</b>	an abbreviation used for earnings before interest and tax;
<b>EBITDA</b>	an abbreviation used for earnings before interest, tax, depreciation and amortisation;
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Guarantee</b>	the joint and several guarantee dated 4 July 2018 granted by the Guarantor as security for the punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which may become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex II thereto;
<b>Guarantor</b>	Hili Ventures Limited, a company registered under the laws of Malta with company registration number C 57902 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
<b>Hili Ventures or Group</b>	the Guarantor (as ultimate parent company) and its direct and indirect Subsidiaries;
<b>Hili Ventures Company</b>	any one of the companies forming part of Hili Ventures. The term “ <b>Hili Ventures Companies</b> ” shall be construed accordingly;
<b>Listing Authority</b>	the Board of Governors of the Malta Financial Services Authority, appointed as the Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
<b>Listing Rules</b>	the listing rules issued by the Listing Authority, as may be amended from time to time;
<b>Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Memorandum and Articles of Association</b>	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
<b>Prospectus</b>	collectively, this Registration Document, the Securities Note and the Summary Note all dated 4 July 2018;
<b>Registration Document</b>	this document in its entirety;

**Regulation**

Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;

**Securities Note**

the securities note issued by the Issuer dated 4 July 2018, forming part of the Prospectus;

**Subsidiaries**

means all entities (including structured entities) over which the Issuer has control. In terms of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The term '**Subsidiary**' shall be construed accordingly;

**Summary Note**

the summary note issued by the Issuer dated 4 July 2018, forming part of the Prospectus.

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and *vice-versa*;
- (b) words importing the masculine gender shall include the feminine gender and *vice-versa*;
- (c) the word 'may' shall be construed as permissive and the word 'shall' shall be construed as imperative.

## 2. RISK FACTORS

---

**PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER.**

**SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR IS IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.**

**THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.**

**IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED IN TERMS OF THE PROSPECTUS AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AND THE GUARANTOR AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S AND/OR GUARANTOR'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR GUARANTOR.**

**NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.**

## 2.1 FORWARD-LOOKING STATEMENTS

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and Guarantor's strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantor's directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantor's directors include those risks identified under this section 2 and elsewhere in the Prospectus. As mentioned above, if any of the risks described were to materialise, they could have a material effect on the Issuer's and Guarantor's financial results and trading prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued in terms of the Prospectus and of the Guarantor to honour its obligations under the Guarantee.

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer, Guarantor and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "Risk Factors", for an assessment of the factors that could affect the Issuer's and Guarantor's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

## 2.2 GENERAL

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap. 370 of the Laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference to the Prospectus or any applicable supplement;
- (ii) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
- (iii) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (iv) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

## 2.3 RISKS RELATING TO THE ISSUER AND ITS BUSINESS

### Issuer's dependence on Hili Ventures and its business

The Issuer is a Subsidiary of the Guarantor forming part of Hili Ventures and given its recent incorporation does not itself have any trading history. It was set up primarily as a finance and investment company with one of its purposes being that of financing or re-financing the funding requirements of the business of Hili Ventures. In this respect, the Issuer is dependent on the business prospects of Hili Ventures, and consequently, the operating results of Hili Ventures have a direct effect on the Issuer's financial position and performance. As such, the risks intrinsic in the business and operations of Hili Ventures shall have a direct effect on the financial position of the Issuer.

### Issuer's exposure to Hili Ventures

As a finance company, the assets of the Issuer will comprise loans issued to the Guarantor and/or other Hili Ventures Companies. Consequently, the Issuer will be dependent on the operating results, cash flows and financial position of the Guarantor and/or other Hili Ventures Companies for the punctual receipt of interest payments and capital repayments from the afore-mentioned entities. Moreover, such interest payments and capital repayments may be restricted by *inter alia*: changes in applicable laws and regulations; by the terms of agreements to which the Guarantor and/or other Hili Ventures Companies are or may become party; or by other factors beyond the control of the Issuer and/or Hili Ventures.

The occurrence of any such factors could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.

### Risks inherent in forecasts

The forecasts set out in the Prospectus are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those future expectations could have material adverse effects on the financial position and results of Hili Ventures and the Issuer. The said forecasts are therefore merely an illustration of a possible future outcome which may or may not occur and the Issuer, its directors, officers and advisors make no representation as to their accuracy or likelihood of occurrence. Forecasts are inherently subject to the risks of adverse unexpected events which may affect the revenue streams and profitability of Hili Ventures and/or the Issuer.

## 2.4 RISKS RELATING TO THE BUSINESS OF HILI VENTURES

### Hili Ventures' business is subject to market and economic conditions generally

The business activities of Hili Ventures are subject to general market and economic conditions, both locally and overseas. These conditions include, *inter alia*, consumer demand, financial market volatility, inflation, fluctuations in interest rates, exchange rates, direct and indirect taxation, unemployment, credit markets, government spending and other general market and economic conditions. Any further expansion of Hili Ventures' operations into other markets would further increase its susceptibility to adverse economic developments and trends affecting such other markets.

In the event that general market and economic conditions were to experience a downturn, these weakened conditions may have an adverse impact on the financial position and operational performance of Hili Ventures' business activities, potentially having a negative effect on the Issuer's financial position, cash flows, operational performance and its ability to fulfil its obligations under the Bonds.

### Substantial competition could reduce Hili Ventures' market share and significantly harm its financial performance

Hili Ventures has a trading history in the technology and engineering industries; distribution of Apple products and services; transportation and logistics sector; ownership and management of properties; and operation of McDonald's restaurants. Each of the afore-mentioned business sectors are characterised by strong and increasing competition. Many of Hili Ventures' current and potential competitors' operating histories, name recognition, customer bases and financial and other resources are a competitive factor for Hili Ventures wherever it may have business. Severe competition in certain countries could adversely affect Hili Ventures' business and operating results.

### Hili Ventures' key senior personnel and management have been and remain material to its growth

Hili Ventures believes that its growth is largely attributable to the efforts and abilities of the directors and members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, Hili Ventures might not be able to replace them within the short term, which could have a material adverse effect on Hili Ventures' business, financial condition and results of operations.

In common with many businesses, Hili Ventures will be relying heavily on the contacts and expertise of its directors and senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling Hili Ventures' business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel. The loss of the services of any of the key personnel could have, in the short term, a material adverse effect on Hili Ventures' business.

### Litigation risk

All industries are subject to legal claims, with or without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on Hili Ventures' future cash flow, results of operations or financial condition.



#### Hili Ventures' insurance policies

Historically, Hili Ventures has maintained insurance at levels determined by Hili Ventures to be appropriate in light of the cost of cover and the risk profiles of the business in which Hili Ventures operates. With respect to losses for which Hili Ventures is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, Hili Ventures may not be able to recover the full amount from the insurer. No assurance can be given that Hili Ventures' current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

#### Risks relative to changes in laws

Hili Ventures is subject to a variety of laws and regulations. As with any business, Hili Ventures is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus upon the business and operations of Hili Ventures Companies.

#### Hili Ventures' indebtedness could adversely affect its financial position

Hili Ventures has a material amount of debt and may incur additional debt in connection with its future growth and business development strategy. Consequently, a portion of Hili Ventures' generated cash flows will be required to make principal and interest payments on Hili Ventures' debt. Furthermore, any borrowings under bank credit facilities will likely be at variable interest rates, which could cause Hili Ventures to be vulnerable to increases in interest rates.

The agreements regulating Hili Ventures' bank debt may impose significant financial covenants on Hili Ventures, the covenants of which could limit Hili Ventures' ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

#### Hili Ventures may be exposed to certain financial risks, including interest rate risk, which Hili Ventures may be unable to effectively hedge against

Hili Ventures' activities potentially expose it to a variety of financial risks, including market risk (principally interest rate risk and fair value risk), transaction risk, credit risk and risks associated with the unpredictability of financial markets, all of which could have adverse effects on the financial performance of Hili Ventures.

Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. Hili Ventures may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows if any future borrowings are made under bank credit facilities set at variable interest rates. Although in such a case Hili Ventures seeks to hedge against interest rate fluctuations, this may not always be economically practicable.

Furthermore, the possibility of hedging may become more difficult in the future due to the unavailability or limited availability of hedging counter-parties. An increase in interest rates which is not hedged may have a material adverse effect on Hili Ventures' business, financial condition and results of operations.

#### Currency fluctuations may have a material adverse effect on Hili Ventures' business, financial condition and results of operations

Hili Ventures' operations are exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains or losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

Hili Ventures' financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both translation risk, which is the risk that the financial statements for a particular period or as at a certain date depend, although in part only, on the prevailing exchange rates of the various currencies against the Euro; and transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the currency of its revenue and assets, which fluctuation may adversely affect its operating performance.

#### A portion of operating expenses are fixed

A portion of Hili Ventures' costs are fixed and operating results are vulnerable to short-term changes in its revenues. Hili Ventures' fixed operating expenses are not easily reduced to react to changes in its revenue by reducing its operating expenses, which could have a material adverse effect on its business, financial condition and results of operations.

In addition, Hili Ventures' operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase operating and other expenses include:

- increases in the rate of inflation;
- increases in payroll expenses;
- increases in property taxes and other statutory charges;
- changes in laws, regulations or government policies;
- increases in insurance premiums;
- unforeseen increases in the costs of maintaining properties; and
- unforeseen capital expenditure.

Such increases could have a material adverse effect on Hili Ventures' financial position and its ability to make distributions to its shareholders.

#### Risks of integration and operation of acquired businesses

The integration and operation of businesses or additional franchises that may be acquired in the future may disrupt Hili Ventures' business and create additional expenses, and Hili Ventures may not achieve the anticipated benefits of any such acquisitions and expansion.

Integration of an acquired business or additional franchise involves numerous challenges and risks, including assimilation of operations of the acquired business and difficulties in the convergence of IT systems, the diversion of management's attention from other business concerns, risks of entering markets in which Hili Ventures have had no or only limited direct experience, assumption of unknown or unquantifiable liabilities, the potential loss of key personnel and/or clients, difficulties in completing strategic initiatives already underway in the acquired companies, and unfamiliarity with partners and clients of the acquired company, each of which could have a material adverse effect on Hili Ventures' business, results of operations and financial condition.

