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



**GUOTAI JUNAN INTERNATIONAL
HOLDINGS LIMITED**

國泰君安國際控股有限公司

(incorporated in Hong Kong with limited liability)

*(the “**Issuer**”)*

(Stock Code: 1788)

**U.S.\$ 400,000,000 2.00 PER CENT. NOTES DUE 2026
(THE “**NOTES**”, STOCK CODE: 40605)**

**ISSUED UNDER THE
HK\$25,000,000,000 MEDIUM TERM NOTE PROGRAMME OF
GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED**

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

Please refer to the offering circular dated 15 July 2020, the first supplemental offering circular dated 10 September 2020 and the second supplemental offering circular dated 18 February 2021 (collectively, the “**Offering Circular**”) and the pricing supplement dated 24 February 2021 (together with the Offering Circular, the “**Listing Documents**”), each appended hereto in relation to the Programme. As disclosed in the Listing Documents, the Notes issued under the Programme are intended for purchase by Professional Investors only and have been listed on the Hong Kong Stock Exchange on that basis. The Issuer may issue unlisted notes pursuant to the Programme.

The Listing Documents do not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor are they an invitation to the public to make offers to subscribe for or purchase any securities, nor are they circulated to invite offers by the public to subscribe for or purchase any securities.

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

Hong Kong, 4 March 2021

As at the date of this announcement, the Board of Directors comprises four executive directors, being Dr. YIM Fung (Chairman), Mr. WONG Tung Ching, Ms. QI Haiying and Mr. LI Guangjie; two non-executive directors, being Dr. XIE Lebin and Mr. LIU Yiyong; and four independent non-executive directors, being Dr. FU Tingmei, Dr. SONG Ming, Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer.

Appendix 1 – the Offering Circular

SECOND SUPPLEMENTAL OFFERING CIRCULAR



GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(國泰君安國際控股有限公司)

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

HK\$25,000,000,000

Medium Term Note Programme

This Second Supplemental Offering Circular (the “**Second Supplemental Offering Circular**”) is supplemental to, and should be read in conjunction with, the Offering Circular dated 15 July 2020 as set out in Appendix 1 to this Second Supplemental Offering Circular (the “**Original Offering Circular**”) and the Supplemental Offering Circular dated 10 September 2020 as set out in Appendix 2 to this Second Supplemental Offering Circular (the “**First Supplemental Offering Circular**”), together with the Original Offering Circular and this Second Supplemental Offering Circular, the “**Offering Circular**”) and all other documents which are deemed to be incorporated therein by reference in relation to the Medium Term Note Programme (the “**Programme**”) of Guotai Junan International Holdings Limited (國泰君安國際控股有限公司) (the “**Issuer**” or the “**Company**”).

Any Notes (as defined below) issued under the Programme on or after the date of this Second Supplemental Offering Circular are issued subject to the provisions described in the Offering Circular. This does not affect any Notes issued prior to the date of this Second Supplemental Offering Circular.

Under the Programme, the Issuer may from time to time issue medium term notes (the “**Notes**”) subject to compliance with all relevant laws, regulations and directives.

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

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

Application has been made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the listing of the Programme (as upsized from HK\$15,000,000,000 to HK\$25,000,000,000) by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) (“**Professional Investors**”) only during the 12-month period from the date of the Original Offering Circular on the Hong Kong Stock Exchange. The Offering Circular is for distribution to Professional Investors only.

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

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

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under the “Terms and Conditions of the Notes” section of the Original Offering Circular) of Notes will be set out in a pricing supplement (the “**Pricing Supplement**”) which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Notes of such Tranche.

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

Each Series (as defined below) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**”) (collectively, the “**Global Note**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Notes in registered form of one Series. Global Notes and Certificates may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”), with a common depository on behalf of Euroclear and Clearstream, Luxembourg or in the case of a Series intended to be cleared through the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the “**HKMA**”) (the “**CMU Service**”), with a sub-custodian for the HKMA and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg or the CMU Service, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. Global Notes representing Notes in bearer form may be deposited with a sub-custodian for the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the “**CMU Service**”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in the “Summary of Provisions Relating to the Notes while in Global Form” section of the Original Offering Circular.

Arranger and Dealer

GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED

(國泰君安證券(香港)有限公司)

The date of this Second Supplemental Offering Circular is 18 February 2021.

The Issuer, having made all reasonable enquiries, confirms that the Offering Circular contains or incorporates all information with respect to the Issuer and its Subsidiaries (as defined in “Terms and Conditions of the Notes” section of the Original Offering Circular) taken as a whole (the “**Group**”) and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in the Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

The Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

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

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

No person has been authorised to give any information or to make any representation other than as contained in the Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in the “Summary of the Programme” section of the Original Offering Circular). Neither the delivery of the Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of the Offering Circular and any Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular or any Pricing Supplement comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to U.S. persons. The Notes are being offered and sold outside the United States in reliance on Regulation S of the Securities Act. For a description of certain restrictions on offers and sales of Notes and on distribution of the Offering Circular, see the “Subscription and Sale” section of the Original Offering Circular.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution**”).

Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **“PRIIPs Regulation”**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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

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

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

Neither the Offering Circular nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

The Dealers and the Arranger have not separately verified the information contained in the Offering Circular. None of the Dealers or the Arranger makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Offering Circular. The Arranger, each Dealer and each Agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the Offering Circular or any such statement. Neither the Offering Circular nor any other financial statements of the Issuer or the Group are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of the Offering Circular or any financial statements of the Issuer or the Group should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in the Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by the Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

From time to time, in the ordinary course of business, certain of the Dealers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Issuer and

its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions, with the Issuer and its affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

In making an investment decision, each potential investor must rely on its own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Issuer does not and the Arranger, the Dealers, and the Agents do not make any representation regarding whether, and each potential investor should consult its legal advisers to determine whether and to what extent, the Notes are legal investments for such potential investor under any applicable laws.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Second Supplemental Offering Circular, unless otherwise specified or the context otherwise requires, all references to “**U.S.\$**” and “**U.S. dollars**” are to United States dollars; all references to “**HK\$**” and “**Hong Kong dollars**” are to Hong Kong dollars; all references to “**pounds sterling**” and “**£**” are to the currency of the United Kingdom; all references to “**euro**” and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time; all references to “**S\$**” are to Singapore dollars; all references to “**yen**” are to Japanese yen; all references to “**AUD**” are to Australian dollars; all references to “**CNY**”, “**RMB**” or “**Renminbi**” are to the lawful currency of the PRC; all references to “**United States**” or “**U.S.**” are to the United States of America; all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; all references to “**PRC**” are to the People’s Republic of China (excluding, for the purposes of this Second Supplemental Offering Circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan); and all references to “**United Kingdom**” are to the United Kingdom of Great Britain and Northern Ireland.

CERTAIN DEFINED TERMS AND CONVENTIONS

Words and expressions defined in the Original Offering Circular shall have the same meanings where used in this Second Supplemental Offering Circular unless the context otherwise requires or unless otherwise stated.

AMENDMENT TO THE ORIGINAL OFFERING CIRCULAR

The section titled “Form of the Pricing Supplement” of the Original Offering Circular shall be deemed to be deleted and replaced in its entirety as shown in the Annex.

AMENDMENT TO THE FIRST SUPPLEMENTAL OFFERING CIRCULAR

Paragraph 6 of the cover page of the First Supplemental Offering Circular shall be deemed to be amended as follows (with insertions shown in underline and deletions in strikethrough):

~~“Application has been made to~~Approval has been obtained from The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ~~and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong~~) (“**SFO**”) (together, “**Professional Investors**”) only during the 12-month period from the date of the Original Offering Circular on the Hong Kong Stock Exchange. The Offering Circular is for distribution to Professional Investors only. Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.”

ANNEX

FORM OF THE PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated [●]

GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(國泰君安國際控股有限公司)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the HK\$25,000,000,000 Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering circular dated 15 July 2020, as supplemented by the first supplemental offering circular dated 10 September 2020 [and/,] the second supplemental offering circular dated 18 February 2021 [and the third supplemental offering circular dated [●]] (the “**Offering Circular**”). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular and this Pricing Supplement.

[This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”)) (“**Professional Investors**”) only. **Notice to Hong Kong investors:** The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.]

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

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

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

[PROHIBITION OF SALES TO UK RETAIL INVESTORS— The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more)

of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

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

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

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the supplemental Offering Circular dated [●]] and this Pricing Supplement.]

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

1. Issuer: Guotai Junan International Holdings Limited
(國泰君安國際控股有限公司)

2. (i) Series Number: [●]

(ii) Tranche Number: [●]

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)

3. Specified Currency or Currencies: [●]

4. Aggregate Nominal Amount:
 - Series: [●]
 - Tranche: [●]

5. [(i)] Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*in the case of fungible issues only, if applicable*)]
- [(ii)] Net proceeds: [●] (*Required only for listed issues*)
6. (i) Specified Denominations: [●]¹
(*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*)
- [(ii)] Calculation Amount: [●]
7. (i) Issue Date: [●]
- [(ii)] Interest Commencement Date: [●]
8. Maturity Date: [Specify date (*for Fixed Rate Notes*) or (*for Floating Rate Notes*) Interest Payment Date falling in or nearest to the relevant month and year]²
9. Interest Basis [[●] per cent. Fixed Rate]
[[Specify rate] +/- [●] per cent. Floating Rate]
[Zero Coupon]
[Other (*specify*)] (*further particulars specified below*)
10. Redemption/Payment Basis: [Redemption at par]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[Other (*specify*)]
11. Change of Interest Basis or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12. Put/Call Options: [Put]
[Call]
[(*further particulars specified below*)]
13. Listing: [HKSE/Other (*specify*)/None] (*For Notes to be listed on the HKSE, insert the expected listing date of the Notes*)
14. Method of distribution: [Syndicated/Non-syndicated]

¹ Notes (including Notes denominated in pounds sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies). Add provisions to terms and conditions if included.

If the Specified Denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example, €1,000), insert the following:

"€100,000 and integral multiples of [€1,000] in excess thereof, up to and including [€199,000]. No definitive notes will be issued with a denomination above [€199,000]."

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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [[●] in each year [adjusted in accordance with [specify *Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]]/not adjusted]³
- (iii) Fixed Coupon Amount(s): [●] per [●] in nominal amount⁴
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] (Applicable to Notes in definitive form)
- (v) Day Count Fraction (Condition 5(j)): [●]
(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars or Hong Kong dollars, unless the client requests otherwise)
- (vi) Determination Date(s) (Condition 5(j)): [●] in each year [Insert regular interest payment dates, ignoring issue date or maturity date in case of a long or short first or last coupon]⁵
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/Give details]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Interest Period Date: [●]
[Not applicable unless different from Interest Payment Date]

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

⁴ For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Specified Denomination by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01 (in the case of Renminbi denominated Fixed Rate Notes) or HK\$0.01 (in the case of Hong Kong dollar denominated Fixed Rate Notes), with RMB0.005 (in the case of Renminbi denominated Fixed Rate Notes) or HK\$0.005 (in the case of Hong Kong dollar denominated Fixed Rate Notes) being rounded upwards. For the purposes of this paragraph and the Day Count Fraction referred to herein, "Calculation Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date."

⁵ Only to be completed for an issue where the Day Count Fraction is Actual/Actual-ICMA.

- (iv) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Other (*specify*)]]
- (v) Business Centre(s) (Condition 5(j)): [•]
- (vi) Manner in which the Rate(s) of interest is/are to be determined: [Screen Rate Determination/ISDA Determination/Other (*specify*)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount (if not the Agent): [•]
- (viii) Screen Rate Determination (Condition 5(b)(iii)(B)):
- Reference Rate: [•]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [•]
(*In the case of EURIBOR, if not Reuters Page EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.*)
- (ix) ISDA Determination (Condition 5(b)(iii)(A)):
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
 - ISDA Definitions (if different from those set out in the Conditions): [•]
- (x) Margin(s): [+/-] [•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction (Condition 5(j)): [•]
- (xiv) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]

17. Zero Coupon Note Provisions: [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Any other formula/basis of determining amount payable: [●]
18. Dual Currency Interest Note Provisions: [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent): [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction (Condition 5(j)): [●]

PROVISIONS RELATING TO REDEMPTION

19. Call Option: [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]
20. Put Option: [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) Notice period (if other than as set out in the Conditions): [●]
21. Final Redemption Amount(s) of each Note: [[●] per Calculation Amount/Give or annex details]
22. Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c) or an Event of Default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: [Bearer Notes/Exchangeable Bearer Notes/Registered Notes] [Delete as appropriate]
- (i) Temporary or permanent Global Note/Certificate: [Temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates in the limited circumstances specified in the permanent Global Note/ Certificate] [temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice⁶] [permanent Global Note/ Certificate exchangeable for Definitive Notes/ Certificates in the limited circumstances specified in the permanent Global Note/Certificate]
 - (ii) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
24. Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates: [Not Applicable/give details]
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 15(ii) and 16(iii) relate.)
25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No/If yes, give details]

⁶ The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a permanent Global Notes exchangeable for Definitive Notes.

26. Details relating to Partly Paid Notes (amount of each payment comprising Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment): [Not Applicable/*give details*]
27. Details relating to Instalment Notes: [Not Applicable/*give details*]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Instalment Amount(s): [•]
- (ii) Instalment Date(s): [•]
- (iii) Minimum Instalment Amount: [•]
- (iv) Minimum Instalment Amount: [•]
28. Redenomination, renominalisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
29. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
30. Other terms or special conditions: [Not Applicable/*give details*]⁷

DISTRIBUTION

31. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give names*]
- (iii) Dealer's Commission: [•]
32. If non-syndicated, name of Dealer: [Not Applicable/*give names*]
33. Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

34. ISIN Code: [•]
35. Common Code: [•]
36. CMU Instrument Number: [•]

⁷ If full terms and conditions are to be used, please add the following here:

"The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary."

The first set of bracketed words is to be deleted where there is a permanent Global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the Pricing Supplement.