The success of integration of acquired businesses or additional franchises typically assumes certain synergies and other benefits. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions or expansion, in whole or in part.

#### Reliance on non-proprietary software systems and third-party IT providers

To varying degrees, Hili Ventures is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business, and are exposed to the risk of failures in such systems. Whilst Hili Ventures has service level agreements and disaster recovery plans to ensure continuity and stability of these systems, there can be no assurance that the service or systems will not be disrupted. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of Hili Ventures' business, financial condition and/or operating performance.

#### The business of 1923 Investments p.l.c. and its operating subsidiaries ("1923 Investments") is reliant on key suppliers

1923 Investments has established strategic relationships with its key suppliers. These relationships support 1923 Investments' product and service offerings, and sales activities generally. There is no guarantee that 1923 Investments will be able to maintain these alliances, enter into further alliances or that existing suppliers will not enter into relationships with 1923 Investments' competitors. The loss of any of these relationships, in particular, the agreement with Apple that authorises 1923 Investments to engage in the sale and distribution of Apple products as an Apple Premium Reseller in Poland, Hungary and Romania, could have a material adverse effect on 1923 Investments' business, results of operations and financial condition and in turn, could have a negative effect on the financial performance and position of Hili Ventures.

#### The business of Premier Capital p.l.c. and its operating subsidiaries ("Premier Capital Group") is highly dependent on its licensor/franchisor

The McDonald's system in Malta, the Baltic countries, Greece and Romania is developed pursuant to the terms of franchises issued by McDonald's Corporation (in the case of Malta and Romania) or by McDonald's International Property Company Ltd, a subsidiary of McDonald's Corporation (in the case of the Baltic countries and Greece). Premier Capital Group has undertaken to develop restaurants under and in accordance with the McDonald's brand and standards as prescribed by the said master franchise (or franchise) agreements. Furthermore, pursuant to master franchise (or franchise) agreements entered into with McDonalds Corporation (or its subsidiary McDonald's International Property Company Ltd, as applicable), Premier Capital Group has been granted the right to adopt and use the McDonald's restaurant system in accordance with the terms of such agreements.

In light of the aforesaid, Premier Capital Group's revenues are dependent on the continued existence of its contractual relationships with McDonald's, and, in turn, of its right to operate McDonald's branded restaurants in Malta, the Baltic countries, Greece and Romania. Furthermore, many factors and decisions in the business of Premier Capital Group are subject to restrictions, specifications or approval. In view of the nature of franchising and the said franchise agreements entered into with the franchisor, the long-term success of Premier Capital Group will depend, to a significant extent, on:

- the continued vitality of the McDonald's concepts and the overall success of the franchise system;
- the ability of Premier Capital Group and its franchisor to identify and react to new trends in the restaurant industry, including the development of popular menu items;
- the ability of Premier Capital Group and its franchisor to develop and pursue appropriate marketing strategies in order to maintain and enhance the name recognition, reputation and market perception of McDonald's restaurants and to introduce and develop new products;
- the goodwill associated with the McDonald's trademarks;
- the quality, consistency and management of the franchisor's overall systems; and
- a continued cooperative franchise relationship with its franchisor.

As already mentioned, the development and operation of Premier Capital Group's business in Malta, the Baltic countries, Greece and Romania is regulated by agreements which require the Premier Capital Group to comply with a comprehensive set of terms and conditions. By their very nature, agreements of this kind contain terms and conditions that are prescriptive. Moreover, the success of a franchise significantly depends on the relationship between the franchisor and the franchisee. While every effort is expected to be made to ensure a positive relationship between Premier Capital Group and its franchisor, there is no assurance that events or circumstances in the future may not adversely affect that relationship or that its franchisor will not enforce its contractual rights under any of the said agreements in a manner that is adverse to Premier Capital Group and in turn adverse to Hili Ventures.

#### Risks relating to property investments and operations

Hili Properties p.l.c., a Hili Ventures Company, is involved in managing and maintaining a portfolio of properties. Property values are affected by and may fluctuate, *inter alia*, as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the property portfolios of Hili Properties p.l.c. may also fluctuate as a result of other factors outside the company's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, interest and inflation rate fluctuations and higher accounting and control expenses. The operating performance of Hili Properties p.l.c. could be adversely affected by a downturn in the property market in terms of capital values.

Hili Properties p.l.c. is also subject to the risk that tenants may terminate or elect not to renew their respective lease, either due to the expiration of the lease term or due to an early termination of the lease. A decline in occupancy levels and/or the re-letting of property at less favourable terms than the current lease terms could adversely impact rental income and operating performance of Hili Properties p.l.c.

#### The business of Motherwell Bridge is subject to global and regional economic conditions and is affected by trends in global transportation and port investment cycles

Motherwell Bridge is principally involved in the provision of engineering services related to port equipment and crane assembly. Demand for such services is affected by the conditions of the global economy, as well as regional economies in which Motherwell Bridge operates, including the Mediterranean region, Morocco and neighbouring countries. A decline in revenue as a result of a fall in demand may reduce planned growth of Motherwell Bridge and otherwise hinder its ability to improve its performance in connection with its long term strategy.

Demand for port-handling equipment and related engineering services generally follow trends in global transportation and, over the shorter term, port investment cycles. Demand for maintenance services is driven by customers' capacity utilisation rates. In addition to risks relating to changes in demand, increased competition can also result in overcapacity and adversely affect market prices, which could have a material adverse effect on the business of Motherwell Bridge, its financial condition and results of operations.

#### Growth strategy

Hili Ventures' growth plans envisage the continued optimisation of Hili Ventures' operations, with a business strategy that looks to enhance Hili Ventures' mainstream business locally and overseas. There is a risk that Hili Ventures may not be able to execute its long-term business strategy. There is no assurance that Hili Ventures will be able to drive growth to the extent desired through its focus

of efforts and resources on its sales or to enhance profitability to the extent desired through continuous improvement. Further, Hili Ventures' theoretical growth projections may, in practice, and potentially for reasons over which it has little or no control, be considerably slower or quicker than anticipated, in turn disrupting Hili Ventures' envisioned strategy and consequently the results of its operations.

## 2.5 RISKS RELATING TO THE GUARANTEE

The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantor, they shall rank without any priority or preference over all its unsecured indebtedness, if any. In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The joint and several Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

## 3. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER AND GUARANTOR

---

### 3.1 DIRECTORS

#### 3.1.1 DIRECTORS OF THE ISSUER

As at the date of this Registration Document, the Board of Directors of the Issuer is constituted by the following persons:

Carmelo sive Melo Hili (395765M)	2, Immaculate Conception Street, Lija, Malta	Chairman
Geoffrey Camilleri (569579M)	299, Ithaca, Triq Frans Sammut, Zebbug, Malta	Executive Director
Dorian Desira (442281M)	Sayonara, Fl 6, Triq iz-Zebbuga, Gudja, Malta	Non-Executive Director
Jacqueline Camilleri (340768M)	63, Alta Vista, Triq Claudette Agius, Dingli, Malta	Independent Non-Executive Director
Mario Vella (672753M)	Sivellier, Triq is-Siegh, Swieqi, Malta	Independent Non-Executive Director

Karen Coppini (91185M) of 179, Triq il-Kbira, Mosta, Malta, is the company secretary of the Issuer.

**THE DIRECTORS OF THE ISSUER ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.**

The persons listed under the sub-heading "Advisors" have advised and assisted the Directors in the drafting and compilation of the Prospectus.

### 3.1.2 DIRECTORS OF THE GUARANTOR

As at the date of this Registration Document, the board of directors of the Guarantor is constituted by the following persons:

Steve Tarr (British passport number 800150906)	9 Hyde Park, Park Towers, Gorg Borg Olivier Street, St Julians, Malta	Chairman
Carmelo <i>sive</i> Melo Hili (395765M)	2, Immaculate Conception Street, Lija, Malta	Chief Executive Officer
Richard Abdilla Castillo (267256M)	Il-Girna, Notabile Road, Mriehel, B'Kara, Malta	Director
Victor Tedesco (594964M)	16, Triq Ghajn Zejtuna, Mellieha, Malta	Director
Jesmond Mizzi (328065M)	Campbell Close G2, Triq San Pawl, Attard, Malta	Independent Non-Executive Director

Karen Coppini (91185M) of 179, Triq il-Kbira, Mosta, Malta, is the company secretary of the Guarantor.

### 3.2 ADVISORS

#### *Legal Counsel*

Name: GVZH Advocates  
Address: 192, Old Bakery Street,  
Valletta VLT 1455 - MALTA

#### *Sponsor*

Name: Charts Investment Management Service Limited  
Address: The Centre, Tigné Point,  
Sliema TPO 0001 - MALTA

#### *Manager & Registrar*

Name: Bank of Valletta p.l.c.  
Address: BOV Centre, Cannon Road,  
Santa Venera SVR 9030 - MALTA

#### *Financial Advisors*

Name: Deloitte Services Limited  
Address: Deloitte Place, Mriehel Bypass,  
Mriehel BKR 3000 - MALTA

As at the date of the Prospectus the advisors named under this sub-heading have no beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or Guarantor with any of the advisors referred to above.

### 3.3 AUDITORS

Name: Deloitte Audit Limited  
Address: Deloitte Place, Mriehel Bypass,  
Mriehel BKR 3000 - MALTA

No audited financial statements of the Issuer have been prepared since its incorporation to the date of this Registration Document.

The annual statutory financial statements of the Guarantor for the financial years ended 31 December 2015, 2016 and 2017 were audited by Deloitte Audit Limited. Deloitte Audit Limited is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act, 1979 (Cap. 281 of the laws of Malta).

## 4. INFORMATION ABOUT THE ISSUER AND GUARANTOR

---

### 4.1 THE ISSUER

Full Legal and Commercial Name of the Issuer:	Hili Finance Company p.l.c.
Registered Address:	Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 85692
Date of Registration:	6 April 2018
Legal Form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone Number:	+356 2568 1200
Email:	info@hilifinance.com
Website:	www.hilifinance.com

The Issuer was established on 6 April 2018 as a wholly-owned subsidiary of the Guarantor (the ultimate parent of Hili Ventures), save for 1 Ordinary share which is held by APM Holdings Limited (C 30527). The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, assets including but not limited to securities and other financial interests. The issue of bonds falls within the objects of the Issuer. The Issuer's intended purpose is to raise finance for the business of the Group through the Guarantor. In this respect, the Issuer is mainly dependent on the business prospects of the Guarantor and Hili Ventures. The Issuer operates exclusively in and from Malta.

### 4.2 THE GUARANTOR

Full Legal and Commercial Name of the Guarantor:	Hili Ventures Limited
Registered Address:	Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 57902
Date of Registration:	17 October 2012
Legal Form:	The Guarantor is lawfully existing and registered as a private limited liability company in terms of the Act
Telephone Number:	+356 2568 1200
Email:	info@hiliventures.com
Website:	www.hiliventures.com

The Guarantor was established in 2012 and principally acts as the investment holding company of Hili Ventures to which it provides management and consultancy services. The Guarantor is principally engaged, through Subsidiaries, in investments that are predominantly involved in the business sectors described below:

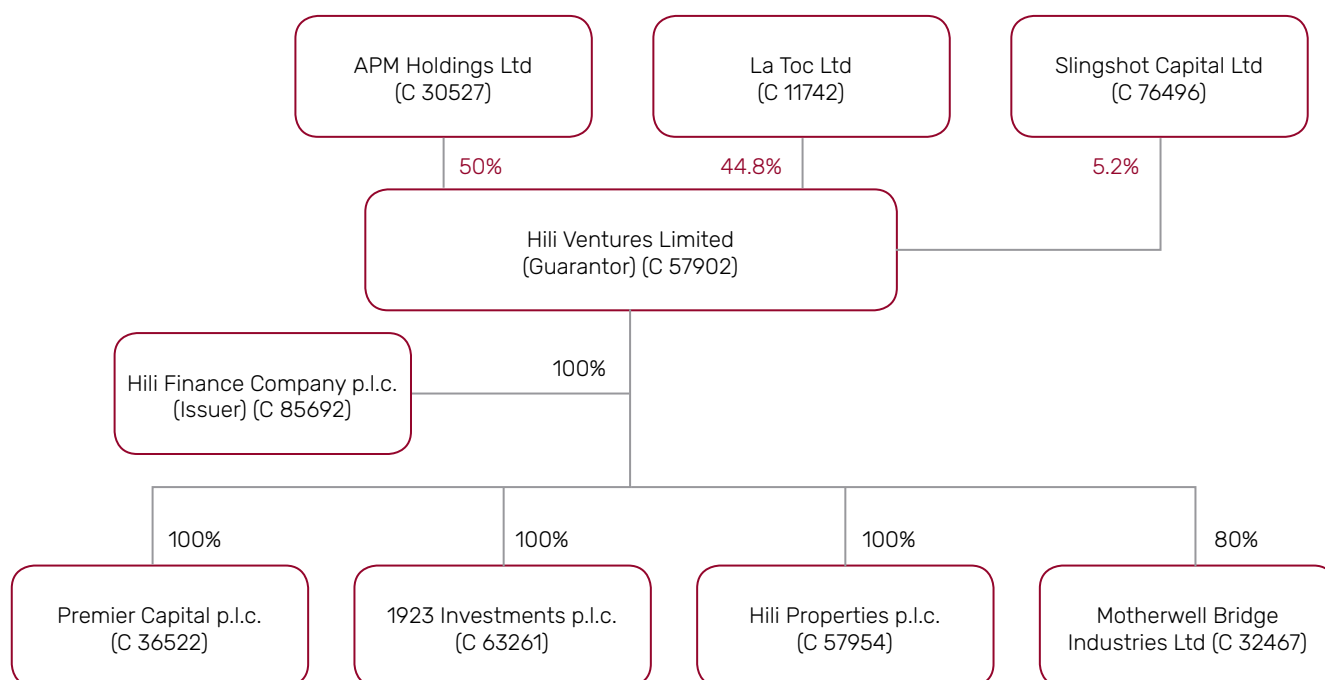
- **Premier Capital p.l.c.** is involved in the operations of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- **1923 Investments p.l.c. (formerly PTL Holdings p.l.c.)** is the investment operating division of Hili Ventures, other than the operation of McDonald's restaurants as described hereinabove and the property division which is managed by Hili Properties p.l.c.

1923 Investments p.l.c. is presently engaged in the sale and distribution of Apple products as an Apple Premium Reseller in Poland, Hungary and Romania; the sale, maintenance and servicing of information technology solutions, security systems and the provision of electronic payment solutions; and transport and logistics in Malta and Poland, including air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo.

- **Hili Properties p.l.c.** is the parent company of the property division of Hili Ventures, and owns and manages a property portfolio comprising commercial and retail property in Europe.

- **Motherwell Bridge Industries Limited** (“Motherwell Bridge”) is primarily engaged in providing engineering services related to port equipment and crane assembly. Through the acquisition of Techniplus S.A. in 2016, Motherwell Bridge is now also involved in providing maintenance services of port equipment and crane assembly in Morocco and neighbouring countries.

As the holding company of Hili Ventures, the Guarantor is ultimately dependent upon the operations, performance and business prospects of the above-mentioned Subsidiaries. The diagram below illustrates the principal Subsidiaries within the organisational structure of Hili Ventures.



The complete list of Hili Ventures Companies is included in the consolidated audited financial statements of the Guarantor for the year ended 31 December 2017. The said financial statements are available for inspection as indicated in section 16 below.

Subject to market conditions and necessary regulatory approvals, in the near term, the Guarantor intends to list the ordinary shares of 1923 Investments p.l.c. on the Official List of the Malta Stock Exchange and to offer up to 40% of its shareholding in the afore-mentioned company to the general public in Malta through an initial public offering. This proposed transaction by the Guarantor will not adversely impact the Issuer’s ability to service annual interest payments on the Bonds and to repay the outstanding Bonds upon maturity.

As at the date of this Registration Document, the ordinary shares of 1923 Investments p.l.c. are not listed on the Malta Stock Exchange and no application for such listing has been made.

### 4.3 OVERVIEW OF HILI VENTURES’ REVENUE SEGMENTS

The following information on Hili Ventures is extracted from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2015 to 2017, which are available for inspection as indicated in section 16 below.

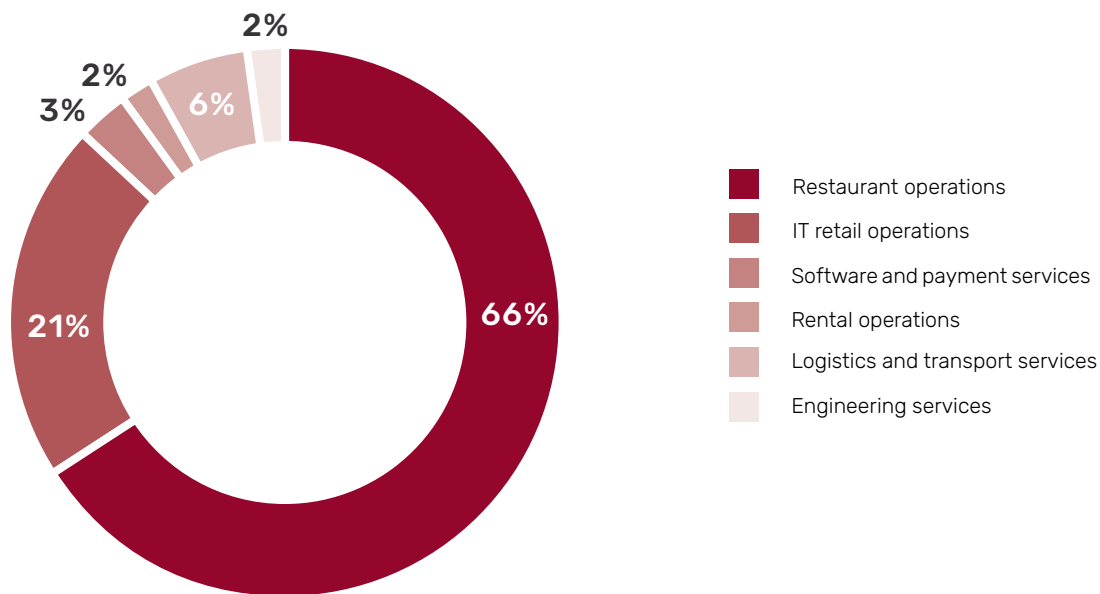
#### Hili Ventures Limited

#### Group Revenue by Activity

#### for the year ended 31 December

	2015	2016	2017
	€000	€000	€000
Restaurant operations	99,938	230,161	263,419
IT retail operations	115,600	76,215	83,974
Software and payment services	12,525	9,473	12,764
Rental operations	2,513	3,152	4,589
Logistics and transport services	17,161	15,522	22,907
Engineering services	4,715	6,716	8,835
<b>Total revenue</b>	<b>252,452</b>	<b>341,239</b>	<b>396,488</b>

## HILI VENTURES GROUP REVENUE BY ACTIVITY (FY2017)



'Restaurant operations' revenue is generated by Premier Capital p.l.c. and comprises the operation of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania. The McDonald's franchise for Malta was awarded in 1995 and that of the Baltic States in 2007. Four years later, in 2011, Premier Capital p.l.c. was awarded the developmental license for McDonald's in Greece and on 22 January 2016, Premier Capital p.l.c. acquired 90% shareholding in Premier Capital SRL, which indirectly operates the McDonald's restaurants in Romania. During the past 3 financial years, the average number of restaurants increased from 63 restaurants in FY2015 to 133 and 140 restaurants in FY2016 and FY2017 respectively, principally as a result of the acquisition in Romania. In FY2017, 'restaurant operations' revenue represented *circa* 66% of Hili Ventures' total revenue.

Revenue activities entitled 'IT retail operations', 'software and payment services' and 'logistics and transport services' relate to operations undertaken by 1923 Investments p.l.c. 'IT retail operations' primarily refers to the business operations of iSpot Holdings B.V. and its Subsidiaries ("iSpot"), and is principally engaged in retailing Apple products in Poland through 26 stores (2016: 25 stores) under the iSpot brand, together with a well-developed online proposition. As an Apple Premium Reseller and Apple Authorised Service Provider, iSpot outlets carry a full range of Apple products, including software and accessories, and through its trained staff also offer support and repair services to customers regardless of where they originally purchased the Apple product. In addition to Apple solutions, iSpot stores offer an extensive range of third-party products and software. iSpot also operates under the iCentre brand a store in Bucharest, Romania, and 4 stores in Hungary through a joint venture.