37. Clearing system(s) (Euroclear, Clearstream, Luxembourg, the CMU Service or any other clearing system(s)) and the relevant identification number(s): [Give name(s) and number(s)]
38. Delivery: Delivery [against/free of] payment
39. The Agents appointed in respect of the Notes are: [•]
40. Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a): [Not Applicable/give details]
41. The aggregate principal amount of Notes issued has been translated into Hong Kong dollars at the rate of [•], producing a sum of (for Notes not denominated in Hong Kong dollars): [Not Applicable/HK\$[•]]
42. [Use of proceeds: [•] (To be specified if different from the use of proceeds set out in this Offering Circular)]

[LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the HK\$25,000,000,000 Medium Term Note Programme of Guotai Junan International Holdings Limited (國泰君安國際控股有限公司).]

[STABILISING

In connection with the issue of any Tranche of Notes, one of the Dealers named as Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in the applicable Pricing Supplement may, subject to applicable laws and regulations, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.]

MATERIAL ADVERSE CHANGE STATEMENT

Except as disclosed in the Offering Circular [or herein], there has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2019 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 20 March 2020.

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:

Duly authorised

By:

Duly authorised

APPENDIX 1

ORIGINAL OFFERING CIRCULAR



GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED (國泰君安國際控股有限公司)

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

HK\$15,000,000,000 Medium Term Note Programme

Under the HK\$15,000,000,000 Medium Term Note Programme (the “**Programme**”) described in this Offering Circular, Guotai Junan International Holdings Limited (國泰君安國際控股有限公司) (the “**Issuer**” or the “**Company**”) may from time to time issue medium term notes (the “**Notes**”) subject to compliance with all relevant laws, regulations and directives. The aggregate nominal amount of Notes outstanding will not at any time exceed HK\$15,000,000,000 (or the equivalent in other currencies), subject to increases as described herein.

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

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

Application has been made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (“**SFO**”) (together, “**Professional Investors**”) only during the 12-month period from the date of this document on the Hong Kong Stock Exchange. This document is for distribution to Professional Investors only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

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

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “Terms and Conditions of the Notes”) of Notes will be set out in a pricing supplement (the “**Pricing Supplement**”) which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Notes of such Tranche.

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

Each Series (as defined below) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**”) (collectively, the “**Global Note**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Notes in registered form of one Series. Global Notes and Certificates may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”), with a common depository on behalf of Euroclear and Clearstream, Luxembourg or in the case of a Series intended to be cleared through the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the “**HKMA**”) (the “**CMU Service**”), with a sub-custodian for the HKMA and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg or the CMU Service, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. Global Notes representing Notes in bearer form may be deposited with a sub-custodian for the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the “**CMU Service**”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “Summary of Provisions Relating to the Notes while in Global Form”.

Arranger and Dealer

GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED
(國泰君安證券(香港)有限公司)

The date of this Offering Circular is 15 July 2020.

The Issuer, having made all reasonable enquiries, confirms that this document contains or incorporates all information with respect to the Issuer and its Subsidiaries (as defined in “Terms and Conditions of the Notes”) taken as a whole (the “**Group**”) and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

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

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

No person has been authorised to give any information or to make any representation other than as contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in “Summary of the Programme”). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and any Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case

of Bearer Notes, delivered within the United States or to U.S. persons. The Notes are being offered and sold outside the United States in reliance on Regulation S of the Securities Act. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see “Subscription and Sale”.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

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

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

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

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

Neither this Offering Circular nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

The Dealers and the Arranger have not separately verified the information contained in this Offering Circular. None of the Dealers or the Arranger makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. The Arranger, each Dealer and each Agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other financial statements of the Issuer or the Group are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Offering Circular or any financial statements of the Issuer or the Group should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

From time to time, in the ordinary course of business, certain of the Dealers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Issuer and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions, with the Issuer and its affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

In making an investment decision, each potential investor must rely on its own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Issuer does not and the Arranger, the Dealers, and the Agents do not make any representation regarding whether, and each potential investor should consult its legal advisers to determine whether and to what extent, the Notes are legal investments for such potential investor under any applicable laws.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “**U.S.\$**” and “**U.S. dollars**” are to United States dollars; all references to “**HK\$**” and “**Hong Kong dollars**” are to Hong Kong dollars; all references to “**pounds sterling**” and “**£**” are to the currency of the United Kingdom; all references to “**euro**” and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time; all references to “**S\$**” are to Singapore dollars; all references to “**yen**” are to Japanese yen; all references to “**AUD**” are to Australian dollars; all references to “**CNY**”, “**RMB**” or “**Renminbi**” are to the lawful currency of the PRC; all references to “**United States**” or “**U.S.**” are to the United States of America; all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; all references to “**PRC**” are to the People’s Republic of China (excluding, for the purposes of this Offering Circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan); and all references to “**United Kingdom**” are to the United Kingdom of Great Britain and Northern Ireland.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual accounts, and any interim accounts (whether audited or unaudited) published subsequently to such annual accounts, of the Issuer from time to time (if any), in each case with the auditor's report thereon, if applicable, and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during normal business hours on any weekday (Saturdays and public holidays excepted) from the specified office of the Paying Agent for the time being in Hong Kong. See "General Information" for a description of the financial statements currently published by the Issuer.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge during normal business hours from the principal office in Hong Kong of Deutsche Bank AG, Hong Kong Branch (or such other Paying Agent for the time being in Hong Kong) for Notes listed on the Hong Kong Stock Exchange.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Arranger and the Dealers that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular, the inclusion of information in respect of which would have been required to be in this Offering Circular if it had arisen before this Offering Circular was issued, it shall prepare and publish an amendment or supplement to this Offering Circular. If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared and published. References to this "**Offering Circular**" shall be taken to mean this document and all the documents from time to time incorporated by reference herein and forming part hereof.

FORWARD-LOOKING STATEMENTS

All statements contained in this Offering Circular that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and the Group (including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and the Group, expected growth in the Issuer and the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail under the section "Risk Factors".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer and the Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Offering Circular, undue reliance must not be placed on such forward-looking statements. None of the Issuer, the Group, the Arranger or any of the Dealers represents nor warrants that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements. Neither the delivery of this Offering Circular (or any part thereof) nor the issue, offering, purchase or sale of any Notes shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer or the Group or any statement of fact or information contained in this Offering Circular since the date of this Offering Circular or the date on which this Offering Circular has been most recently amended or supplemented.

Further, the Issuer and the Group disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statement contained herein to reflect any changes in the expectations with respect thereto after the date of this Offering Circular or to reflect any change in events, conditions or circumstances on which such statements are based.

TABLE OF CONTENTS

	Page
SUMMARY OF THE PROGRAMME	9
SUMMARY FINANCIAL INFORMATION.....	15
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM .	18
FORM OF THE PRICING SUPPLEMENT	24
RISK FACTORS.....	36
TERMS AND CONDITIONS OF THE NOTES	53
USE OF PROCEEDS	79
DESCRIPTION OF THE ISSUER.....	80
CAPITALISATION AND INDEBTEDNESS OF THE ISSUER.....	106
DIRECTORS AND COMMITTEES	107
CONNECTED TRANSACTIONS.....	114
REGULATIONS	118
CLEARANCE AND SETTLEMENT	123
TAXATION	125
SUBSCRIPTION AND SALE.....	128
GENERAL INFORMATION	133

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this summary.

Issuer:	Guotai Junan International Holdings Limited (國泰君安國際控股有限公司)
Description:	Medium Term Note Programme
Size:	Up to HK\$15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement.
Arranger:	Guotai Junan Securities (Hong Kong) Limited (國泰君安證券(香港)有限公司)
Dealers:	Guotai Junan Securities (Hong Kong) Limited (國泰君安證券(香港)有限公司) The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “ Permanent Dealers ” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “ Dealers ” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent:	Deutsche Bank AG, Hong Kong Branch
Registrar:	Deutsche Bank AG, Hong Kong Branch
CMU Lodging Agent:	Deutsche Bank AG, Hong Kong Branch

Method of Issue: The Notes may be issued on a syndicated or non-syndicated basis. The Notes may be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement (a “**Pricing Supplement**”).

Issue Price:..... Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

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

Notes with a maturity of less than one year

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

Form of Notes:..... The Notes may be issued in bearer form only (“**Bearer Notes**”), in registered form only (“**Registered Notes**”), or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”).

Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Selling Restrictions” below), otherwise such Tranche will be represented by a permanent Global Note.

Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”.

Registered Notes sold in an “offshore transaction” within the meaning of Regulation S will initially be represented by a Global Certificate.

Clearing Systems:

The CMU Service, Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

Initial Delivery of Notes:

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg or deposited with a sub-custodian for the HKMA as operator of the CMU Service or deposited with a depository or sub-custodian for any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

Maturities:

Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Denomination:	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that, unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in pounds sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li data-bbox="670 763 1407 994">(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, (the “ISDA Definitions”) as published by the International Swaps and Derivatives Association, Inc., as amended, supplemented or replaced; or <li data-bbox="670 1032 1407 1167">(ii) by reference to LIBOR, EURIBOR or HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.
Zero Coupon Notes:	<p>Interest periods will be specified in the relevant Pricing Supplement.</p> <p>Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.</p>
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Redemption:	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in pounds sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments: .	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Optional Redemption:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and, if so, the terms applicable to such redemption.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank <i>pari passu</i> and without preference among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated monetary obligations of the Issuer, from time to time outstanding.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 10.
Early Redemption:	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes — Redemption, Purchase and Options”.
Withholding Tax:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by Hong Kong, subject as provided in Condition 8.

Governing Law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.

Listing: Application has been made for the listing of the Programme by way of debt issues to Professional Investors only during the 12-month period from the date of this document on the Hong Kong Stock Exchange. A separate application will be made to the Hong Kong Stock Exchange for Notes to be listed on the Hong Kong Stock Exchange. Notes issued under the Programme may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series.

The Issuers may also issue unlisted Notes.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK\$500,000 (or its equivalent in other currencies).

Selling Restrictions: The United States, the European Economic Area, United Kingdom, Hong Kong, Japan and Singapore. See “Subscription and Sale”.

For the purposes of Regulation S, the relevant Pricing Supplement shall indicate whether Category 1 or Category 2 restrictions apply.

Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Transfer Restrictions: In relation to Notes in respect of which the relevant Pricing Supplement specifies Regulation S Category 2 as being applicable, there are restrictions on the transfer of such Notes prior to the expiration of the relevant distribution compliance period. See “Subscription and Sale”.

SUMMARY FINANCIAL INFORMATION

The summary financial information set forth below has been extracted without material adjustment or derived from the Issuer's consolidated financial statements for the years ended 31 December 2018 and 2019 and should be read in conjunction with the information contained elsewhere in this Offering Circular.

Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	As at 31 December	
	2019	2018
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Revenue	4,245,536	3,025,890
Other income	4,635	3,932
Revenue and other income	4,250,171	3,029,822
Staff costs	(842,912)	(642,853)
Commission to account executives	(124,278)	(68,894)
Depreciation	(65,078)	(36,541)
Other operating expenses	(1,333,166)	(584,508)
Operating profit	1,884,737	1,697,026
Finance costs	(879,294)	(713,754)
Profit before tax	1,005,443	983,272
Income tax expense	(102,884)	(134,098)
Profit for the year	902,559	849,174
Other comprehensive income for the year, net of tax		
- Exchange difference on translation of foreign exchange	(455)	294
Total comprehensive income for the year	<u>902,104</u>	<u>849,468</u>
Profit for the year attributable to:		
Owners of the parent:	902,619	848,651
- Holders of ordinary shares	895,303	796,835
- Holders of other equity instrument	7,316	51,816
Non-controlling interests	(60)	523
	<u>902,559</u>	<u>849,174</u>
Total comprehensive income for the year attributable to:		
Owners of the parent	902,164	848,945
- Holders of ordinary shares	894,848	797,129
- Holders of other equity instrument	7,316	51,816
Non-controlling interests	(60)	523
	<u>902,104</u>	<u>849,468</u>
Earnings per share attributable to ordinary equity holders of the parent		
- Basic (in HK cents)	11.7	10.5
- Diluted (in HK cents)	11.7	10.5

Consolidated Statement of Financial Position:

	As at 31 December	
	2019	2018
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Non-current assets		
Property, plant and equipment	508,939	471,644
Goodwill and other intangible assets	22,386	3,195
Other assets	8,526	5,531
Deferred tax assets	267,316	129,807
Loans and advances to customers	947,521	2,338,830
Bank deposits	66,440	—
Financial assets at fair value through profit or loss	7,862,292	4,333,237
- Financial assets held for trading and investments	1,594,507	—
- Financial products	6,267,785	4,333,237
Total non-current assets	<u>9,683,420</u>	<u>7,282,244</u>
Current assets		
Loans and advances to customers	10,768,381	9,936,545
Accounts receivable	4,151,021	5,347,223
Prepayments, deposits and other receivables	269,799	322,421
Financial assets at fair value through profit or loss	51,128,906	43,528,232
- Financial assets held for trading and investments	19,286,647	15,019,421
- Financial products	31,842,259	28,508,811
Derivative financial instruments	155,652	76,832
Receivable from reverse repurchase agreements	2,247,913	3,109,006
Tax recoverable	236	6,131
Client trust bank balances	11,181,982	14,319,985
Cash and cash equivalents	7,150,847	4,105,672
Total current assets	<u>87,054,737</u>	<u>80,752,047</u>
Current liabilities		
Accounts payable	(14,587,372)	(18,883,841)
Other payables and accrued liabilities	(584,126)	(537,400)
Derivative financial instruments	(149,851)	(23,620)
Interest bearing borrowings	(11,226,513)	(9,441,083)
Debt securities in issue	(25,819,688)	(21,158,094)
- At amortised cost	(5,128,330)	(6,721,259)
- Designated at fair value through profit or loss	(20,691,358)	(14,436,835)
Financial liabilities at fair value through profit or loss	(6,810,580)	(8,731,117)
Obligations under repurchase agreements	(18,199,226)	(13,156,517)
Tax payable	(243,323)	(67,159)
Total current liabilities	<u>(77,620,679)</u>	<u>(71,998,831)</u>
Net current assets	<u>9,434,058</u>	<u>8,753,216</u>
Total assets less current liabilities	<u>19,117,478</u>	<u>16,035,460</u>

	As at 31 December	
	2019	2018
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Non-current liabilities		
Deferred tax liabilities	(2,429)	—
Interest bearing borrowings	(23,368)	—
Debt securities in issue	(7,679,894)	(4,841,178)
- At amortised cost	(1,555,874)	—
- Designated at fair value through profit or loss	(6,124,020)	(4,841,178)
	<u>(7,705,691)</u>	<u>(4,841,178)</u>
Net assets	<u>11,411,787</u>	<u>11,194,282</u>
Equity		
Share capital	8,125,856	8,125,856
Other reserve	(1,236,460)	(1,236,460)
Currency translation reserve	(1,110)	(655)
Share-based compensation reserve	56,089	66,186
- Share option reserve	30,513	37,816
- Share award reserve	25,576	28,370
Shares held under the share award scheme	(73,058)	(142,051)
Retained profits	<u>4,424,607</u>	<u>4,019,055</u>
Equity attributable to holders of the ordinary shares	11,295,924	10,831,931
Equity attributable to holders of other equity instrument	—	350,784
Equity attributable to owners of the parent	11,295,924	11,182,715
Non-controlling interests	115,863	11,567
Total equity	<u>11,411,787</u>	<u>11,194,282</u>

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”) or a sub-custodian for the HKMA as operator of the CMU Service.