Furthermore, iSpot is involved in turnkey solutions for business customers, and its services comprise the design and construction of networks, data security, and the supply of hardware and software. As a certified Apple Authorised Training Centre, iSpot participates on an ongoing basis in various projects relating to the implementation of Apple technology in higher education.

'Software and payment services' comprises the activities of Harvest Technology Limited and its Subsidiaries ("Harvest"), which primarily focuses on delivering business solutions and e-commerce systems to diverse clients in Malta, parts of Europe and North Africa. Harvest has four main revenue segments - networking, integration and hardware solutions, and product engineering; payments and security solutions; business applications; and business analytics and intelligence.

'Logistics and transport services' refers to the business of Hili Logistics Limited and its Subsidiaries in Malta and Poland ("Hili Logistics") and involves air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo. In the latter part of FY2016, Hili Logistics acquired Allcom Sp. z.o.o., an intermodal freight forwarding company and customs agency in Poland. The main sectors serviced by Allcom Sp. z.o.o. include the food, chemical and construction material industries. This acquisition enabled Hili Logistics to increase revenue by *circa* 48% from €15.5 million in FY2016 to €22.9 million in FY2017.

In FY2017, operations undertaken by 1923 Investments p.l.c. namely 'IT retail operations', 'software and payment services' and 'logistics and transport services' represented *circa* 30% of Hili Ventures' total revenue.

'Rental operations' revenue is generated by Hili Properties p.l.c. and its Subsidiaries ("Hili Properties"), which principally manages a property portfolio comprising commercial and retail property in Europe. The company relies on active asset management to maximise operating efficiency and profitability at the property level. In May 2017, Hili Properties acquired the ART Business Centre 7 situated in Bucharest, Romania (rentable area of *circa* 18,000m<sup>2</sup>), including the underlying land, for an aggregate consideration of €30,575,000. A number of disposals took place during FY2017, including the APCO Building in B'Kara, Malta, which provided the company with cash inflows of €625,000. As at 31



December 2017, the property portfolio of Hili Properties amounted to €104.0 million (31 December 2016: €98.4 million), of which, *circa* 65% and 35% of such property value is rented to third parties and intra-Group tenants respectively.

'Engineering services' revenue is derived from the operations of Motherwell Bridge Industries Limited and its Subsidiaries ("Motherwell Bridge"). Operating from a *circa* 15,000m<sup>2</sup> property in Hal Far Industrial Park, Malta, Motherwell Bridge principally provides customised engineering services and maintenance of port handling equipment and crane assembly. In FY2016, Motherwell Bridge acquired Techniplus S.A., a company engaged in the provision of maintenance services of port equipment and crane assembly in Morocco and neighbouring countries.

## 5. OPERATING AND KEY FINANCIAL REVIEW

### 5.1 THE ISSUER

The Issuer was registered and incorporated on 6 April 2018 as a special purpose vehicle to act as a finance and investment company for the Guarantor and Hili Ventures. The Issuer has, to date, not conducted any business, and has no trading record. As such, there were no significant changes to the financial or trading position of the Issuer since incorporation to the date of this Registration Document.

### 5.2 THE GUARANTOR

The financial information included hereinafter is extracted from the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2015 to 2017.

The tables and discussion included in this section 5.2 contain certain alternative performance measures (as defined by the European Securities and Markets Authority (ESMA)), including EBITDA, that Hili Ventures' management and other competitors in the industry use. These non-IFRS financial measures are presented as supplemental information as (i) they represent measures that the Directors believe may be relevant for certain investors, securities analysts and other parties in assessing Hili Ventures' operating and financial performance and may contribute to a fuller understanding of Hili Ventures' cash generation capacity and the growth of the combined business; and (ii) they may be used by Hili Ventures' management as a basis for strategic planning and forecasting.

<b>Hili Ventures Limited</b>			
<b>Consolidated Statement of Comprehensive Income</b>			
<b>for the year ended 31 December</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
Revenue	252,452	341,239	396,488
Cost of sales	(214,901)	(275,404)	(320,344)
<b>Gross profit</b>	<b>37,551</b>	<b>65,835</b>	<b>76,144</b>
Net operating expenses	(18,912)	(29,148)	(36,606)
<b>EBITDA<sup>1</sup></b>	<b>18,639</b>	<b>36,687</b>	<b>39,538</b>
Depreciation and amortisation	(8,589)	(14,120)	(14,148)
Net investment income/(loss)	1,424	1,585	(3,928)
Net finance costs	(6,953)	(11,080)	(12,102)
<b>Profit before tax</b>	<b>4,521</b>	<b>13,072</b>	<b>9,360</b>
Taxation	(738)	(7,984)	(2,461)
<b>Profit for the year (continuing operations)</b>	<b>3,783</b>	<b>5,088</b>	<b>6,899</b>
Loss from discontinued operations	(433)	(233)	(5)
<b>Profit for the year</b>	<b>3,350</b>	<b>4,855</b>	<b>6,894</b>
<b>Other comprehensive income</b>			
Movement on available-for-sale investments	250	39	(361)
Exchange differences - foreign operations	-	(1,402)	1,313
Gain on revaluation of assets	-	45	3,127
<b>Total comprehensive income</b>	<b>3,600</b>	<b>3,537</b>	<b>10,973</b>

<sup>1</sup>EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

**Hili Ventures Limited**  
**Consolidated Statement of Financial Position**  
**as at 31 December**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill and other intangibles	90,327	108,265	104,545
Property, plant and equipment	100,035	148,019	185,750
Investments and financial assets	3,694	2,207	2,199
Deposit on acquisition of investments	12,500	12,500	24,500
Loans and receivables	3,408	10,388	10,897
Deferred tax asset and restricted cash	3,934	2,223	2,606
	<b>213,898</b>	<b>283,602</b>	<b>330,497</b>
<b>Current assets</b>			
Inventory	12,184	14,376	17,845
Trade and other receivables	16,713	22,040	22,469
Other assets	8,387	10,370	10,109
Cash and cash equivalents	8,829	71,851	27,284
	<b>46,113</b>	<b>118,637</b>	<b>77,707</b>
<b>Total assets</b>	<b>260,011</b>	<b>402,239</b>	<b>408,204</b>
<b>EQUITY</b>			
<b>Equity and reserves</b>	<b>70,074</b>	<b>72,768</b>	<b>82,870</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings and bonds	129,588	195,741	225,888
Other non-current liabilities	8,562	9,226	8,489
	<b>138,150</b>	<b>204,967</b>	<b>234,377</b>
<b>Current liabilities</b>			
Bank overdrafts	2,414	4,307	3,577
Borrowings	10,379	57,553	26,465
Other current liabilities	38,994	62,644	60,915
	<b>51,787</b>	<b>124,504</b>	<b>90,957</b>
	<b>189,937</b>	<b>329,471</b>	<b>325,334</b>
<b>Total equity and liabilities</b>	<b>260,011</b>	<b>402,239</b>	<b>408,204</b>

**Hili Ventures Limited**  
**Consolidated Cash Flow Statement**  
**for the year ended 31 December**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
Net cash from operating activities	7,852	27,835	10,875
Net cash from investing activities	(48,695)	(71,351)	(56,813)
Net cash from financing activities	36,390	105,007	2,582
<b>Net movement in cash and cash equivalents</b>	<b>(4,453)</b>	<b>61,491</b>	<b>(43,356)</b>
Cash and cash equivalents at beginning of year	10,868	6,415	67,544
Effect of movements in exchange	-	(362)	(481)
<b>Cash and cash equivalents at end of year</b>	<b>6,415</b>	<b>67,544</b>	<b>23,707</b>

Revenue generated by Hili Ventures in **2015** amounted to €252.4 million, of which, *circa* 85% represented 'restaurant operations' revenue (being income derived from the operation of McDonald's restaurants through Premier Capital) and 'IT retail operations' revenue (primarily being income from retailing Apple products under the iSpot brand). EBITDA for the year under review amounted to €18.6 million, and as expected, the two principal contributors were Premier Capital and iSpot. After deducting depreciation and amortisation (€8.6 million) and net finance costs (€7.0 million), and adding net investment income amounting to €1.4 million, Hili Ventures registered a profit before tax of €4.5 million. Total comprehensive income for FY2015 amounted to €3.6 million.

Hili Ventures reported a turnover of €341.2 million in **2016** (FY2015: €252.4 million), representing an increase of 35% over the prior year. Further analysis shows that 'restaurant operations' revenue increased by €130.2 million (+130%) from €99.9 million in FY2015 to €230.2 million in FY2016, mainly as a consequence of the acquisition in January 2016 of the business operating 67 McDonald's restaurants in Romania. As at year end, Premier Capital operated a total of 133 restaurants (FY2015: 63 outlets).

In contrast, 'IT retail operations' revenue decreased y-o-y by €39.4 million to €76.2 million (-34%), principally due to the cessation of B2B operations at iSpot. Moreover, 'software and payment services' and 'logistics and transport services' registered an aggregate revenue decline of €4.7 million (-16%), from €29.7 million in 2015 to €25.0 million in 2016.

FY2016 EBITDA increased by 97% from a year earlier to €36.7 million (FY2015: €18.6 million). As explained above, the new acquisition at Premier Capital more than doubled the number of restaurants under operation and is the primary reason for the y-o-y increase in EBITDA. Profit for the year amounted to €4.9 million as compared to €3.4 million in FY2015 (+44%), which takes into account depreciation and amortisation of €14.1 million (FY2015: €8.6 million), net finance costs of €11.1 million (FY2015: €7.0 million) and taxation amounting to €8.0 million (FY2015: €0.7 million).