Upon the initial deposit of a Global Note with the Common Depository or with a sub-custodian for the HKMA as operator of the CMU Service or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream, Luxembourg or (ii) the HKMA and delivery of the relative Global Certificate to the Common Depository or the sub-custodian for the HKMA as operator of the CMU Service (as the case may be), Euroclear or Clearstream, Luxembourg or the CMU Service (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with the CMU Service, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in accordance with the CMU Rules as notified by the CMU Service to the CMU Lodging Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of CMU save in the case of manifest error) shall be the only person(s) entitled (in the case of Registered Notes, directed or deemed by the CMU Service as entitled) to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in respect of each amount so paid. Each of the persons shown in the records of the CMU Service, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

Exchange

1 *Temporary Global Notes*

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- 1.1 if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme — Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- 1.2 otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU Service may require that any such exchange for a permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) have so certified.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2 *Permanent Global Notes*

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under “Partial Exchange of Permanent Global Notes”, in part for Definitive Notes or, in the case of 2.1 below, Registered Notes:

- 2.1 if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes represented by a corresponding interest in a Global Certificate; and
- 2.2 otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent (or, in the case of Notes lodged with the CMU Service, the CMU Lodging Agent) of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3 *Global Certificates*

If the relevant Pricing Supplement states that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

3.1 if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

3.2 if principal in respect of any Notes is not paid when due; or

3.3 with the prior consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4 *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

5 *Delivery of Notes*

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent (or, in the case of Notes lodged with the CMU Service, the CMU Lodging Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock

exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6 *Exchange Date*

“**Exchange Date**” means (i) in relation to an exchange of a temporary Global Note to a permanent Global Note, the day falling after the expiry of 40 days after its issue date; (ii) in relation to an exchange of a permanent Global Note to a Definitive Note, a day falling not more than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent; (iii) in relation to an exchange of a permanent Global Note to a Registered Note, a day falling not more than five days after the date of receipt of the first relevant notice by the Fiscal Agent; or (iv) in the case of failure to pay principal in respect of any Notes when due or an Event of Default has occurred and is continuing, a day falling 30 days after the date of receipt of the first relevant notice by the Fiscal Agent, provided if such date is not a day on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located, the immediately following day.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

1 *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. Save as set out in the following paragraph, all payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(e) will apply to the Definitive Notes only.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January.

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

2 *Prescription*

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

3 *Meetings*

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note or a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each integral currency of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4 *Cancellation*

Cancellation of any Note represented by a permanent Global Note or Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or Global Certificate.

5 *Purchase*

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6 *Issuer's Options*

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain, in the case of Bearer Notes, the certificate numbers of Notes drawn or, in the case of Registered Notes, the holder of the Notes in respect of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, the CMU Service or any other clearing system (as the case may be).

7 *Noteholders' Options*

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent or (in respect of Notes represented by a Global Certificate) the Registrar or Transfer Agent or (in respect of Notes lodged with the CMU Service) the CMU Lodging Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has

been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note or Global Certificate to the Fiscal Agent, the relevant Registrar, a Transfer Agent or the CMU Lodging Agent (or, in each case, to a Paying Agent acting on their behalf), as the case may be, for notation.

8 *Events of Default*

Each Global Note or Global Certificate provides that the holder may cause such Global Note or Global Certificate, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note or Global Certificate that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of the Deed of Covenant (as defined in the Terms and Conditions of the Notes) to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be.

9 *Notices*

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (ii) the CMU Service, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes or Global Certificates. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

FORM OF THE PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated [●]

GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(國泰君安國際控股有限公司)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the HK\$15,000,000,000 Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 15 July 2020 [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the supplemental Offering Circular dated [●]] and this Pricing Supplement.

[This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, “**Professional Investors**”) only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

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

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

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not

a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

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

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

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the supplemental Offering Circular dated [●]] and this Pricing Supplement.]

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

1. Issuer: Guotai Junan International Holdings Limited (國泰君安國際控股有限公司)
2. (i) Series Number: [●]
(ii) Tranche Number: [●]
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:
— Series: [●]
— Tranche: [●]
5. [(i)] Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] *(in the case of fungible issues only, if applicable)*]
[(ii)] Net proceeds: [●] *(Required only for listed issues)*
6. (i) Specified Denominations: [●]¹
(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)

¹ Notes (including Notes denominated in pounds sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies). Add provisions to terms and conditions if included.

If the Specified Denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example, €1,000), insert the following:

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

- (ii) Calculation Amount:
7. (i) Issue Date:
- (ii) Interest Commencement Date:
8. Maturity Date: [Specify date (*for Fixed Rate Notes*) or (*for Floating Rate Notes*) Interest Payment Date falling in or nearest to the relevant month and year]²
9. Interest Basis [] per cent. Fixed Rate]
[[*Specify rate*] +/-] per cent. Floating Rate]
[Zero Coupon]
[*Other (specify)*] (*further particulars specified below*)
10. Redemption/Payment Basis: [Redemption at par]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[*Other (specify)*]
11. Change of Interest Basis or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12. Put/Call Options: [Put]
[Call]
[*(further particulars specified below)*]
13. Listing: [HKSE/Other (*specify*)/None] (*For Notes to be listed on the HKSE, insert the expected listing date of the Notes*)
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest:] per cent. per annum [payable
[annually/semi-annually/quarterly/monthly] in
arrear]

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

- (ii) Interest Payment Date(s): in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*]/not adjusted]³
- (iii) Fixed Coupon Amount(s): per in nominal amount⁴
- (iv) Broken Amount(s): per Calculation Amount, payable on the Interest Payment Date falling [in/on] (Applicable to Notes in definitive form)
- (v) Day Count Fraction (Condition 5(j)):
(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars or Hong Kong dollars, unless the client requests otherwise)
- (vi) Determination Date(s) (Condition 5(j)): in each year *[Insert regular interest payment dates, ignoring issue date or maturity date in case of a long or short first or last coupon]*⁵
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/*Give details*]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s):
- (ii) Specified Interest Payment Dates:

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

⁴ For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Specified Denomination by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01 (in the case of Renminbi denominated Fixed Rate Notes) or HK\$0.01 (in the case of Hong Kong dollar denominated Fixed Rate Notes), with RMB0.005 (in the case of Renminbi denominated Fixed Rate Notes) or HK\$0.005 (in the case of Hong Kong dollar denominated Fixed Rate Notes) being rounded upwards. For the purposes of this paragraph and the Day Count Fraction referred to herein, "Calculation Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date."

⁵ Only to be completed for an issue where the Day Count Fraction is Actual/Actual-ICMA.

- (iii) Interest Period Date:
- [Not applicable unless different from Interest Payment Date]*
- (iv) Business Day Convention: Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ [Other (*specify*)]
- (v) Business Centre(s) (Condition 5(j)):
- (vi) Manner in which the Rate(s) of interest is/are to be determined: Screen Rate Determination/ ISDA Determination/ Other (*specify*)
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount (if not the Agent):
- (viii) Screen Rate Determination (Condition 5(b)(iii)(B)):
- Reference Rate:
 - Interest Determination Date(s):
 - Relevant Screen Page:
(In the case of EURIBOR, if not Reuters Page EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.)
- (ix) ISDA Determination (Condition 5(b)(iii)(A)):
- Floating Rate Option:
 - Designated Maturity:
 - Reset Date:
 - ISDA Definitions (if different from those set out in the Conditions):
- (x) Margin(s): +/- per cent. per annum
- (xi) Minimum Rate of Interest: per cent. per annum
- (xii) Maximum Rate of Interest per cent. per annum

- (xiii) Day Count Fraction (Condition 5(j)): [●]
- (xiv) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
17. Zero Coupon Note Provisions: [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Any other formula/basis of determining amount payable: [●]
18. Dual Currency Interest Note Provisions: [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent): [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction (Condition 5(j)): [●]

PROVISIONS RELATING TO REDEMPTION

19. Call Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [●] per Calculation Amount
 - (b) Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice period: [●]
20. Put Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) Notice period (if other than as set out in the Conditions): [●]
21. Final Redemption Amount(s) of each Note: [[●] per Calculation Amount/Give or annex details]
22. Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c) or an Event of Default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: [Bearer Notes/Exchangeable Bearer Notes/ Registered Notes] [Delete as appropriate]
- (i) Temporary or permanent Global Note/Certificate: [Temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates in the limited circumstances specified in the permanent Global Note/ Certificate] [temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice⁶] [permanent Global Note/ Certificate exchangeable for Definitive Notes/ Certificates in the limited circumstances specified in the permanent Global Note/Certificate]
- (ii) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
24. Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates: [Not Applicable/give details] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 15(ii) and 16(iii) relate.)*
25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No/If yes, give details]
26. Details relating to Partly Paid Notes (amount of each payment comprising Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment): [Not Applicable/give details]
27. Details relating to Instalment Notes: [Not Applicable/give details] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]

⁶ The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a permanent Global Notes exchangeable for Definitive Notes.

- (iv) Minimum Instalment Amount: [●]
28. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
29. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
30. Other terms or special conditions: [Not Applicable/give details]⁷

DISTRIBUTION

31. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give names*]
- (iii) Dealer's Commission: [●]
32. If non-syndicated, name of Dealer: [Not Applicable/*give names*]
33. Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

34. ISIN Code: [●]
35. Common Code: [●]
36. CMU Instrument Number: [●]
37. Clearing system(s) (Euroclear, Clearstream, Luxembourg, the CMU Service or any other clearing system(s)) and the relevant identification number(s): [*Give name(s) and number(s)*]
38. Delivery: Delivery [against/free of] payment
39. The Agents appointed in respect of the Notes are: [●]
40. Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a): [Not Applicable/*give details*]

⁷ If full terms and conditions are to be used, please add the following here:

"The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary."

The first set of bracketed words is to be deleted where there is a permanent Global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the Pricing Supplement.

41. The aggregate principal amount of Notes issued has been translated into Hong Kong dollars at the rate of [●], producing a sum of (for Notes not denominated in Hong Kong dollars): [Not Applicable/HK\$[●]]
42. [Use of proceeds: [●] (To be specified if different from the use of proceeds set out in this Offering Circular)]

[LISTING APPLICATION]

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the HK\$15,000,000,000 Medium Term Note Programme of Guotai Junan International Holdings Limited (國泰君安國際控股有限公司).]

[STABILISING]

In connection with the issue of any Tranche of Notes, one of the Dealers named as Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in the applicable Pricing Supplement may, subject to applicable laws and regulations, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.]

MATERIAL ADVERSE CHANGE STATEMENT

There has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2019 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 20 March 2020.

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:
Duly authorised

By:
Duly authorised

RISK FACTORS

The Issuer believes the following factors may affect its ability to fulfil its obligations for Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for reasons other than those set out in this section and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

RISKS RELATING TO THE ISSUER'S AND THE GROUP'S BUSINESSES

Highly regulated business environment

The Issuer is based in Hong Kong and the Group's business operations are subject to many applicable laws, regulations and codes of relevant regulatory authorities in Hong Kong. From time to time, the Hong Kong regulatory regime for the financial services industry (for example, the SFO, Money Lenders Ordinance (Cap. 163) of Hong Kong, HKSE Rules and the Codes on Takeovers and Mergers and Share Repurchases) has implemented changes in such rules and regulations, some of which have resulted in additional costs to or restrictions on the Issuer's business activities. In addition, the Issuer's engagement in China B shares trading business is subject to the applicable PRC laws and regulations. If the Issuer fails to comply with the applicable rules and regulations, it may become subject to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines and/or restrictions on its business activities. If results of any investigations or enquiries are severe or proved to involve serious misconduct, the Issuer may become subject to penalties including censure, reprimand and fines. In extreme cases, it may be hampered or prevented from conducting business in a normal manner and some or all of the Group's operation licences may become suspended or revoked. Where penalties are substantial or protracted litigation is involved, the Issuer's reputation and financial position may be jeopardised. In such cases, there may be material and adverse impact on its business, financial condition, results of operations and prospects.

The Group's risk management and internal control system

The Group has established risk management and internal control systems and procedures. Certain areas within its risk management and internal control systems may require constant monitoring, maintenance and continual improvements by its senior management and staff. The Group's businesses and prospects may be materially and adversely affected if its efforts to maintain these systems are proved to be ineffective or inadequate.