Revenue generated in **FY2017** amounted to €396.5 million, an increase of €55.2 million (+16%) when compared to the prior year. All business activities reported y-o-y increases (net of intra-group transactions which are eliminated on consolidation) as follows:

- (i) revenue derived from 'restaurant operations' increased by €33.3 million (+14%) to €263.4 million, principally due to an increase in restaurants from 133 outlets in 2016 to 140 in 2017 and growth in revenue per restaurant;
- (ii) turnover from 'IT retail operations' increased by €7.8 million (+10%) to €84.0 million in FY2017, wherein iSpot relocated 2 stores and opened 1 new store;
- (iii) an increase of 35% or €3.3 million was registered in 'software and payment services', particularly due to significant growth in new APCOPAY clients (payment gateway solutions);
- (iv) income from 'rental operations' increased from €3.2 million in FY2016 to €4.6 million, on account of a newly acquired property in Romania in Q2 2017, which property is fully leased;
- (v) turnover from 'logistics and transport services' increased from €15.5 million in FY2016 to €22.9 million, mainly reflecting a full year's income generated from Allcom Sp. z.o.o. which was acquired in the latter part of FY2016;
- (vi) income generated from 'engineering services' increased by 32% y-o-y to €8.8 million, primarily as a result of the acquisition of Techniplus S.A., a company with operations in Morocco and neighbouring countries involved in maintenance and servicing of port cargo handling equipment.

EBITDA for the year under review amounted to €39.5 million, an increase of 8% from a year earlier (FY2016: €36.7 million). Premier Capital's portion of EBITDA amounted to €35.1 million (FY2016: €32.7 million), representing 89% of aggregate EBITDA in FY2017 (FY2016: 89%). Depreciation and amortisation amounted to €14.1 million in each of FY2016 and FY2017. Net finance costs, on the other hand, increased by €1.0 million from €11.1 million in FY2016 to €12.1 million. In FY2017, Hili Ventures reported a net investment loss of €3.9 million, primarily as a consequence of goodwill write-offs amounting to €5.2 million, which was partly mitigated by an increase in fair value of investment property of €2.0 million. Taxation was considerably lower in FY2017 at €2.5 million when compared to the FY2016 tax charge of €8.0 million. After accounting for exchange differences and revaluation gains, the Group reported total comprehensive income amounting to €11 million as compared to €3.5 million registered in FY2016.

Non-current assets in the statement of financial position as at 31 December 2017 amounted to €330.5 million (2016: €283.6 million). Notable items include: (i) goodwill and other intangibles amounting to €104.5 million (2016: €108.3 million), which principally relate to goodwill on acquisitions of going concerns, support services license, acquired rights, franchise fees for restaurant operations, patents and trademarks for Apple products and computer software licenses; and (ii) property, plant and equipment amounting to €185.8 million (2016: €148.0 million), which comprises improvements to leased properties, equipment and properties owned by Hili Properties p.l.c.

Current assets as at 31 December 2017 amounted to €77.7 million (2016: €118.6 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €91.0 million (2016: €124.5 million), made up of borrowings as to €30.0 million (2016: €61.9 million) and other liabilities of €60.9 million (2016: €62.6 million). Hili Ventures' liquidity ratio (which is measured by dividing current

assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), as at 31 December 2017, stood at 0.85 times (2016: 0.95 times).

Non-current liabilities at year end amounted to €234.3 million (2016: €205.0 million) and mainly comprised borrowings and bonds. The equity value of Hili Ventures as at 31 December 2017 totalled €82.9 million (2016: €72.8 million).

Net cash flows from operating activities in FY2017, as presented in the statements of cash flows for the year ended 31 December 2017, amounted to €10.9 million as compared to €27.8 million in the prior year. The adverse variance of €16.9 million mainly resulted from a positive movement in operating profit amounting to €8.3 million, which was offset by net cash outflows in working capital movements and interest and tax payments.

In FY2017, Hili Ventures used €56.8 million in investment activities, as compared to €71.4 million in FY2016, primarily to acquire investment property, property, plant and equipment, and other assets. Net cash flows from financing activities amounted to €2.6 million (FY2016: €105.0 million), which comprised cash inflows from banks and related parties of €66.0 million and repayment of bank loans, bonds and payment of dividends of €63.4 million. Cash and cash equivalents at the end of 2017 amounted to €23.7 million, a decrease of €43.8 million from a year earlier (FY2016: €67.5 million).

## 6. PRINCIPAL INVESTMENTS

---

In November 2017, Transport Malta issued a call for tenders for the operation and management of the Gzira Gardens Yacht Marina. The 25-year concession will cover 25,000m<sup>2</sup>, including a capitanerie in the garden and stern-to berthing along the quay. The concession envisages a two year period during which the operator will upgrade the area and install pontoons, after which fees can be raised according to a schedule set at the operator's discretion. Out of 14 entities that submitted bids in January 2018, Hili Ventures' bid was the highest at €15.4 million. Should the above-mentioned proposition be awarded to Hili Ventures, project specific funding will be raised to finance both the acquisition of the 25-year concession and capital investment to complete the said project.

Save for the above, Hili Ventures is not party to any principal future investments, and has not entered into or committed for any such investments. However, a budget for capital expenditure has been allocated for the opening of new McDonald's restaurants and remodelling/upgrading of existing restaurants. Such expenditure for FY2018 is projected to amount to *circa* €27.3 million, and will be financed from internally generated funds.

## 7. BUSINESS DEVELOPMENT STRATEGY AND TREND INFORMATION

---

The Issuer was registered and incorporated on 6 April 2018 and as such has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements.

The Issuer is dependent on the business prospects of the Guarantor and, therefore, the trend information relating to the Guarantor has a material effect on its financial position and prospects.

As at the time of publication of this Prospectus, the Guarantor considers that generally it shall be subject to the normal business risks associated with the business in which Hili Ventures operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of Hili Ventures and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in the Prospectus.

### 7.1 THE GUARANTOR

There has been no material adverse change in the prospects of the Guarantor since the date of its last published audited consolidated financial statements.

The Guarantor's business strategy focuses on two principal elements as described hereunder:

- **Management strategy** involves the proactive financial and operational management of the businesses owned by Hili Ventures, so as to achieve positive operational results, distribute dividends to the Guarantor on a regular basis and increase shareholder value. The Guarantor monitors and supports Hili Ventures Companies by, *inter alia*:
  - assisting in the recruitment and retention of talented senior executives to operate the businesses owned by the Guarantor;
  - regularly monitoring financial and operational performance of Hili Ventures Companies to effectively ensure that set goals and organic growth strategies are achieved;

- assisting Hili Ventures Companies in controlling and right-sizing overhead costs; and
  - forming strong subsidiary level boards of directors to support executive management in their development and implementation of strategic goals and objectives.
- **Acquisition strategy** involves the acquisition of businesses that are expected to produce positive earnings and cash flow, and have high growth potential. In this respect, the Guarantor may acquire companies operating in sectors other than those in which Hili Ventures currently operates if the directors believe an acquisition target presents an attractive opportunity.

## 7.2 PREMIER CAPITAL P.L.C.

The principal objective of Premier Capital p.l.c. and its Subsidiaries ("**Premier Capital**") is to focus on the expansion of the McDonald's restaurant network within existing and new markets, given the belief of Premier Capital's management that there is significant market potential to continue to develop the McDonald's concept in Malta, the Baltic countries, Romania and Greece and, possibly, other territories (subject to franchisor's approval and granting of the associated licenses).

The opportunities for further expansion in the regions in which Premier Capital operates will depend on a number of factors that could have a material impact on Premier Capital's strategy to increase its operational presence in these territories. These factors are driven principally by the level of penetration that management reckons is sustainable in each of these territories to conduct profitable operations.

In devising future strategy, Premier Capital's management takes an ad hoc regional view of: general macro-economic conditions; the social development of the population; competition; regulation; affluence; political and economic stability within each territory. Moreover, Premier Capital commissions regular market studies in each of the territories in which it operates restaurants in order to keep under review all the relevant market conditions that could have an impact on its development strategy and to enable it to react in a timely manner as and when market conditions so dictate.

On the basis of data available to Premier Capital's management, it transpires that the Maltese market, the Baltic countries market, as well as the Romanian and the Greek markets, can sustain further expansion, albeit not necessarily with the same potential.

In the case of Malta and the Baltic countries, Premier Capital already has a high penetration rate, comparable to that prevailing in the more developed city centres in Western Europe. Premier Capital's management believes that growth in these regions remains sustainable, with plans for relocations and renovations of its existing restaurants.

In the case of Romania and Greece, Premier Capital's management believes that there is further room for higher penetration rates. The relatively low penetration rate of restaurants *per capita*, combined with the high level of brand recognition enjoyed and Premier Capital's pricing strategy for the region, is believed to postulate the right platform for expansion in these regions.

## 7.3 1923 INVESTMENTS P.L.C.

The principal objective of 1923 Investments p.l.c. is to operate and manage Hili Ventures' investments, other than the operation of McDonald's restaurants and the property division, which are managed by Premier Capital p.l.c. and Hili Properties p.l.c. respectively. The following is an overview of the business strategies and trends affecting each of the businesses currently operated by 1923 Investments p.l.c., specifically, iSpot, Harvest and Hili Logistics.

### 7.3.1 THE BUSINESS OF ISPOT

The market in Poland, Hungary and Romania for Apple products and services is highly competitive. As with other developed markets, the market is characterised by frequent product introductions and rapid technological advances that have substantially increased the capabilities and use of mobile communication and media devices, personal computers, and other digital electronic devices. iSpot competes with other resellers of Apple products and services, and therefore competing factors include mainly price of products, as well as location of stores, quality of service provided and share of the business-to-business (B2B) market. iSpot's other competitors, which sell Apple products as well as other mobile devices and personal computers based on other operating systems, typically undertake aggressive price cuts and lower their product margins to gain or maintain market share. The challenge of the Apple Premium Reseller stores is to differentiate the total service experience beyond the product. Apple is, however, designing new ways to expand the business generated from its retail platforms beyond the current business-to-consumer (B2C) activity, which will definitely create growth opportunities for the company's already strong portfolio in the market.

iSpot is highly dependent on Apple to continuously introduce new and improved products and services ahead of competitors so as to maintain

high demand for Apple offerings. Principal competitive factors important to iSpot include price, product features, relative price/performance, product quality and reliability, design innovation, a strong third-party software and peripherals ecosystem, marketing and reselling capability, service and support, and corporate reputation.

### **7.3.2 THE BUSINESS OF HARVEST**

Harvest aims to bring people together to share their skills, creativity, optimism and vision. Through entrepreneurship, ambition and opportunity, Harvest wants to create a space where companies with long-lasting ideas can gain access to resources and expertise that will help them define the right strategic footing to broaden their horizons and succeed.

Harvest's value is rooted in enabling the customers of the companies within its fold to do more, faster, more efficiently. The entities within Harvest have helped many customers flourish thanks to the ideas, technologies and systems that have been implemented for them. As such, Harvest is passionate about supporting other technology companies to grow. Harvest is looking to partner ambitious founders to lead them to a brighter, prosperous future, driving the growth of Harvest's value in the process.

The IT hardware, software and services industry is very fragmented and highly competitive. Harvest competes with a large number and wide variety of marketers and resellers of IT hardware, software and services. The competitive landscape in the industry is continually changing as various competitors expand their product and service offerings. In addition, emerging models such as cloud computing are creating new competitors and opportunities in messaging, infrastructure, security, collaboration and other services offerings, and, as with other areas, the above-mentioned companies resell and compete directly with many of these offerings.

With reference to payment gateway solutions, management believes that electronic transactions will expand further in the future and that an increasing percentage of these transactions will be processed through emerging technologies. Competitors are continually offering innovative products and enhanced services, such as products that support smart phones that contain mobile wallet software. As mobile payments continue to evolve and are desired by merchants and consumers, Harvest will continue to develop new products and services that will leverage the benefits that these new technologies can offer customers. In addition, it is expected that new markets will develop in areas that have been previously dominated by paper-based transactions. Industries such as e-commerce, government, recurring payments and business-to-business should continue to see transaction volumes migrate to more electronic-based settlement solutions.

As such, the continued development of new products and services and the emergence of new vertical markets will provide opportunities for Harvest to expand its business in the years to come.

### **7.3.3 THE BUSINESS OF HILI LOGISTICS**

The logistics services industry is intensely competitive and is expected to remain so for the foreseeable future. There are a large number of companies competing in one or more segments of the industry, and a more limited number of firms with a global network that offer a full complement of logistics services. Furthermore, there are new technology-based competitors entering the industry. Many of these competitors have significantly more resources than Hili Logistics. Depending on the location of the shipper and the importer, Hili Logistics must compete against both the niche players and larger entities. The industry continues to experience consolidations into larger firms aiming for stronger and more complete multinational and multi-service networks. However, regional and local competitors still maintain a strong market presence in certain areas.

The primary competitive factors in the logistics services industry continue to be price and quality of service, including reliability, responsiveness, expertise, convenience, and scope of operations. Hili Logistics emphasises quality customer service and is focused on optimising operations so as to maintain competitive prices over others in the industry.

Management has a strategy to grow Hili Logistics through the development of its current core activities and, in particular, endeavours to add new geographic territories, enhance the current base of customers, and/or add new services.

The acquisition of Allcom Sp. z.o.o. in 2016 has enabled Hili Logistics to expand its global reach by using available knowledge and range of services to grow a proven and successful business. The operating companies forming part of Hili Logistics shall continue to exploit synergies, collaborate on projects and attract new clients by utilising existing logistical contacts and supply chains.

## **7.4 HILI PROPERTIES P.L.C.**

It is the objective of Hili Properties p.l.c. and its Subsidiaries ("**Hili Properties**") to continue to act as the property holding vehicle of Hili Ventures. In this regard, Hili Properties aims to continue to manage existing properties, and to acquire and dispose of properties as necessary to meet the needs of Hili Properties' business operations. The rents chargeable by Hili Properties to Hili Ventures Companies are based on commercial rental rates and respective lease agreements are entered into on an arms-length basis.

With respect to the remaining portfolio, Hili Properties' strategy is to create a property portfolio consisting primarily of attractively-located,

institutional and high quality, income-producing investment properties to deliver income and capital growth through active asset management. The Guarantor believes that Hili Properties' board of directors, with the support of external advisors and property experts, has appropriate knowledge and competence in order to capitalise on the opportunities presented by current and expected market conditions.

Hili Properties intends to continue to source its investment opportunities primarily through the board of directors' extensive network of relationships within the immovable property markets of the Target Countries, which include the corporate and private landlords, brokers, domestic banks and others. The board of directors expects to create both sustainable income and strong capital returns for Hili Properties.

## **7.5 MOTHERWELL BRIDGE INDUSTRIES LTD**

Motherwell Bridge Industries Ltd and its Subsidiaries ("**Motherwell Bridge**") operate in the engineering industry, particularly in construction and maintenance of port-handling equipment as well as other related business operations. The afore-mentioned industry is highly competitive and Motherwell Bridge competes with both large as well as many mid-size and smaller companies. Competitive position is based on a multitude of factors, including pricing, backlog management, financial strength, and availability of partners, suppliers and workforce.

Through the acquisition of Techniplus S.A. in 2016, Motherwell Bridge has considerably expanded its geographic markets, client base and scale of operation. As such, looking ahead, Motherwell Bridge expects to materially grow its work pipeline and achieve profitable growth by continuing to progress in operational excellence with a performance-driven culture.

## **8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

---

### **8.1 THE ISSUER**

#### **8.1.1 EXECUTIVE AND NON-EXECUTIVE DIRECTORS**

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a Board of Directors to be composed of not less than four and not more than six Directors, who are appointed by the shareholders.

Directors of the Issuer are appointed by means of an ordinary resolution in general meeting. Accordingly, the Guarantor is empowered to appoint the Directors of the Issuer, thereby putting it in a position to appoint an absolute majority of the Directors of the Issuer and, accordingly, have control over the management and operations of the Issuer.

The Issuer is currently managed by a Board consisting of five Directors entrusted with its overall direction, including the establishment of strategies for future development. Its responsibilities include the oversight of the Issuer's internal control procedures and financial performance, and the review of the Issuer's business risks, thus ensuring such risks are adequately identified, evaluated, managed, and minimised. All the Directors have access to independent professional advice at the expense of the Issuer, should they so require.

The Executive Director of the Issuer is entrusted with the company's day-to-day management and is also a director or officer of other companies within Hili Ventures. The main functions of the remaining four non-executive Directors comprising the Board, two of whom are also independent of the Issuer, are to monitor the operations of the executive Director and his performance, as well as to review any proposals tabled by the executive Director. In line with generally accepted principles of sound corporate governance, at least one of the Directors shall be a person independent of the Group. All of the Directors of the Issuer were elected by the shareholders upon the Issuer's incorporation and no Directors have been removed and no further Directors elected and appointed since the Issuer's inception.

The business address of each Director is the registered office of the Issuer.

None of the Directors have been:

- a) convicted in relation to fraud or fraudulent conduct;
- b) made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- c) the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- d) disqualified by a court from acting as director or manager.

The Directors believe that the present organisational structure is adequate for the current activities of the Issuer. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.



Hereunder is a brief curriculum vitae of each of the current Directors:

**Carmelo sive Melo Hili** is Non-Executive Chairman of the Issuer and the Chief Executive Officer of the Guarantor. He joined the family business in 1988 and was appointed managing director of Motherwell Bridge, then a joint venture with Motherwell Bridge Group of Scotland. Mr Hili later also headed the company's Italian operation and was a board member of Motherwell Bridge Bhicam in the Bahamas. He was named developmental licensee for McDonald's in Malta in 2005, for Estonia, Latvia and Lithuania in 2007, for Greece in 2011 and for Romania in 2016. Mr Hili is also chairman of Premier Capital p.l.c., Hili Properties p.l.c. and Motherwell Bridge Industries Ltd.

**Geoffrey Camilleri** is a certified public accountant. After obtaining an Honours degree in Accountancy from the University of Malta, he joined the Assurance and Business Advisory division of PricewaterhouseCoopers in Malta. He then moved into industry and joined Malta's Middlesea Insurance Group, and later Gasan Group. He joined Hili Ventures Ltd in 2014 and was appointed Chief Financial Officer of the Guarantor in January 2016. Mr Camilleri is also director of Hili Properties p.l.c., 1923 Investments p.l.c. and Motherwell Bridge Industries.

**Dorian Desira** is a Non-Executive Director of the Issuer. He started out at Hili Ventures in 1997 as an accounts clerk and later was appointed financial controller at Hili Ventures' IT arm and Motherwell Bridge Services. In 2008, Mr Desira graduated as an accountant and a year later, he joined Premier Restaurants Malta as Finance Manager. On takeover of the Greek McDonald's operation in 2011, Mr Desira moved to Greece to support the new addition to Premier Capital p.l.c. He returned to Malta as General Manager overseeing the McDonald's operation of nine restaurants. In May 2014, Mr Desira was appointed Chief Finance Officer of Premier Capital p.l.c. Mr Desira is a director of various entities within Premier Capital p.l.c. and of Carmelo Caruana Company Ltd. He holds a CPA warrant and is a fellow member of the Malta Institute of Accountants and the Association of Chartered Certified Accountants.

**Jacqueline Camilleri** is a Certified Public Accountant, a graduate of the University of Malta with a B.A (Hons) degree in Accountancy and is a Fellow Member of the Institute of Accountants. She holds a Masters in Business Administration from Heriot-Watt University of Edinburgh Business School. Ms Camilleri has held various positions within the AX Holdings Group of Companies between 1990 and 1998, including those of Financial Controller AX Construction and Finance and Administration Manager of Capua Palace Hospital. In 1998, Ms Camilleri joined the Foundation for Medical Services (FMS) as one of the team members responsible for the opening of Mater Dei Hospital. Ms Camilleri also has work experience in the United Kingdom where she joined the National Health Service and served as Directorate Management Accountant at Stock Mandeville Hospital. Ms Camilleri provided financial consultancy services to the private and national health sector, including her role as Head of Financial Monitoring and Control Unit (FMCU) within the Ministry for Health, Elderly and Community Care. She has also worked on various consulting assignments, privatisation processes, strategic reviews and business evaluations during her time at MIMCOL. In the last quarter of 2010, she re-joined the Ministry for Health, Elderly and Community Care as Director General Finance and Administration. In 2014, Ms Camilleri was appointed Chief Executive Officer at Hilltop Gardens, a subsidiary of AX Holdings Group of Companies, where she took over the management and development of the Retirement Village in its entirety. Ms Camilleri now provides business advisory services with particular focus on start-ups and clients undergoing restructuring. Ms Camilleri served as a Board Member of the Foundation for Medical Services between 2005 and 2010. She also served as Vice Chairman of the Malta International Airport between 2008 and 2013. Ms Camilleri also lectured at the Institute of Healthcare (IHC) of the University of Malta between 2008 and 2011.