Deficiencies in the Group's risk management and internal control systems and procedures may adversely affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as adversely impact on its ability to identify any reporting errors and non-compliance with rules and regulations. The principal businesses operated by the Group are regulated by the SFC (as defined in "Regulations") and it is expected that the Group's employees shall comply with the relevant rules under the SFO. Owing to the nature of the Group's business, no matter how sophisticated an internal control

system can be, it cannot rule out the possibility that its employees may in the performance of their duties commit offences under the SFO. These offences may include but are not limited to market misconduct such as market manipulation, false trading and price rigging and where a licensed person is guilty of misconduct. Accordingly, commission of offences by the Group's employees resulting from such activities or any allegation of such activities could have an adverse effect on the Group's reputation and goodwill.

The Group's internal control system, no matter how sophisticated in designs, still contains inherent limitations caused by mis-judgment or fault. As such, there is no assurance that its risk management and internal control systems are adequate or effective notwithstanding the above-mentioned efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and/or disciplinary actions or even prosecution being taken against the Group and/or its employees, disruption to its risk management system, and material and adverse effects on the Group's financial condition and results of operations.

Interest rate fluctuations

The Group's business performance is affected by fluctuations in interest rates which could adversely affect financial markets conditions. For example, a decrease in interest rates, although decreases the Group's costs of capital, may also limit the Group's interest income from its margin loan financing business, thus adversely affecting the Group's business and its financial results. Interest rates volatility may also affect securities market performance and general market sentiment, hence causing indirect adverse impact on the Group's business performance.

Diversified business inevitably affected by external and global factors

During the years ended 31 December 2018 and 2019, the Group's loans and financing, financial products, market making and investments, corporate finance in debt and equity capital markets and brokerage in securities businesses have been the principal source of income of the Group. For the years ended 31 December 2018 and 2019, interest income derived from loans and financing accounted for approximately 43.2% and 26.7%, respectively, of the Group's total revenue. Income generated from the Group's financial products, market making and investments accounted for approximately 21.5% and 40.8% of the Group's revenue for the years ended 31 December 2018 and 31 December 2019, respectively. Underwriting and commission income generated from the Group's corporate finance business in debt and equity capital markets accounted for approximately 18.6% and 17.2% of the Group's revenue for the years ended 31 December 2018 and 31 December 2019, respectively. Income generated from brokerage in securities business accounted for approximately 12.1% and 10.7% of the Group's revenue for the years ended 31 December 2018 and 31 December 2019, respectively.

The Group's loans and financing, structured financial products, corporate finance in debt and equity capital markets and brokerage in securities businesses are affected by external and global factors, including but not limited to the performance of the PRC, Hong Kong and the U.S. financial markets which are generally subject to factors beyond the Group's control including economic conditions, investment sentiment and fluctuations in interest rates. There is no assurance that the Group's income derived from its loans and financing, corporate finance in debt and equity capital markets and brokerage in securities businesses can be sustained, which may have an adverse effect on its financial condition and results of operations.

Fluctuations in securities markets could affect the Group's financial assets

Fluctuations in securities markets could affect the Group's investments and financial assets. Poor market conditions could affect the value of its financial assets while favourable market conditions may not be sustainable. Lack of liquidity or price volatility could reduce the value of the financial assets that the Group invests in or manages which, in turn, may have a material adverse effect on its business, growth prospects, net inflows of asset under management, fee income, results of operations and/or financial condition.

Credit Risk Control

The Group engages in the provision of loans and financing services to clients, including margin financing, IPO financing and other financing services. Secured loans and financing are particularly vulnerable to securities price volatility and the liquidity of those securities which are pledged as security for loans. In a volatile market, if securities price declines, the client may be required to deposit additional cash or other securities to the collateral portfolio to reduce the credit risk exposure or increase the collateral value. Where a client is unable to meet his margin call, the Group has the right to sell the relevant pledged securities and use the sale proceeds toward repayment of the loans. As proceeds from forced selling of pledged securities may not result in sufficient proceeds to cover the amount of margin loan outstanding, failure of a client to make up for such a shortfall could adversely affect the Group's businesses and financial performance. With regard to other forms of financing, there may also be adverse impact on the Group's businesses and financial performance if any borrower fails to repay the amount owed to the Group.

Clients of securities transactions are required to settle their transactions within a specified timeframe. If a client fails to do so, the Group will be required to use its own funds to cover the shortfall. If the Group has insufficient funds to do so, it may result in the non-compliance of the relevant SFC requirements and accordingly the Group may be subject to disciplinary actions.

All futures exchanges and leveraged foreign exchanges prescribe the minimum margin deposit for opening of each futures and option contract. Clients of the Group are required to maintain the minimum margin deposit with the Group from time to time as determined by such futures exchanges. When a client is unable to meet a margin call, the Group may close out the futures and/or option contract. In the event that the client's margin deposit with the Group is unable to cover the loss arising from closing out of the futures and/or option contract, the Group would be exposed to the risk of being unable to recover such shortfall, particularly in times of a volatile market.

In respect of the fixed income securities trading and investment business, the Group would be exposed to credit risk and default risk of the underlying issuers being unable to repay the bonds or debts, in addition to the market price risk of the underlying marketable securities. Please refer to the sub-sections relating to credit risk and market risk under item 13 (Risk Management) of the section headed "Description of the Issuer" below for further details on risk management control.

There may be an adverse impact on the Group's business as a result of a loss of business reputation or negative publicity

The Group operates in an environment where integrity and the trust of clients are of utmost importance. Therefore, it is vulnerable to negative market perceptions. Negative publicity associated with the Issuer or any of its subsidiaries, officers or employees or the occurrence of any of the risks set out in this section could result in loss of clients. Since the Group's business operations depend to a large extent on its officers and employees, the actions, misconduct, omissions, failures or breaches of any of such officers or employees, their

subsidiaries and/or service providers may, by association, create negative publicity on the Group. Accordingly, any mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations, or the negative perception resulting from such activities or any allegation of such activities, could have a material adverse effect on the Group's business, growth prospects, net inflows of asset under management, fee income, results of operations and/or financial condition.

The Group is indirectly affected by its controlling shareholder's reputation

The Group's controlling shareholder, Guotai Junan (as defined in "Description of the Issuer"), is one of the largest securities houses in the PRC. Like the Group, market reputation and the trust of clients are of great importance to Guotai Junan's business. Hence, negative publicity associated with Guotai Junan or any of its funds, officers or employees or the occurrence of any of the risks set out in this section may result in a loss of clients. Such negative publicity may by association create a material adverse effect on the Group's reputation, business, growth prospects, results of operations and/or financial condition.

Reliance on computers and electronic systems

The success of the Group's business depends, in part, upon a reliable and effective network infrastructure, which requires substantial financial, operational and management resources to develop, maintain and expand. There is no assurance that the Group will be able to expand or adapt its network infrastructure to meet additional demands in a timely manner and at commercially reasonable costs, or at all. In the event that the Group's IT systems fail to operate effectively or completely, or is affected by system failures of third parties, the Group's business, financial condition or results of operations may be materially and adversely affected.

Computer network security

The Group's technology systems are prone to damages by computer viruses, hackers and other disruptive problems, which may cause the Group to suffer financial losses. In particular, as the Group relies on third party encryption and authentication technology to transmit confidential information over public network, the security of such confidential information may become jeopardised. There is no assurance that advancements in cryptography technology will not ultimately result in customer data leakage. In the event that client confidential information is stolen and misused, the Group may become exposed to potential risks of losses from litigation and possible liability. This could materially and adversely affect the Group's business, financial condition and results of operations, reputation and its ability to attract and maintain customers.

Failure to detect illegal or improper activities

The Group may not be able to identify money laundering activities or other illegal/improper activities fully or in a timely manner, which could expose the Group to additional liability and adverse effect to its operations.

The Group is required to comply with applicable anti-money laundering laws and regulations in Hong Kong, including the Anti-Money Laundering and Counter-Terrorist Financing Ordinance and the SFC's "Guideline on Anti-Money Laundering and Counter-Terrorist Financing". Such laws and regulations require the Group, amongst other things, to adopt and enforce "know-your-client" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. While the Group has established policies and procedures aimed at detecting and preventing money laundering activities and other illegal or improper activities through the Group's operations, such policies and procedures may not in all cases detect and prevent possibilities of money laundering and other illegal or

improper activities. To the extent the Group fails to comply with the applicable laws and regulations, the relevant government agencies to whom it reports have the power and authority to impose fines and other penalties on the Group, and which may adversely affect its business and financial results.

Liquidity requirements

As stipulated under the Securities and Futures (Financial Resources) Rules (“FRR”), a licensed corporation shall at all times maintain liquid capital which is not less than the FRR requirement. In order to comply with the FRR, the Group must maintain a high level of liquidity at all times. In addition, the Group may need additional funding in order to respond to unanticipated opportunities, including opportunities to support its expansion, development of new or enhanced services and products, acquisition of complementary business or technologies. The Group may raise additional funding through public or private financing, strategic alliance or other arrangements. There can be no assurance that such additional funding, if required, will be available on terms favourable to the Group, or at all. Furthermore, any additional equity financing may dilute the shareholding interest of the shareholders of the Group. On the other hand, debt financing, if available, may involve restrictive covenants.

Any failure to meet the Group’s capital requirements may cause the SFC to take disciplinary actions against the Group, which may adversely affect its operations and performance. On an operational level, the Group may be hindered from developing or maintaining its services, taking advantage of opportunities or responding to competitive pressures, any of which could have a material adverse effect on its reputation, operations and performance.

Potential claims and liabilities in relation to information retrieved from the Group’s website

As the Group’s online trading platform and financial information portal may involve the displaying of or hyperlinking to information from other websites, there is a risk that claims may be made against the Group for defamation, negligence, copyright or trademark infringement or other claims related to the nature and content of such materials. The Group has published disclaimers in prominent areas to discharge its liability arising from content provided by third parties. No claims were ever made against the Group for defamation, negligence, copyright or trademark infringement or other claims related to the nature and content of such materials during the years ended 31 December 2018 and 2019. However, legal action may still be taken against the Group in respect of any such liability. Any imposition of liability could have a material and adverse effect on the Group’s business, financial condition and results of operations.

RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP OPERATES

Volatility of the securities markets

The Group’s revenue are mainly derived from five principal sources, namely: (i) brokerage; (ii) corporate finance; (iii) asset management; (iv) loans and financing; and (v) financial products, market making and investment holding; all of which are dependent upon the performance of the global economic conditions and the general financial markets landscape.

Hong Kong’s financial market is subject to the direct influence of global economic and socio-political environments. Fluctuations in the global corporate finance environment and capital raising activity levels may have adverse effects on the performance of the Group. Severe fluctuations or shifts in market and economic sentiments may adversely affect the Group’s business and financial results.

As the Group's key revenue flows are closely linked to the conditions of the global financial markets, should there be any deterioration of the global economy, the Group's business would be adversely affected.

Competition in the financial services industry

The financial services industry in Asia, and Hong Kong in particular, houses a large number of participants and is highly competitive. For instance, as at 31 May 2020, the total number of active trading Exchange Participants on the Hong Kong Stock Exchange was 648. In addition, according to information published by the SFC, as at 31 March 2020, there were a total of 3,109 licensed corporations engaging in regulated activities in Hong Kong, with an approximate break down of the types of activities engaged by the licenses corporations as follows:

- Type 1 (dealing in securities): 1,442
- Type 2 (dealing in futures contracts): 375
- Type 3 (leveraged foreign exchange and trading): 39
- Type 4 (advising on securities): 1,627
- Type 5 (advising on futures contracts): 178
- Type 6 (advising on corporate finance): 334
- Type 7 (providing automated trading services): 25
- Type 8 (securities margin financing): 3
- Type 9 (asset management): 1,836
- Type 10 (providing credit rating services): 8

New participants may enter the industry provided that they have engaged professionals with the appropriate skills and have obtained the requisite licences and permits.

Apart from the multinational financial institutions including banks and investment banks with global networks and a local presence in Hong Kong, the Group faces further competition from other financial services firms with similar target clients and offering a similar range of services including traditional and online brokerage services, asset management, corporate finance and equity capital markets services.

Historically, competition in the traditional brokerage business has been fierce. Over the past decade, online securities brokerage and financial information portals, have become commonplace, intensifying competition for online business revenues. The directors of the Issuer expect that competition in securities brokerage, one of the Group's core business operations, will continue to be intense. Moreover, the Group may not be able to compete effectively and successfully in all the business areas in which it currently operates or plans to operate. Increased competitive pressure may adversely affect the Group's business, financial position, results of operations and prospects by, amongst other things:

- Reducing the Group's market share in its principal lines of businesses;
- Decreasing the Group's net interest margins and spreads;

- Decreasing the Group's fee and commission income;
- Increasing non-interest expenses, such as sales and marketing expenses; and
- Increasing competition for qualified employees.

There is no assurance that the Group can compete effectively against its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that the Group's business objectives would become impractical and/or impossible. Under those circumstances, the Group's core business and financial performance would be adversely affected.

RISK RELATING TO THE INTERNATIONAL FINANCIAL MARKETS

Investment markets and political considerations

The Group's business is directly affected by the inherent risks associated with the investment markets, such as market volatility, overall investment sentiments, fluctuations in market capitalization and trading volumes, the supply of liquidity and perceived credit worthiness of each individual investment and the general investment industry. The Group's business is also subject to changes in general political conditions, such as monetary policies, fiscal policies, foreign exchange policies, currency fluctuations, cost of funding, volatility of interest rates, taxation policies and other macroeconomic policies, legislation and regulations affecting the financial and securities industries. It is also affected by the upward and downward trends in the business and financial sectors as well as inflation and availability of short-term and long-term funding sources. Poor market conditions could affect the value of its investment assets while favorable market conditions may not be sustainable. Lack of liquidity or price volatility could reduce the value of the investment assets that the Group invests in or manages which, in turn, may have a material adverse effect on its business, growth prospects, net inflows of assets under management, fee income, results of operations and/or financial condition.