**Mario Vella** joined Barclays Bank in Malta in 1969 and has occupied several positions within the bank concluding his career with HSBC in 2013 in the role of Head of Corporate Banking in which position he was responsible for the major share of the Bank's lending portfolio and its largest corporate customers. He has been involved in driving through major changes in banking strategies especially on Mid-Med Bank's take-over by HSBC. Over the years, Mr Vella has arranged finance for a significant number of high profile projects, including via a mix of bank / syndicated lending and capital markets. In 2013, after 43 years in banking, Mr Vella moved to KPMG as Director, Deal Advisory in which role he has served as consultant to several company boards and assisted in raising finance for new ventures while helping other clients refinance their borrowing facilities. He retired from KPMG in August 2017, but continues to provide consultancy services to various businesses. Moreover, Mr Vella is a Non-Executive Director of Agriholdings plc (C 57008) and AgriBank plc (C 57067).

### **8.1.2 DIRECTORS' SERVICE CONTRACTS**

The respective functions of each of the Issuer's non-executive Directors are regulated by service contracts. A copy of each of these service contracts is available for inspection at the registered office of the Issuer in accordance with the requirements of the Listing Rules. The executive Director of the Issuer does not have a service contract with the Issuer.

### **8.1.3 AGGREGATE EMOLUMENTS OF DIRECTORS**

Since the date of incorporation of the Issuer in April 2018, no emoluments were paid to its Directors. In terms of the Memorandum and Articles of Association of the Issuer, the aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Issuer in General Meeting, and any notice convening the General Meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer.



#### 8.1.4 LOANS TO DIRECTORS

There are no loans outstanding by the Issuer to any of its Directors nor any guarantees issued for their benefit by the Issuer.

#### 8.1.5 REMOVAL OF DIRECTORS

In terms of the Issuer's Articles of Association, the first Directors of the Issuer shall serve until the end of the first annual general meeting during which the new directors shall be appointed. Thereafter, all other directors shall hold office from the general meeting at which they are elected until the end of the next annual general meeting. All retiring directors shall be eligible for re-election. The Directors of the Issuer currently in office are expected to remain in office at least until the next Annual General Meeting of the Issuer.

A Director may, unless he resigns, be removed by ordinary resolution of the shareholders as provided in article 140 of the Act.

#### 8.1.6 POWERS OF DIRECTORS

The business of the Issuer is managed by the Directors, who may, in accordance with the Issuer's articles of association, exercise all such powers as are not by the said articles of the Issuer required to be exercised by it in general meeting.

In accordance with the Issuer's articles of association, the board of the Issuer may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue bonds, debentures, debenture stock and other securities, on such terms, in such manner and for such consideration as they may deem fit, whether outright or as security for any debt, liability or obligation of the company or of any third party, subject to the limit established in the articles of association and the overriding authority of the shareholders in general meeting to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers.

#### 8.1.7 EMPLOYEES

As at the date of the Prospectus, the Issuer has no employees.

### 8.2 THE GUARANTOR

#### 8.2.1 DIRECTORS

The Guarantor is managed by a board of directors consisting of five directors that is entrusted with the responsibility of the direction and management of the Guarantor within the strategic parameters established by the board. The business address of each director of the Guarantor is the registered office of the Guarantor.

Hereunder is a brief *curriculum vitae* of each of the current directors:

The *curriculum vitae* of Melo Hili is included in section 8.1.1 above.

**Steve Tarr** is chairman of the Guarantor. He is a certified management consultant and sits on a number of company boards in the UK, Malta and Germany. He has been involved in more than 20 mergers and acquisitions, and is a specialist in supporting organisations in change management and people management. Mr Tarr established Mdina International, his management and people consultancy in 1980, after an apprenticeship in engineering and a career in sales in the UK. He has delivered bespoke training programmes to thousands of people within organisations of all sizes in more than 30 countries. Mdina International has offices in the UK, Malta and Germany.

**Richard Abdilla Castillo** is a certified public accountant and is a director of the Guarantor and the Chief Executive Officer of 1923 Investments p.l.c. He joined the organisation in 1989 as a financial controller and has since been extensively involved in the growth of Hili Ventures' Companies, also sitting on the board of a number of Hili Ventures Companies. Since 1 January 2016, he has held the post of Director (Transactions & Major Projects) of Hili Ventures, responsible for mergers and acquisitions, major transactions and banking matters. Mr Abdilla Castillo previously occupied senior roles at KPMG Malta, formerly Joe Tabone and Co., within the firm's consultancy division. He was responsible for several companies in diverse industries, based in Malta and abroad.

**Victor Tedesco** is the Managing Director of Premier Capital p.l.c. He joined the McDonald's team in Malta before the first restaurant opened in Valletta in 1995. He was part of the team that opened the Valletta, St Julian's and Sliema restaurants. He was St Julian's store manager for three years during which time he won a Manager of the Year award in the European market. He became operations manager and moved to head office. In 2007, he was appointed director of operations for the Baltics and moved to Riga for three and a half years. In 2011, he was entrusted with leading the operation in Greece. He returned to Malta in 2014 as managing director for Malta and Greece. He was appointed board director of Hili Properties p.l.c. in 2014. He assumed responsibility for all of Premier Capital p.l.c. in 2015.

**Jesmond Mizzi** is managing director of Jesmond Mizzi Financial Advisors. He has a financial services career spanning almost 20 years. In 2002, he co-founded Jesmond Mizzi Financial Services after holding senior roles with a listed company in Malta. Mr Mizzi previously spent six years managing a family catering business and was at PricewaterhouseCoopers for seven years. He has also served as a director of Premier Capital p.l.c.

### **8.2.2 DIRECTORS' SERVICE CONTRACTS**

None of the directors of the Guarantor have a service contract with the Guarantor.

### **8.2.3 AGGREGATE EMOLUMENTS OF DIRECTORS**

For the financial year ended 31 December 2017, director emoluments amounted to €197,488 (2016: €377,115).

### **8.2.4 LOANS TO DIRECTORS**

There are no loans outstanding by the Guarantor to any of its directors nor any guarantees issued for their benefit by the Guarantor.

### **8.2.5 REMOVAL OF DIRECTORS**

Directors of the Guarantor may, unless they resign, be removed by ordinary resolution of the shareholders as provided in article 140 of the Act.

### **8.2.6 POWERS OF DIRECTORS**

By virtue of the Articles of Association of the Guarantor, the board of directors is empowered to exercise all the rights of the company except those rights as are expressly reserved for decision by the shareholders in general meeting.

### **8.2.7 EMPLOYEES**

As at 31 December 2017, the average number of persons employed with Hili Ventures amounted to 7,003 (2016: 6,727 employees).

### **8.2.8 BOARDS OF SUBSIDIARY COMPANIES**

The operating entities of Hili Ventures are each owned through subsidiary holding companies, namely Premier Capital p.l.c., 1923 Investments p.l.c., Hili Properties p.l.c. and Motherwell Bridge Industries Limited. Accordingly, a board of directors is entrusted with the responsibility of the direction and management of each subsidiary holding company within the strategic parameters established by the Guarantor's board of directors.

The board of directors of each subsidiary holding company is autonomous in the determination of the appropriate policies for the respective operating companies. The operating companies, in turn, have their own management structures and employees that have the function of implementing the policies and directions of their respective subsidiary holding company board.

## **8.3 WORKING CAPITAL**

As at the date of this Registration Document, the directors of the Issuer and Guarantor are of the opinion that working capital available to the Issuer and Guarantor is sufficient for the attainment of their objects and the carrying out of their respective business for the next 12 months of operations.

## **8.4 CONFLICT OF INTEREST**

As at the date of this Prospectus, in addition to being a Director of the Issuer, Melo Hili is a director of the Guarantor, besides being a director of a number of other companies forming part of Hili Ventures. Moreover, Melo Hili is the controlling ultimate beneficial owner of Hili Ventures.

Richard Abdilla Castillo and Victor Tedesco are directors of the Guarantor, besides being directors and officers of other companies forming part of Hili Ventures.

In view of the foregoing, such directors are susceptible to conflicts between the potentially diverging interests of the different members of Hili Ventures.

No private interests or duties unrelated to the Issuer, Guarantor or Hili Ventures, as the case may be, have been disclosed by the general management team which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer or the Guarantor, as the case may be.

In addition, in view of the lender-borrower relationship which is to arise between the Issuer and companies forming part of Hili Ventures, there may be situations that could give rise to conflicts between the potentially diverging interests of members of Hili Ventures. By virtue of the Memorandum and Articles of Association of the Issuer, the Directors are obliged to keep the Board advised of any interest in a contract, arrangement or proposal with the Issuer. The Board member concerned shall not take part in the assessment by the Board as to whether a conflict of interest exists. A Director shall not vote at a meeting of Directors in respect of any contract, arrangement or proposal in which he has a material interest, whether direct or indirect.

To the extent known or potentially known to the Issuer and Guarantor as at the date of this Prospectus, there are no other potential conflicts of interest between any duties of the Directors of the Issuer, and/or the directors of the Guarantor, as the case may be, and their respective private interests and/or their other duties, which require disclosure in terms of the Regulation.

## 9. AUDIT COMMITTEE PRACTICES

---

The Audit Committee's primary objective is to assist the Board of the Issuer in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team. The internal and external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of Directors.

The terms of reference of the Audit Committee include support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Board reserved the right to change the Committee's terms of reference from time to time.

Briefly, the Committee is expected to deal with and advise the Board on:

- (a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- (b) maintaining communications on such matters between the Board, management and the external auditors;
- (c) facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- (d) preserving the Company's assets by assessing the Company's risk environment and determining how to deal with those risks.

In addition, the Audit Committee also has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party, to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Issuer. Furthermore, the Audit Committee has the role of assessing any potential conflicts of interest between the duties of the Directors and their respective private interests or duties unrelated to the Issuer.

The Committee is made up entirely of non-executive Directors, two of whom are independent of the Issuer, and who are appointed for a period of one year. Mario Vella, an independent, non-executive Director of the Issuer, acts as Chairman, whilst Jacqueline Camilleri and Dorian Desira act as members of the Audit Committee. In compliance with the Listing Rules, Jacqueline Camilleri is considered to be the member competent in accounting and/or auditing matters. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof.