Global economic downturn could materially and adversely affect the Group's business, financial condition and results of operations

Although the Group's operations are based primarily in Hong Kong, its trading platform covers various international financial markets including the United States, the United Kingdom, Japan, Singapore, South Korea and China. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. More recently, there is a continued high degree of uncertainty in Europe and United States, which is further exacerbated by subdued market conditions in the global economy. The recovery in the United States has remained modest and growth in emerging economies has been showing signs of slowing down, including in mainland China. The international trade environment and various governments' trade and economic policies, particularly the recent trade conflicts between China and the United States, may cause uncertainties to the global and China's economy and financial, foreign exchange and capital markets. The global financial markets have experienced, and may continue to experience, significant volatility including wider credit spreads, tightened liquidity conditions and a general weakening in the economic environment. The outlook for the global economy and financial markets remains uncertain. As the Group's financial services operations are highly dependent on the general economic sentiment and the conditions of the global financial markets, any economic downturn or relapse of a global recession could further decrease demand for the Group's services, thereby materially and adversely affecting its business, financial performance and results of operations.

RISKS RELATING TO HONG KONG, THE PRC AND OTHER ASIA PACIFIC COUNTRIES

Political and legal developments in Hong Kong and the PRC could adversely affect the financial condition and the results of operations of the Issuer and the Group

Majority of the assets of the Group are located in, and their revenues are substantially derived from, Hong Kong and PRC. Hong Kong became a Special Administrative Region of the PRC on 1 July 1997 (the “**Handover**”). Accordingly, the Group’s financial condition, results of operations and prospects are subject to a significant degree to the political and legal developments in Hong Kong and PRC. The PRC economy differs from the economies of most developed countries in many respects, including, but not limited to political structure, level of government involvement, level of development, growth rate, foreign exchange controls and allocation of resources. The PRC economy is in the process of transitioning from a centrally planned economy to a more market oriented economy. For more than three decades, the PRC government has implemented economic reform measures to utilise market forces in the development of the PRC economy. In addition, the PRC government continues to play a significant role in regulating industries and the economy through policy measures. The Group cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will adversely affect its business, financial condition or results of operations. In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on the Group’s operations and business development.

Any business disruptions resulting from acts of God, acts of war, epidemics, including the recent outbreak of novel coronavirus, and other factors outside of the Group’s control could affect its business and might result in substantial costs

The Group’s business is subject to general, social and political conditions. The Group’s business would be adversely affected if there are any unexpected events, including but not limited to riots, fire, power outages, natural disasters, terrorist activities, equipment or system failures, industrial action and environmental issues, which increase the cost of the Group doing business or otherwise adversely affect the Group’s operations or those of its customers or suppliers.

Natural disasters, epidemics, acts of God and other disasters that are beyond the Group’s control may materially and adversely affect the economy and infrastructure. The Group’s business, financial condition and operating results may be materially and adversely affected as a result.

Epidemics threaten people’s lives and may materially and adversely affect their livelihoods as well as their living and consumption patterns. For example, since the beginning of 2020, the pandemic caused by novel coronavirus (“**COVID-19**”) becomes a global focus. Many countries have adopted measures such as public activities cancellation, travel restriction, and cities lockdown, etc. The global economy and financial markets are facing pressures and challenges. A number of governments revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession. Any of these factors could have a material adverse effect on the Issuer’s and the Group’s financial conditions and results of operations.

Prior to the outbreak of COVID-19, in 2003, there was an outbreak of severe acute respiratory syndrome (“**SARS**”), a highly contagious and potentially deadly disease in Hong Kong, along with many other countries in Asia. The SARS outbreak had a significant adverse impact on the economies of the affected countries. Since the latter half of 2005, there have been media

reports regarding the spread of the H5N1 virus or “Avian Influenza A” among birds and poultry and, in some isolated cases, transmission of Avian Influenza A virus from animals to human beings. Similarly, since early 2009, there have been media reports regarding the spread of the H1N1 virus or “Swine Influenza A” from animals to humans and of human-to-human transmission of Swine Influenza A and recently in 2013, there have been media reports regarding the spread of the H7N9 virus. The occurrence of an epidemic is beyond the Group’s control, and there is no assurance that another outbreak of SARS, avian influenza, swine influenza or any other disease will not become an epidemic or pandemic. Any epidemic or pandemic occurring in areas in which the Group operates, or even in areas in which it does not operate, may materially and adversely affect its business, financial condition and operating results.

Acts of war and terrorism may cause damage or disruption to the Group or its employees, facilities, distribution channels (including the distribution channels operated by third parties), markets, suppliers or customers, any of which may materially and adversely impact its revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause the Group’s business to suffer in ways that it cannot currently predict.

LEGAL AND COMPLIANCE RISKS

The Issuer and the Group may be subject to material litigation and claims

From time to time, the Issuer and the Group may be subject to material litigation or governmental, legal or arbitration proceedings and other contingent liabilities which may adversely affect the Issuer’s and the Group’s results.

The Issuer and the Group are subject to legal and compliance risks, which may have an adverse effect on the Issuer and the Group

Legal risks arise from a variety of sources with the potential to cause harm to the Issuer and the Group and its ability to operate. These issues require the Issuer and the Group to deal appropriately with potential conflicts of interest; legal and regulatory requirements; ethical issues; anti-money laundering laws or regulations; privacy laws; information security policies; sales and trading practices; and conduct by companies with which it is associated. Failure to address these issues appropriately may give rise to additional legal and compliance risk to the Issuer and the Group, with an increase in the number of litigation claims and the amount of damages asserted against the Issuer and the Group, or subject the Issuer and the Group to regulatory enforcement actions, fines, or penalties or reputational damage.

RISKS RELATED TO THE MARKET GENERALLY

An active trading market for the Notes may not develop

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the currency specified (the “**Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Currency would decrease (i) the Investor’s Currency-equivalent yield on the Notes, (ii) the Investor’s Currency equivalent value of the principal payable on the Notes and (iii) the Investor’s Currency equivalent market value of the Notes. In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the trading price of Fixed Rate Notes at any given time. Consequently, the value realised for the sale of Fixed Rate Notes may be less than the initial investment made by investors.

Credit ratings may not reflect all risks

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

RISK RELATING TO THE NOTES

Investors risk losing all of their investment in the Notes

Potential investors should be aware that depending on the terms of the relevant Notes (i) they may receive no or a limited amount of interest, (ii) payments may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment if the value of any underlying(s) does not move in the anticipated direction.

Further, investors may be subject to loss of some or all of their investment if the Issuer is subject to bankruptcy or insolvency proceedings or some other event occurs which impairs the ability of the Issuer to meet its obligations under the Notes. An investor may also lose some or all of its investment if it seeks to sell the relevant Notes prior to their scheduled maturity, and the sale price of the Notes in the secondary market is less than the initial investment or the relevant Notes are subject to certain adjustments in accordance with the terms and conditions of such Notes that may result in the scheduled amount to be paid or asset(s) to be delivered upon redemption being reduced to or being valued at an amount less than an investor’s initial investment.

The Notes may not be a suitable investment for all investors

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

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

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

The Notes are unsecured obligations

The Notes constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank equally among themselves and rank equally (subject to exceptions as are from time to time provided by applicable laws) with all other present and future direct, unsubordinated, unconditional and unsecured indebtedness or obligations, as applicable, of the Issuer.

Modification, waivers and substitution

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

The Terms and Conditions of the Notes also provide that the Issuer shall only agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of or any failure to comply with the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

Change of law

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

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

Dual currency Notes

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) payment of principal or interest may occur at a different time or in a different currency than expected; and
- (iii) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Notes where denominations involve integral multiples

In the case of Notes which have denominations consisting of a minimum denomination plus one or more higher integral multiples of another smaller amount, it is possible that Notes may be traded in amounts that are not integral multiples of such minimum denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations.

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

U.S. Foreign Account Tax Compliance Withholding may affect payments on the Notes.

Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (commonly known as “**FATCA**”) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. While the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems (see “*Taxation — FATCA*”). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure that each is compliant with FATCA or other laws or agreements related to FATCA) and should provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax advisers to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the common depository or sub-custodian for the clearing systems (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

Notes which are linked to “benchmarks”

The London Interbank Offered Rate (“**LIBOR**”), the Euro Interbank Offered Rate (“**EURIBOR**”) and other interest rates or other types of rates and indices which are deemed to be “benchmarks” are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. Regulation (EU) 2016/1011 (the “**Benchmark Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union (“**EU**”). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or

endorsed). The Benchmark Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another “benchmark” rate or index, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the relevant benchmark. In addition, the Benchmark Regulation stipulates that each administrator of a “benchmark” regulated thereunder must be licensed by the competent authority of the European Union Member State where such administrator is located. There is a risk that administrators of certain “benchmarks” will fail to obtain a necessary licence, preventing them from continuing to provide such “benchmarks”. Other administrators may cease to administer certain “benchmarks” because of the additional costs of compliance with the Benchmark Regulation and other applicable regulations, and the risks associated therewith. There is also a risk that certain benchmarks may continue to be administered but may in time become obsolete. As an example of such benchmark reforms, on 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the Chief Executive of the UK Financial Conduct Authority (the “**FCA**”) announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “**FCA Announcements**”). The FCA Announcements indicate that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the relevant benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could result in adverse consequences to holders of any securities linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“**SONIA**”) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended euro Short-term Rate (“**€STR**”) as the new risk free rate. On 2 October 2019, €STR was published by the European Central Bank for the first time. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the

Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

Future discontinuation of LIBOR may affect the value of Floating Rate Notes which reference LIBOR

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

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Calculation Agent shall request quotations from reference banks (i.e. four major banks in the London inter-bank market (either selected by the Calculation Agent or specified in the relevant Pricing Supplement)) so as to determine the Rate of Interest. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of LIBOR), the Rate of Interest will be determined by reference to the rates offered by such banks for time deposits as communicated to the Calculation Agent. If such rates are not available, the Rate of Interest will ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date.

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

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

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

Risks related to Notes denominated in Renminbi

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outward from the PRC

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by the PRC government in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

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

Although Renminbi has been included in the basket of currencies that make up the Special Drawing Rights created by the International Monetary Fund since 1 October 2016, there is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that the pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi. Each investor should consult its own advisors to obtain a more detailed explanation of how the PRC regulations and rules may affect their investment decision.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**RMB Clearing Banks**”), including, but not limited to, Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi denominated financial assets outside the PRC is limited.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. Currently, the RMB Clearing Banks only have access to onshore liquidity support from the PBOC only for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The RMB Clearing Banks are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions. Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that no new PRC regulations will be promulgated or the settlement agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes is subject to exchange rate risks

The value of Renminbi against the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal with respect to Renminbi Notes will be made in Renminbi. As a result, the value of these Renminbi payments in Hong Kong dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the US dollar or other foreign currencies, the value of investment in Hong Kong dollar or other applicable foreign currency terms will decline.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes

All payments to investors in respect of Renminbi Notes will be made solely by (i) when Renminbi Notes are represented by global certificates, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures of the CMU Service, or (ii) when Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including, but not limited to, in any other currency, by bank notes, by cheques or drafts or by transferring to a bank account in the PRC).

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

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on the Bearer Notes or on the Certificates relating to the Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an Agency Agreement dated 25 June 2012, a first supplemental agency agreement dated 25 June 2014, a second supplemental agency agreement dated 25 June 2015 and a third supplemental agency agreement dated 3 July 2017 (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) between the Issuer, Deutsche Bank AG, Hong Kong Branch as fiscal agent, Deutsche Bank AG, Hong Kong Branch as lodging agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU Service**”), Deutsche Bank AG, Hong Kong Branch as registrar and the other agents named in it and with the benefit of a Deed of Covenant dated 25 June 2012 and the Supplemental Deed Poll dated 9 November 2017 (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) executed by the Issuer in relation to the Notes. The fiscal agent, the CMU lodging agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**CMU Lodging Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent and the CMU Lodging Agent), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”. For the purposes of these Conditions, all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU Service, be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly. The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects.

1 FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form (“**Bearer Notes**”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Specified Denomination(s) shown in the Pricing Supplement.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable

Bearer Notes. This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the Pricing Supplement.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in the Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 EXCHANGES OF EXCHANGEABLE BEARER NOTES AND TRANSFERS OF REGISTERED NOTES

- (a) **Exchange of Exchangeable Bearer Notes:** Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any such other evidence as the Registrar or Transfer Agent may

reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Exchange Free of Charge:** Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such

Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 STATUS OF THE NOTES

The Notes and the Receipts and Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them shall (save for certain obligations required to be preferred by law and subject to Condition 4) at all times rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, from time to time outstanding.

4 NEGATIVE PLEDGE

So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement):

- (a) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital) present or future to secure any Relevant Debt (as defined below), or any guarantee of or indemnity in respect of any Relevant Debt; and
- (b) the Issuer will ensure that no other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that other person to secure (x) any of the Issuer's Relevant Debt, or any guarantee of or indemnity in respect of any of the Issuer's Relevant Debt, or (y) where the person in question is a Subsidiary of the Issuer, any of the Relevant Debt of any person, or any guarantee of or indemnity in respect of any such Relevant Debt,

unless, at the same time or prior thereto, the Issuer's obligations under the Notes and the Coupons:

- (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be; or
- (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders,

provided that (and for the avoidance of doubt) this Condition 4 will not be applicable to any Security created or permitted to subsist in connection with a Securitisation Transaction.

"**Relevant Debt**" means any present or future indebtedness in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock

exchange, over-the-counter or other similar securities market, which for the avoidance of doubt shall not include any indebtedness under any loan facilities or agreements (including any drawing down of any existing credit line or facility of the Issuer or any of the Issuer's Subsidiaries).

"Securitisation Transaction" means any securitisation transaction involving the transfer of any assets, revenues, undertakings or risks associated with any such assets, revenues, or undertakings to, and the issue of indebtedness by, a special purpose company (a **"Special Purpose Company"**) which is not a Subsidiary of the Issuer and provided that (i) none of the monetary obligations of the Special Purpose Company in respect of the transaction is subject to any recourse whatsoever in respect thereof to the Issuer or any of its Subsidiaries, (ii) recourse to the Special Purpose Company for amounts owing under the transaction is limited to the income or cashflow of the assets or collateral comprising the Security for such transaction, (iii) the assets held by and activities of the Special Purpose Company are restricted to those which are permitted for the purposes of the transaction, (iv) the parties to the transaction are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding-up or dissolution of the Special Purpose Company until at least one year and one day after the full repayment of such indebtedness, (v) the transaction is conducted on arm's length terms and (vi) the benefit of the transaction accrues, directly or indirectly, to the Issuer or any of its Subsidiaries.

"Subsidiary" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

5 INTEREST AND OTHER CALCULATIONS

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) **Interest on Floating Rate Notes:**

(i) **Interest Payment Dates:** Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown in the Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown in the Pricing Supplement as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day

and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) **Rate of Interest for Floating Rate Notes:** The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the Pricing Supplement;
- (y) the Designated Maturity is a period specified in the Pricing Supplement; and
- (z) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or the Euro-zone inter-bank offered rate (EURIBOR) or the Hong Kong inter-bank offered rate (HIBOR), the first day of that Interest Accrual Period or (ii) in any other case, as specified in the Pricing Supplement.

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

(B) Screen Rate Determination for Floating Rate Notes

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

- (x) the offered quotation; or

- (y) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum), for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.

If the Relevant Screen Page is not available or if, in the case of paragraph (x) above, no such offered quotation appears on the Relevant Screen Page or, in the case of clause paragraph (y) above, fewer than three offered quotations appear on the Relevant Screen Page, in each case as at the Specified Time, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Accrual Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, the Rate of Interest for the relevant Interest Accrual Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or Hong Kong inter-bank market (if the Reference Rate is HIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion

of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone interbank market (if the Reference Rate is EURIBOR) or Hong Kong inter-bank market (if the Reference Rate is HIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin relating to the relevant Interest Accrual Period in place of the Margin relating to that last preceding Interest Accrual Period).

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

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the Pricing Supplement.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the Pricing Supplement.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
 - (i) If any Margin is specified in the Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the Pricing Supplement, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be

calculated as previously in accordance with this Condition 5(i) but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (j) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or
- (iv) in the case of a currency and/or one or more Business Centres (as specified in the Pricing Supplement), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual-ISDA”** is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if **“Actual/360”** is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if **“30/360”**, **“360/360”** or **“Bond Basis”** is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified hereon the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

(vii) if “**Actual/Actual-ICMA**” is specified in the Pricing Supplement:

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such in the Pricing Supplement or, if none is so specified, the Interest Payment Date(s);

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount and specified in the Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“Interest Commencement Date” means the Issue Date or such other date as may be specified in the Pricing Supplement;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the Pricing Supplement or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Hong Kong dollars nor euro nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“Interest Period Date” means each Interest Payment Date unless otherwise specified in the Pricing Supplement;

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the Pricing Supplement;

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the Pricing Supplement;

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market,

and in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified in the Pricing Supplement;

“Reference Rate” means the rate specified in the Pricing Supplement;

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified in the Pricing Supplement;

“Specified Currency” means the currency specified as such in the Pricing Supplement or, if none is specified, the currency in which the Notes are denominated;

“Specified Time” means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR or Hong Kong time, in the case of HIBOR); and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (k) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Pricing Supplement and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 REDEMPTION, PURCHASE AND OPTIONS

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the Pricing Supplement. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) **Early Redemption:**

(i) **Zero Coupon Notes:**

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the Pricing Supplement.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the Pricing Supplement.

- (ii) **Other Notes:** The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the Pricing Supplement.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time, (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for

redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

- (d) **Redemption at the Option of the Issuer:** If Call Option is specified in the Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the Pricing Supplement) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the Pricing Supplement and no greater than the Maximum Redemption Amount to be redeemed specified in the Pricing Supplement.

All Notes in respect of which any such notice is given shall be redeemed, on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified in the Pricing Supplement, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the Pricing Supplement) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption. To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent during normal business hours at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6(f) and the provisions specified in the Pricing Supplement.
- (g) **Purchases:** The Issuer and any of its Subsidiaries or any holding company (within the meaning of the Companies Ordinance (Cap. 622) of Hong Kong) of the Issuer or any other Subsidiary of such holding company may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached therefor or surrendered therewith) in the open market or otherwise at any price.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries or any holding company (within the meaning of the Companies Ordinance (Cap. 622) of Hong Kong) of the Issuer or any other Subsidiary of such holding company may or shall be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 PAYMENTS AND TALONS

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:
 - (i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and
 - (ii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong. In this Condition 7(a), “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
 - (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifth (in the case of Renminbi) and fifteenth (in the case of a currency other than Renminbi) day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made:

(A) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(b)(ii), “**registered account**” means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

(c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents:** The Fiscal Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the CMU Lodging Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging Agent in relation to Notes accepted for clearance through the CMU Service, (v) one or more Calculation Agent(s) where the Conditions so require, (vi) a Paying Agent having specified offices in Hong Kong (for so long as the Notes are listed on the Hong Kong Stock Exchange and the rules of that stock exchange so require), (vii)

such other agents as may be required by any other stock exchange on which the Notes may be listed and (viii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) Unmatured Coupons and Receipts and unexchanged Talons:

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes), the Bearer Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note or Dual Currency Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note

or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation (if presentation and/or surrender of such Note, Receipt or Coupon is required), in such jurisdictions as shall be specified as “Financial Centres” in the Pricing Supplement and:
- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
 - (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.
- (i) **Redenomination, Renominalisation and/or Consolidation:** Notes denominated in a currency that may be converted into euro may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro, as specified in the Pricing Supplement.

8 TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of and without withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Hong Kong other than the mere holding of the Note, Receipt or Coupon; or

- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or
- (c) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (d) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition 8(e).

9 PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 EVENTS OF DEFAULT

If any of the following events (“**Events of Default**”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (a) **Non-Payment:** If default is made in the payment of any principal, premium (if any) or interest due in respect of the Notes or any of them and the default continues for a period of seven days (in the case of principal) or 14 days (in the case of premium or interest); or
- (b) **Breach of Other Obligations:** If the Issuer fails to perform or observe any of its other obligations under these Conditions, the Notes or the Deed of Covenant and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by a Noteholder on the Issuer of notice requiring the same to be remedied; or
- (c) **Cross-Default:** (i) The Issuer or, as the case may be, any Subsidiary shall default in the payment of any principal of or interest on any Borrowed Money beyond any period of grace provided in respect thereof; or (ii) the Issuer or, as the case may be, any Subsidiary shall fail to honour when due and called upon any present or future guarantee for, or indemnity in respect of, any Borrowed Money; or (iii) any Borrowed Money of the Issuer or, as the case may be, any Subsidiary becomes (or becomes capable of being declared) due and payable prior to its specified maturity by reason of any default or event of default, in each case in an aggregate principal amount of at least U.S.\$15,000,000 or the equivalent thereof in another currency or currencies (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any lending bank on the day on which this paragraph operates); or
- (d) **Winding-up:** An order of a court of competent jurisdiction is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer or any of its Subsidiaries, or the Issuer or any of its Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or threatens to cease to carry on all or substantially all of its business or operations (except, (i) in the case of the Issuer, for the purposes of a reconstruction, amalgamation or otherwise the terms of which have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders and (ii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries); or
- (e) **Insolvency:** If the Issuer or, as the case may be, any Subsidiary is (or is deemed by law or a court of competent jurisdiction to be) insolvent or unable to pay its debts as they fall due or stops, suspends or threatens to stop or suspend payment of all or a material part of (or a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally; or

- (f) **Security Enforced:** If any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Subsidiaries becomes enforceable and a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking or assets of the Issuer or, as the case may be, any Subsidiary and shall not be stayed or discharged within 60 days of being enforced; or
- (g) **Enforcement Proceedings:** If a distress or execution or other legal process shall be enforced upon or against a part of the property, assets, revenues or undertaking of the Issuer or, as the case may be, any Subsidiary and shall not be stayed or discharged within 60 days of being enforced; or
- (h) **Authorisation and Consents:** Any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Agency Agreement; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Notes and the Agency Agreement admissible in evidence in the courts of England is not taken, fulfilled or done; or
- (i) **Illegality:** If it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of these Conditions, the Notes or the Deed of Covenant; or
- (j) **Analogous Events:** Any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing.

In this Condition:

“**Borrowed Money**” means indebtedness (present or future) for or in respect of moneys borrowed, acceptances and the principal amount of any notes (including, for the avoidance of doubt, Notes of any other Series) debentures, bonds, bills of exchange, promissory notes or similar instruments drawn, made, accepted, issued, endorsed or guaranteed by the Issuer or, as the case may be, any Subsidiary for the purpose of raising money but shall exclude bills of exchange drawn under or in respect of letters of credit or contracts for the provision of goods or services for the purposes of effecting payment and not in connection with the raising of money.

11 MEETING OF NOTEHOLDERS AND MODIFICATIONS

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia:
 - (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes;

- (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes;
- (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes;
- (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown in the Pricing Supplement, to reduce any such Minimum and/or Maximum;
- (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount;
- (vi) to vary the currency or currencies of payment or denomination of the Notes; or
- (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution,

in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

- (b) **Modification of Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

12 REPLACEMENT OF NOTES, CERTIFICATES, RECEIPTS, COUPONS AND TALONS

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent in Hong Kong (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as

the Notes (so that, for the avoidance of doubt, references in the conditions of such notes to “**Issue Date**” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

14 NOTICES

Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Hong Kong (which is expected to be the South China Morning Post) and, in addition, for so long as any such Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Hong Kong. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 14.

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, in addition, for so long as any such Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU Service, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.

15 CURRENCY INDEMNITY

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 15, it shall be sufficient for the Noteholder or Couponholder, as the case

may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17 GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Notes, the Receipts, the Coupons, the Talons, the Agency Agreement, the Deed of Covenant and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of England are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Service of Process:** The Issuer irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the Issuer and its Subsidiaries for general corporate purposes.

DESCRIPTION OF THE ISSUER

1 INTRODUCTION

The Issuer is the first Chinese securities brokerage house with the China Securities Regulatory Commission (“**CSRC**”) approval to list its shares through an initial public offering on the Hong Kong Stock Exchange. The Issuer’s operations are based in Hong Kong and its services include: (i) wealth management; (ii) brokerage; (iii) corporate finance; (iv) asset management; (v) loans and financing and (vi) financial products, market making and investments. As the Issuer fully executed its strategy to diversify its business in recent years, it has shifted its focus from the traditional brokerage to wealth management with a wide range of tailored financial products and services for investors.

The Group’s controlling shareholder, Guotai Junan Securities Co., Ltd.* (國泰君安證券股份有限公司), a company incorporated on 18 August 1999 under the laws of PRC (“**Guotai Junan**”), is one of the largest PRC-based financial service providers involved in securities business in the PRC. The Group is the major overseas flagship of Guotai Junan to explore the Hong Kong and Southeast Asia markets. As at 30 June 2020, Guotai Junan, through its indirectly wholly-owned subsidiary, beneficially owned 7,044,877,066 shares, representing approximately 73.27% of the Issuer’s issued share capital.

The Issuer’s key positioning strategy is, through its base of operations in Hong Kong and the support of Guotai Junan in the PRC, to target the global market and become a regional international financial service company with comprehensive financial service capabilities. The Issuer endeavours to provide global investment services to customers in the PRC and provide overseas customers with opportunities for participating in investment in the domestic PRC market.

2 HISTORY AND DEVELOPMENT

Overview

The Issuer was incorporated in Hong Kong with limited liability on 8 March 2010 and its shares were listed on the Main Board of the Hong Kong Stock Exchange (the “**Main Board**”) on 8 July 2010. As at the date of this Offering Circular, the Issuer has two direct wholly-owned subsidiaries (namely Guotai Junan (Hong Kong) Limited (“**Guotai Junan (Hong Kong)**”) and Guotai Junan International (Singapore) Holdings Pte. Limited (“**Guotai Junan Singapore**”)) and one direct partially-owned subsidiary (namely Vietnam Investment Securities Company (“**Vietnam Investment Securities**”)) and ten indirect subsidiaries, namely:

- Guotai Junan Securities (Hong Kong) Limited (國泰君安證券(香港)有限公司) (“**Guotai Junan Securities**”);
- Guotai Junan Capital Limited (國泰君安融資有限公司) (“**Guotai Junan Capital**”);
- Guotai Junan Futures (Hong Kong) Limited (國泰君安期貨(香港)有限公司) (“**Guotai Junan Futures**”);
- Guotai Junan Finance (Hong Kong) Limited (國泰君安財務(香港)有限公司) (“**Guotai Junan Finance**”);

* For identification purposes only.

- Guotai Junan Assets (Asia) Limited (國泰君安資產管理(亞洲)有限公司) (“**Guotai Junan Assets**”);
- Guotai Junan Fund Management Limited (國泰君安基金管理有限公司) (“**Guotai Junan Fund Management**”);
- Guotai Junan FX Limited (國泰君安外匯有限公司) (“**Guotai Junan FX**”);
- Guotai Junan Financial Products Limited (國泰君安金融產品有限公司) (“**Guotai Junan Financial Products**”);
- Guotai Junan International Asset Management (Singapore) Pte. Limited (“**Guotai Junan AM Singapore**”); and
- Guotai Junan International Securities (Singapore) Pte. Limited (“**Guotai Junan Securities Singapore**”).

Guotai Junan Singapore is the immediate holding company of Guotai Junan AM Singapore and Guotai Junan Securities Singapore. Guotai Junan (Hong Kong) is the immediate holding company of the remaining eight abovementioned subsidiaries. Details of each of the subsidiaries are set forth as follows:

Guotai Junan Singapore

On 1 July 2015, Guotai Junan Singapore was incorporated with limited liability in Singapore. Guotai Junan Singapore is principally engaged in the business of investment holding and provision of general administration and supporting services to its subsidiaries. As at the date of this Offering Circular, Guotai Junan Singapore is the immediate holding company of Guotai Junan AM Singapore and Guotai Junan Securities Singapore.

Guotai Junan AM Singapore

On 1 July 2015, Guotai Junan AM Singapore was incorporated with limited liability in Singapore. Guotai Junan AM Singapore is principally engaged in the business of provision of asset management services. Guotai Junan AM Singapore is a Registered Fund Management Company licensed by The Monetary Authority of Singapore (“**MAS**”).