## 10. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

---

### 10.1 THE ISSUER

Prior to the present Bond Issue, the Issuer was not regulated by the Listing Rules and accordingly was not required to comply with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "Code"). As a consequence of the present Bond Issue and in accordance with the terms of the Listing Rules, the Issuer is required to comply with the provisions of the Code. The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

Going forward, in view of the reporting structure adopted by the Code, the Issuer shall, on an annual basis in its annual report, detail the level of the Issuer's compliance with the principles of the Code, explaining the reasons for non-compliance, if any.

As at the date of this Prospectus, the Board considers the Issuer to be in compliance with the Code, save for the following exceptions:

#### (i) Principle 7 "Evaluation of the Board's Performance"

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Issuer's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

## (ii) Principle 8 “Committees”

The Issuer does not have a Remuneration Committee or a Nomination Committee as recommended in Principle 8. Given that the Issuer does not have any employees other than the Directors and the company secretary, it is not considered necessary for the Issuer to maintain a remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the Memorandum and Articles of Association of the Issuer. The Issuer considers that the current members of the Board provide the required level of skill, knowledge and experience expected in terms of the Code.

## 10.2 THE GUARANTOR

As the Guarantor is not a public company having securities listed on a regular market, it is not bound by the provisions of the Code set out in the Listing Rules. Notwithstanding the foregoing, the Board of directors of the Guarantor has established an Audit Committee in compliance with the Code, the primary purpose of which is to act independently from the executive management, to protect the interests of the company's shareholders and assist the directors in conducting their role effectively so that the company's decision-making capability and accuracy of its reporting and financial results are maintained at a high level at all times. The Audit Committee of the Guarantor, the latter entity being the parent company of Hili Ventures, is, pursuant to its terms of reference, entitled to review any issues that relate to the particular subsidiaries or activities carried on by the Group. In this regard, the Audit Committee of the Guarantor is to ensure that there is adequate cooperation with Hili Ventures (and with internal and external auditors of the individual companies within the Group) to enable the Audit Committee to discharge its responsibilities effectively.

## 11. HISTORICAL FINANCIAL INFORMATION

---

As indicated in section 3.4 of this Registration Document, there is no historical financial information pertaining to the Issuer.

The historical financial information relating to the Guarantor for the three financial years ended 31 December 2015 to 2017, as audited by Deloitte Audit Limited, are set out in the consolidated financial statements of the Guarantor, which are available for inspection as set out in section 16 below. There have been no significant changes to the financial or trading position of the Guarantor since the end of the financial period to which the last audited financial statements relate.

Furthermore, the Issuer and the Guarantor hereby confirm that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

## 12. LITIGATION

---

There are no governmental, legal or arbitration proceedings against the Issuer and/or the Guarantor, including any pending or threatened proceedings, of which the Issuer and/or the Guarantor are aware and which could have significant effects on the financial position or profitability of the Issuer and/or the Guarantor and/or Hili Ventures, taken as a whole.

## 13. ADDITIONAL INFORMATION

---

### 13.1 SHARE CAPITAL OF THE ISSUER

The authorised share capital of the Issuer is €2,000,000 divided into 2,000,000 Ordinary Shares of a nominal value of €1.00 each. The issued share capital of the Issuer is €2,000,000 divided into 2,000,000 Ordinary Shares of a nominal value of €1.00 each, being 100 per cent paid up and subscribed for, allotted and taken up by the Guarantor, other than 1 share which is subscribed for, allotted and taken up by APM Holdings Limited (C 30527).

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued under those conditions decided by extraordinary resolution of the shareholders in general meeting.

There are no classes of shares and each ordinary share confers the right to one vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects.

The shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

It is not expected that the Issuer will issue any shares during the next financial year, whether fully or partly paid up, in consideration for cash or otherwise.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option. There are no arrangements, known to the Issuer, which may at a subsequent date result in a change in control of the Issuer.

The Issuer adopts measures in line with the Code to ensure that the relationship of the Issuer with the rest of Hili Ventures and/or with the ultimate shareholders, are retained at arm's length, including, in respect of the Issuer, adherence to rules on related party transactions set out in Chapter 5 of the Listing Rules requiring the vetting and approval of any related party transaction by the Audit Committee, which is constituted in its totality by non-executive Directors, a majority of whom are independent of the Issuer. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The composition of the Board, including the presence of two independent, non-executive Directors, effectively minimises the possibility of any abuse of control by any major shareholder. With particular reference to the relationship between the Issuer and the ultimate shareholders, the articles of association of the Issuer require any director of the Issuer who in any way, whether directly or indirectly, has an interest in a contract, arrangement, transaction or proposal with the Issuer, to declare the nature of his interest to the Board of Directors of the Issuer. Furthermore, said Director shall not be permitted to vote at that meeting in respect of any contract, arrangement, transaction or any other proposal in which he has, either directly or indirectly, a personal material interest.

## **13.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER**

### **13.2.1 OBJECTS**

The objects of the Issuer are set out in clause 4 of the Issuer's Memorandum of Association, with the principal object being to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests.

The Memorandum and Articles of Association of the Issuer otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of Directors.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in section 16 below and at the Registry of Companies.

### **13.2.2 APPOINTMENT OF DIRECTORS**

At present, in terms of clause 8 of the Issuer's Memorandum of Association, the management and administration of the Issuer shall be managed by a Board of Directors which shall be composed of not less than four and not more than six directors.

The Directors shall be appointed by means of an ordinary resolution of the shareholders of the Company in general meeting.

### **13.2.3 POWERS OF DIRECTORS**

The Directors are vested with the management of the Issuer, and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Issuer and in this respect have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the shareholders in general meeting.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest.

The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting. Within that limit, the Directors shall have the power to vote on remuneration to themselves or any member of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the Company in the general meeting.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security therefor, subject to such limit as may be established by the shareholders in general meeting.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

### 13.3 SHARE CAPITAL OF THE GUARANTOR

The authorised share capital of the Guarantor is €95,000,000 divided into 16,000,000 Ordinary Shares of a nominal value of €1 each and 79,000,000 Non-Cumulative 6.8% Redeemable Preference Shares of a nominal value of €1 each. The issued share capital of the Guarantor is €69,400,000 divided into 1,000,000 Ordinary Shares of a nominal value of €1 each and 68,400,000 Non-Cumulative 6.8% Redeemable Preference Shares of a nominal value of €1 each, which have been subscribed for, allotted and fully taken up as follows;

(i)	APM Holdings Limited (C 30527)	500,000 Ordinary Shares
(ii)	La Toc Limited (C 11742)	448,482 Ordinary Shares
(iii)	Slingshot Capital Limited (C 76496)	51,518 Ordinary Shares
(iv)	APM Holdings Limited (C 30527)	68,400,000 Non-Cumulative 6.8% Redeemable Preference Shares

The ultimate controlling beneficial owner of the Guarantor is Melo Hili.

The authorised share capital of the Guarantor may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued under those conditions decided by extraordinary resolution of the shareholders in general meeting.

Each ordinary share confers the right to one vote at general meetings of the Guarantor. All ordinary shares rank *pari passu* in all respects, particularly but not limited to dividend and capital repayment rights. The 68,400,000 Non-Cumulative 6.8% Redeemable Preference Shares do not carry any voting rights nor do they grant to their holders any voting rights to appoint directors on the Board of Directors of the company. They can be redeemed at the option of the company by 31 December 2099 at their par value, following a resolution to this effect at a General Meeting.

There is no capital of the Guarantor which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Guarantor is to be put under option. There are no arrangements, known to the Guarantor, which may at a subsequent date result in a change in control of Guarantor.

### 13.4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

#### 13.4.1 OBJECTS

The Guarantor is registered as a private limited liability exempt company in terms of the Act. The principal objects of the Guarantor are set out in clause 4 of the memorandum of association of the Guarantor and include, but are not limited to, acting as a holding company and investing and holding shares, participations and debentures in any other company, partnership or business.

The Guarantor is also empowered in terms of its memorandum and articles of association to secure and guarantee the repayment of any debt, liability or obligation of the company or any third party.

A copy of the memorandum and articles of association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in section 16 below and at the Registry of Companies.

#### 13.4.2 APPOINTMENT OF DIRECTORS

At present, in terms of the memorandum and articles of association of the Guarantor, the board of directors of Guarantor shall consist of not less than one and not more than seven directors. Directors shall be appointed by means of an ordinary resolution of the shareholders of the Guarantor in general meeting.

#### 13.4.3 POWERS OF DIRECTORS

The directors are vested with the management of the Guarantor, and their powers of management and administration emanate directly from the memorandum and articles of association and the law. The directors are empowered to act on behalf of the Guarantor and in this respect have the authority to enter into contracts, sue and be sued in representation of the Guarantor. In terms of the memorandum and articles of association they may do all such things that are not by the memorandum and articles of association or the law reserved for the shareholders in general meeting.

In terms of the Guarantor's memorandum and articles of association, the board of directors may exercise all the powers of the Guarantor to borrow money, and to hypothecate or charge its undertaking property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligations of the company or any third party.

There are no provisions in the Guarantor's memorandum and articles of association regulating the retirement or non-retirement of directors over an age limit.

#### 14. MATERIAL CONTRACTS

---

Each of the Issuer and the Guarantor has not entered into any material contracts which are not in the ordinary course of their respective business which could result in any member of Hili Ventures being under an obligation or entitlement that is material to the Issuer's or Guarantor's ability to meet their obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note.

#### 15. THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

---

Save for the financial analysis summary set out as Annex III to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The financial analysis summary dated 4 July 2018 has been included in the form and context in which it appears with the authorisation of Charts Investment Management Service Limited of The Centre, Tigné Point, Sliema TPO 0001, Malta, that has given and has not withdrawn its consent to the inclusion of its report herein. Charts Investment Management Service Limited does not have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

#### 16. DOCUMENTS AVAILABLE FOR INSPECTION

---

For the duration period of this Registration Document the following documents (or copies thereof) shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association of the Issuer and the Guarantor;
- (b) Audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2015 to 2017;
- (c) Financial analysis summary dated 4 July 2018 and prepared by Charts Investment Management Service Limited;
- (d) Directors' service contracts;
- (e) The Guarantee; and
- (f) The letter of confirmation drawn up by Deloitte Services Limited and dated 4 July 2018.

Documents (a) and (c) are also available for inspection in electronic form on the Issuer's website [www.hilifinance.com](http://www.hilifinance.com)