Guotai Junan Securities Singapore

On 18 January 2016, Guotai Junan Securities Singapore was incorporated with limited liability in Singapore. Guotai Junan Securities Singapore has a Capital Markets Services Licence issued by the MAS and its principal activities are that of providing securities brokerage services.

Guotai Junan (Hong Kong)

On 28 June 1995, Guotai Junan (Hong Kong) was incorporated with limited liability in Samoa under the name of J & A Holdings Limited. On 8 July 1995, the subscriber share in Guotai Junan (Hong Kong) was transferred to J & A Securities Co., Ltd. (“**J & A Securities**”) and Guotai Junan (Hong Kong) thus became a wholly-owned subsidiary of J & A Securities. In August 2000, the entire equity interest in Guotai Junan (Hong Kong) was transferred to Guotai Junan after it was incorporated to merge the interests of J & A Securities and 國泰證券有限公司 (Guotai Securities Co., Ltd.). On 23 November 2007,

Guotai Junan transferred the entire equity interest held by it in Guotai Junan (Hong Kong) to its wholly-owned subsidiary, Guotai Junan Financial Holdings Limited (“**Guotai Junan Financial Holdings**”). Upon completion of the transfer, Guotai Junan (Hong Kong) became a direct wholly-owned subsidiary of Guotai Junan Financial Holdings and an indirect wholly-owned subsidiary of Guotai Junan. Guotai Junan (Hong Kong) is principally engaged in the business of investment holding and provision of general administration and supporting services to its subsidiaries. As at the date of this Offering Circular, Guotai Junan (Hong Kong) is the immediate holding company of eight of the Issuer’s indirect subsidiaries.

Guotai Junan Securities

On 8 July 1993, Guotai Junan Securities was incorporated with limited liability in Hong Kong. On 8 July 1995, 4,999,998 shares of Guotai Junan Securities were allotted and issued to Guotai Junan (Hong Kong) (then named as J & A Holdings Limited). After Guotai Junan (Hong Kong) acquired one share from another shareholder and the remaining one share was held on trust for Guotai Junan (Hong Kong), it was beneficially interested in the 100% equity interest in Guotai Junan Securities. On 11 February 2010, that one share held on trust was transferred to Guotai Junan (Hong Kong) and Guotai Junan (Hong Kong) became the legal and beneficial owner of the 100% equity interest in Guotai Junan Securities.

As at the date of this Offering Circular, all issued and fully paid up shares of Guotai Junan Securities, amounting to 7,500,000,000 shares, were wholly-owned by Guotai Junan (Hong Kong). Guotai Junan Securities is principally engaged in the provision of securities dealing and broking services.

Guotai Junan Capital

On 8 August 1995, Guotai Junan Capital was incorporated with limited liability in Hong Kong. As at the date of this Offering Circular, all issued shares of Guotai Junan Capital have been allotted to Guotai Junan (Hong Kong). Guotai Junan (Hong Kong) has held 100% of the equity interest of Guotai Junan Capital since its incorporation. Guotai Junan Capital is principally engaged in the provision of corporate finance advisory services.

Guotai Junan Futures

On 3 August 1995, Guotai Junan Futures was incorporated with limited liability in Hong Kong. As at the date of this Offering Circular, all issued shares of Guotai Junan Futures have been allotted to Guotai Junan (Hong Kong). Guotai Junan (Hong Kong) has held 100% of the equity interest of Guotai Junan Futures since its incorporation. Guotai Junan Futures is principally engaged in the provision of futures dealing services.

Guotai Junan Finance

On 3 August 1995, Guotai Junan Finance was incorporated with limited liability in Hong Kong. As at the date of this Offering Circular, all issued shares of Guotai Junan Finance have been allotted to Guotai Junan (Hong Kong). Guotai Junan (Hong Kong) has held 100% of the equity interest of Guotai Junan Finance since its incorporation. Guotai Junan Finance is principally engaged in money lending and investment in securities.

Guotai Junan Assets

On 15 August 1995, Guotai Junan Assets was incorporated with limited liability in Hong Kong. As at the date of this Offering Circular, all issued shares of Guotai Junan Assets have been allotted to Guotai Junan (Hong Kong). Guotai Junan (Hong Kong) has held 100% of the equity interest of Guotai Junan Assets since its incorporation. Guotai Junan Assets is principally engaged in the business of provision of asset management services.

Guotai Junan Fund Management

On 3 January 2008, Guotai Junan Fund Management was incorporated with limited liability in Hong Kong. On 25 January 2008, one share of Guotai Junan Fund Management was transferred to Guotai Junan (Hong Kong) from the nominee shareholder of Guotai Junan Fund Management. Pursuant to a joint venture agreement entered into amongst Guotai Junan (Hong Kong), Golden Investor Investments Limited (“**Golden Investor**”) and Best New Management Limited (“**Best New**”) on 25 January 2008, 4,999,999 shares, 2,990,000 shares and 2,010,000 shares in Guotai Junan Fund Management were allotted to Guotai Junan (Hong Kong), Golden Investor and Best New, respectively. After the allotment, Guotai Junan Fund Management was held as to 50%, 29.9% and 20.1%, respectively, by Guotai Junan (Hong Kong), Golden Investor and Best New.

Guotai Junan Fund Management is principally engaged in the business of provision of asset management services.

Guotai Junan FX

On 31 March 2010, Guotai Junan FX was incorporated with limited liability in Hong Kong. As of the date of this Offering Circular, all issued shares of Guotai Junan FX have been allotted to Guotai Junan (Hong Kong). Guotai Junan (Hong Kong) has held 100% interest of Guotai Junan FX since its incorporation. Guotai Junan FX is principally engaged in the business of provision of leveraged foreign exchange dealing services.

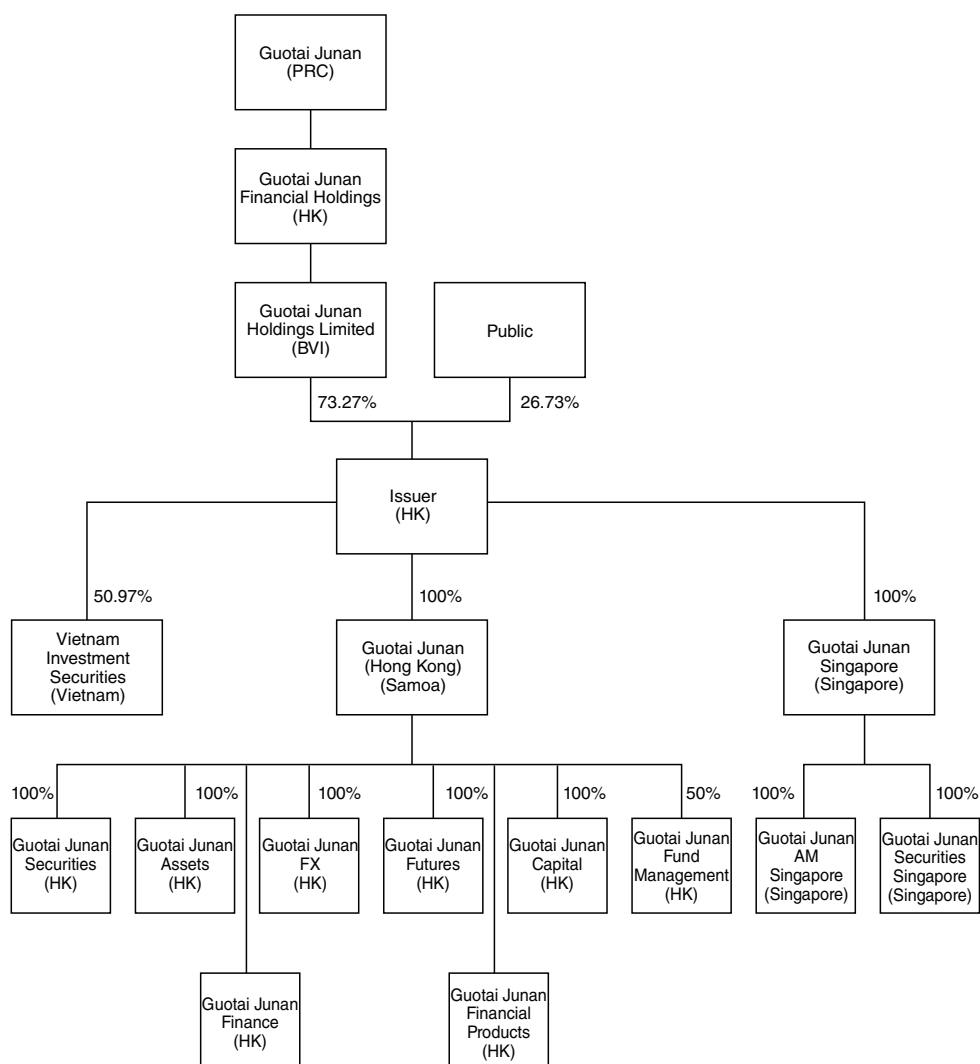
Guotai Junan Financial Products

On 29 September 2015, Guotai Junan Financial Products was incorporated with limited liability in Hong Kong. As at the date of this Offering Circular, all issued shares of Guotai Junan Financial Products have been allotted to Guotai Junan (Hong Kong). Guotai Junan (Hong Kong) has held 100% interest of Guotai Junan Financial Products since its incorporation. Guotai Junan Financial Products is principally engaged in the business of securities and derivatives trading.

Vietnam Investment Securities

At the end of 2019, the Issuer acquired 50.97% equity interests in Vietnam Investment Securities. Vietnam Investment Securities is listed on the Hanoi Stock Exchange in Vietnam and is engaged in securities dealing and broking and margin financing business.

The following chart sets out the corporate structure of the Group as at 30 June 2020:



3 COMPETITIVE STRENGTHS

The directors of the Issuer believe that the Group's success hinges on the following competitive strengths:

- A well-renowned brand name in the PRC of Guotai Junan benefits in client network development as well as business synergies; the Group is therefore at an advantage to procure business from PRC or PRC-based companies;
- It has a strong client base, comprising institutional and retail clients from a wide range of business industries and with whom it has maintained strong and lasting client relationships;
- The Group has established advanced and comprehensive online trading platforms which allow its investors to access global markets through its trading platform. The trading platforms are well recognised by retail investors as being stable and efficient. The online trading system provides clients with stock quotes, access to financial information, and a user-friendly interface for round-the-clock securities, futures, options and leveraged foreign exchange trading. The Group is committed to investing in its technology infrastructure and aim to become a "one-stop" investment services provider for its clients to invest globally;

- The Group has a strong equity research team which provides its clients with reliable and value-added information and investment strategies. The team has won a number of awards;
- With thorough understanding and knowledge in the Hong Kong and the PRC's capital markets, the corporate finance and equity capital markets (“**ECM**”) teams provide expert advice, one-stop solutions and outstanding transaction execution services to its clients;
- A dedicated senior management team serves the Group and has contributed to a solid business model that can well adapt to market changes. The management team includes qualified and experienced professionals;
- The Group has established a prudent credit risk management policy and effective internal control operations system, which are critical to the success of the Group; and
- The Group has been rated “Baa2” and “BBB+” (long-term issuer rating) by the global credit rating agencies Moody's Investors Service and Standard & Poor's Global Ratings respectively, which rendered the Group with one of the highest ratings among the Chinese financial institution in Hong Kong.

4 INDUSTRY OVERVIEW

The Stock Market in Hong Kong

Securities products on the Hong Kong Stock Exchange

Securities listed on the Main Board include equity securities, warrants, debt securities, unit trusts and CBBCs (Callable Bull/Bear Contract). The first derivative warrant was admitted for listing in Hong Kong in February 1988. Regulated short selling was introduced in January 1994 to enable more flexible portfolio investment by investors.

The Hong Kong Stock Exchange's mission is to promote capital formation in Hong Kong and the PRC, and in July 1993, the first PRC incorporated enterprise was listed in Hong Kong. As at the end of May 2020, there were 1,261 PRC enterprises (including H share, red chips companies and PRC private enterprises) listed on the Main Board and the Growth Enterprise Market of the Hong Kong Stock Exchange (the “**GEM**”). The number is expected to increase as more PRC companies seek to raise foreign capital to fuel business growth.

According to data provided by the Hong Kong Stock Exchange, as at end of May 2020, market capitalisation of all PRC-based listed companies, including H shares, red chips and PRC private enterprises represents 76.9% of total market capitalisation on the Main Board and GEM.

The Stock Brokerage Industry in Hong Kong

According to data provided by the Hong Kong Stock Exchange, for the year ended 31 December 2019, the total turnover on the Hong Kong Stock Exchange by the SEHK Participants was HK\$20,525.1 billion.

SEHK Participants

To trade through the facilities of the Hong Kong Stock Exchange, a company must be SEHK Participant (as defined in the HKSE Rules). Becoming a SEHK Participant requires, among other things, the company to be a limited company incorporated in Hong Kong or an individual ordinarily resident in Hong Kong and to meet certain liquid capital requirements.

As at 31 May 2020, there were a total of 700 SEHK Participants, including 648 trading participants and 52 non-trading participants.

SEHK Participants are classified into three categories:

- Category A — the 14 largest firms by market turnover;
- Category B — the 15th to 65th largest firms by market turnover; and
- Category C — other stockbrokers in the market.

Category A firms are engaged mainly in institutional trading, predominantly serving large overseas institutional clients. Category B firms are engaged in a mixture of overseas and local institutional trading and retail trading. Category C firms have historically captured a majority of the retail trading in Hong Kong, but are gradually being squeezed out of the market by large institutions from Category A, as well as Category B firms which have sufficient economies of scale to offer comprehensive and sophisticated service platforms than the traditional brokers. The Issuer belongs to Category B firms.

The Futures Market in Hong Kong

Futures and options trading in Hong Kong over the last few years has grown in tandem with the growth of the territory's securities market. In 1976, The Hong Kong Futures Exchange Limited ("**Futures Exchange**") was established and was licensed by the Government of Hong Kong as the exchange company to establish and operate the commodity exchange in Hong Kong under the Commodities Trading Ordinance (Cap. 250) of Hong Kong.

The Futures Exchange provides efficient and diversified markets for the trading of futures and option contracts. As at 31 May 2020, the total number of trading Exchange participants on the Futures Exchange was 195. The Futures Exchange provides a spectrum of financial products including stock futures, index futures and options, and interest rate futures. The total annual futures contracts and option contracts traded in Hong Kong have grown from approximately 9.7 million contracts in 1997 to approximately 262.9 million contracts in 2019.

Development of Trading Infrastructure and Settlement

Trading system in Hong Kong

Prior to November 1993, trading on the Hong Kong Stock Exchange was conducted manually, either through the Hong Kong Stock Exchange's internal telephone system or via the "open outcry" system where Exchange Participants negotiated face-to-face on the trading floor. To accommodate the increasing trading volume, the Hong Kong Stock Exchange commissioned the Automatic Order Matching and Execution System ("**AMS**") in order to support both manual and fully-automated trading. All securities listed on the Hong Kong Stock Exchange are now traded through an "automatching" mechanism through the AMS. The first iteration of AMS was launched in 2000, and its most recent

upgrade, to AMS/3.8, was implemented in 2011. AMS/3.8 has extensive capabilities in various areas, including market model, trading methods, market access and trading facilities, and investor access channels. Under AMS/3.8, automatching is the core mode for trading. In addition, AMS/3.8 also features new methods such as single price auction and quote-based market-making. Other new order types, such as enhanced limit order and special limit order, have been introduced to support different investors' needs. Finally, AMS/3.8 provides investors with channels including the Internet and mobile phones for submitting their trade orders. An order routing system developed by the Hong Kong Stock Exchange enables two-way electronic data transfer and allows brokers to offer new types of services to their clients through its "Broker Supplied System". In 2018, the Orion Trading Platform ("**OTP-C**") was rolled out as a replacement of AMS/3.8. OTP-C introduces minor technical improvements designed to increase the system's scalability, efficiency, and ability to support the growth of Hong Kong's securities markets.

Settlement

In 1992, the market was introduced to the Central Clearing and Settlement System ("**CCASS**") — a computerised book-entry clearing and settlement system for transactions executed on the Hong Kong Stock Exchange. The system accepts share certificates from its participants, "holds" them in the CCASS depository, and posts electronic share credits to the stock accounts of the depositing participants. Settlement of transactions is recorded electronically as net increases or decreases in participants' stock account balances, without any physical transfer of share certificates. Payments are also facilitated through the use of electronic money transfers between the participants' designated banks. Exchange Participants are required to settle all their trades in eligible securities through CCASS. Operation of investor accounts in CCASS was launched in May 1998. The Hong Kong Stock Exchange currently has seven categories of CCASS participants, namely, investors, direct clearing, general clearing, clearing agencies, custodians, stock lenders and stock pledgees.

The Online Brokerage Industry in Hong Kong

Since 2000, the number of financial institutions and brokers offering online trading in Hong Kong has been increasing. Many brokers now offer online services in conjunction with traditional brokerage services.

As at the date of this Offering Circular, there were no additional registration and licensing requirements in Hong Kong for a company to conduct securities and commodities dealing through the Internet. The SFC would expect registered persons to put in place additional operational measures if they intend to conduct securities dealing, commodity and futures trading and leveraged foreign exchange trading activities over the Internet. These measures address suitability and general conduct, order handling and execution, system integrity, responsible personnel, written procedures, client agreements, record keeping and reporting.

Capital Markets Business in Hong Kong

The capital markets business is a fee and/or commission-based business, namely negotiated fees, retainers and commissions agreed between the service provider and the corporate client. Historically, the capital markets business was characterised by long-standing personal relationships between banker and client; but as more and more investment banks enter into the market to provide similar services, product expertise, distribution power, corporate expediency and competitive pricing are as important as personal relationships. The ability to remain competitive therefore depends upon

economies of scale, rankings in league tables, effective publicity, strong deal execution track record, ability to provide creative and effective financial solutions, as well as the ability to maintain the best origination and execution professionals whilst maintaining efficient cost structures.

The capital markets sector is largely dependent on the region's fundamental economic health, capital inflows, the stability of political and regulatory environments, as well as continued development of the region's capital markets. As the region's economies continue to grow, particularly the PRC, Hong Kong, Taiwan, Vietnam, India, South Korea and Singapore, the Group anticipates increasing needs for capital markets expertise in such countries.

All major international investment banks have a presence in the region and they compete with each other to serve the region's governments and listed and unlisted corporations. Many of these financial institutions have regional head offices in Hong Kong, and many also have offices in other parts of Asia and in the PRC.

Competition is fierce among international investment banks for large advisory and capital raising transactions, particularly those relating to government or privatisations of state-owned enterprises, or to the region's leading blue-chip companies. Competition is also strong amongst the local firms to serve the region's small- to medium-sized corporations. Besides large government-related or state-owned enterprises or blue-chip deals, many investment banks have begun to focus on private sector companies particularly in the PRC with potential for listing offshore markets such as Hong Kong, Singapore, New York and London.

With regard to the PRC, on the back of the rapid economic growth over the past three decades, many companies have sought offshore listings, particularly in Hong Kong. However, many of these listings have had to do with large government or state-owned enterprises privatisations. Going forward, as the PRC private sector becomes the driving force behind the PRC's economic growth, the flow of non-government entities seeking offshore capital will increase. The directors of the Issuer are of the view that many of these companies may seek to list their securities in Hong Kong — Asia's third largest capital markets after Tokyo and Shanghai.

5 BUSINESS STRATEGY

The Group is the major offshore institution of Guotai Junan to develop international business. The Group aims to become a regional financial services enterprise providing comprehensive financial and investment management services to the clients. It will continue to expand into international markets and introduce new lines of business and services to its clients, except in the PRC market. The Group strives to assist its clients in making investment decisions under different market conditions and to maximise their returns. To further reinforce the existing foundation on brokerage business, the Group will continue to expand and invest in its online trading platforms, offering its clients access to global investment markets in an efficient and effective manner.

It will also take an active role in developing institutional client business and expanding its high net worth individual customer base, including entrepreneurs and senior executives. This will enhance its global reputation and its competitiveness in the long run.

6 BUSINESS OVERVIEW

Brokerage

Overview

Brokerage in securities, futures, options and leveraged foreign exchange is one of the Group's key sources of revenue. Since the launch of its online trading platform for customers in 2001, the Group's online trading platform currently supports a total of 9 major global stock markets, including Hong Kong, United States, Japan, United Kingdom, Canada, Singapore, Australia, Shanghai A and B shares and Shenzhen B shares, with coverage over the stock markets in France, Germany, Vietnam, Malaysia, South Korea, Australia and Taiwan and global bond markets, as well as over 20 futures markets worldwide including leveraged foreign exchange trading for 9 major currency pairs and 29 associated combinations as at 31 December 2019. In addition, the Group provides brokerage services in Hong Kong debt instruments.

The Group's brokerage services are offered through its wholly-owned subsidiaries, Guotai Junan Securities, Guotai Junan Futures and Guotai Junan FX, licensed corporations under the SFO to engage in regulated activities. Its brokerage services in London, U.S., Canada, Japan, Singapore, Malaysia, Australia, South Korea and Taiwan securities are operated through brokers which are licensed in the jurisdictions of those respective markets. As the Group does not have actual brokerage activities within such overseas jurisdictions it is not subject to the relevant laws, rules and regulations of the jurisdictions of the respective markets.

At present, the Group's China B shares business is operated through Guotai Junan as a broker of Guotai Junan Securities. On 29 December 2009, the Group received CSRC's approval to carry on its trading business in China B shares and obtained the certificate of trading in China B shares (經營外資股業務資格證書) issued by the CSRC on 15 April 2010. On 19 March 2018, the Issuer and Guotai Junan entered into a master services agreement agreeing that members of the Group will provide services to each other, among which cover brokerage transactions. For more details regarding such agreements between the Issuer and Guotai Junan, see "Connected Transactions".

Commissions

The brokerage business generates income by charging commissions and certain administrative fees for transactions executed through the Group's traditional and online trading platform.

For the years ended 31 December 2018 and 2019, commissions generated through brokerage accounted for 15.0% and 12.5% of the Group's revenue, respectively. As the Group's revenue are directly affected by the level of market activity and trading volume through its trading platforms, its brokerage business is dependent upon the prevailing economic environment and general market sentiment.

Clientele

The Group serves its brokerage clients through the Group's house team staff and account executives. As at 31 December 2019, the Group had 49,562 securities trading accounts in total. In terms of securities trading volume for the year ended 31 December 2019, income attributable to retail trading accounted for approximately 60% of the total trading volume of the Group.

The customer due diligence process of the Group was established in accordance with the relevant laws and SFC guidance and is applicable to all clients, both institutional clients and retail clients.

Risk management

All trading activities of the Group are closely monitored on a real time basis through computer systems by the staff of the Risk Management Department of the Group. Any unusual trading activities will be brought immediately to the attention of the responsible officers (as approved by the SFC under section 126(1) of the SFO) (each, a “**Responsible Officer**”), who are responsible for the overall daily management of the brokerage business and would take appropriate actions in compliance with the control policies and procedures in order to minimise or mitigate any risk to the Group and its clients.

Online trading platform

The Group established online trading platform in 2001 to support securities trading via the Internet. For the year ended 31 December 2019, Internet trading accounted for approximately 48% of the Group’s trading volume. Clients may use the online trading platform to conduct real-time trading in securities, as well as to subscribe for shares under Hong Kong initial public offerings (“**IPOs**”).

The online trading platform allows clients to place orders, view account information and balances, check trading positions, transaction status and trading history.

Under the AMS of the Hong Kong Stock Exchange, securities trading orders are processed by electronically routing the buy or sell orders to the Hong Kong Stock Exchange. Likewise, under the Hong Kong Automatic Trading System of the Futures Exchange, commodities trading orders are processed by electronically routing the buy or sell orders to the Futures Exchange. The Internet trading system sends electronic notification of executed orders and generates order confirmations. Online brokerage clients of the online trading system are enabled to give instructions to transfer funds to and from their own accounts maintained with certain designated banks. The system also offers electronic IPO services, through which the clients may view the electronic file of an offering circular on its website or through a hyperlink, and file an electronic application for IPOs (and at the same time apply for margin financing for IPOs).

The Group’s core Internet programs in relation to the online securities trading was originally developed for the Group by Guotai Junan. Major system components consist of a web server, an Internet Trading Platform, a front-end order management system that connects the clients to the Hong Kong Stock Exchange. The Group maintains a technology team comprising nine programmers who are responsible for developing and maintaining the proprietary online securities trading system and eight project communication staff who are responsible for coordinating with trading system software vendors for maintenance and operation support.

For electronic trading security, the Group uses a combination of proprietary and industry standard security measures to prevent unauthorised access and protect customers' data integrity. The Issuer uses 128 bits secure sockets layer cryptography (“SSL”) for data encryption. SSL is used to provide an encrypted link between a point in one computer system to a point in another, such that information flowing between those two points is encrypted using a symmetric algorithm. All trades are encrypted and transmitted in a secured mode with digital certification and authentication services. Each online user is assigned an account login and password for accessing the system. The client's password must contain at least six digits and is prompted to be renewed every 180 days.

The user-friendly online trading system is accessible by clients via the Group's trading and information website, which was formally launched in 2001, as well as the mobile application, which launched for trading in 2012. The website provides stock quotes, financial market news, morning focus reports, up-to-date global market commentary and views on companies listed on the Hong Kong Stock Exchange provided by the Group's research team. It also offers clients an option to subscribe for real time stock quotes feeds provided through hyperlinks to external information providers. In the second half of 2017, the mobile trading platform “Guotai Junan International TradeGo (國泰君安國際交易寶)” of the Issuer provided users with brand new features, after undergoing a complete system revamp, which provides convenient and speedy services by integrating information and trading functions, the user experience was further enhanced.

Loans and financing

The Group offers financing services to its clients through two subsidiaries: Guotai Junan Securities for margin and IPO financing and Guotai Junan Finance for other financing services.

Margin and IPO financing and other financing services

Margin financing refers to the offering of securities-backed financing to clients who wish to purchase securities on a margin basis. Margin financing offers funding flexibility to the clients by assisting them to leverage their investments. IPO financing refers to the financing for subscriptions of new shares relating to an IPO. The Group's margin and IPO financing services are complementary to the Group's brokerage business. As at 31 December of 2018 and 2019, the amounts of margin loan advances outstanding were approximately HK\$9,431 million and HK\$11,719 million, respectively, and total market value of securities pledged as collateral in respect of the Group's margin loans were HK\$25,580 million and HK\$33,519 million, respectively.

In addition to margin and IPO financing, the Group also provides term loans and advances to its clients, through Guotai Junan Finance, a licensed money lender under the Money Lenders Ordinance (Cap. 163) of Hong Kong.

Income from financing services

The Group provides financing services to a range of clients, including banks and non-bank customers. For the years ended 31 December 2018 and 2019,

- (i) interest and handling income from customers and counterparty financing accounted for approximately 33.5% and 17.5% of the Group's total revenue respectively; and
- (ii) interest income from banks and others accounted for approximately 9.7% and 9.2% of the Group's total revenue respectively.

In determining the interest rates, reference will be made to the credit standing of the relevant clients and the quality of the collateral pledged.

Credit control and Risk Management

The Group has established credit control measures to monitor its financing activities, which are supervised and managed by the Group's Credit Committee, Credit Department and Risk Management Department. The Credit committee is responsible for credit policy, credit risk control and management procedures, and oversees all equity financing activities of the Group.

With regard to margin financing, the Credit Committee pre-defines margin ratios or acceptable collateral securities which apply to all margin financing activities. The Credit Department carries out due diligence exercises as to the background of each margin client, including composition of his investment portfolio and trading history. On a daily basis, dedicated staff members of the Credit Department monitor the margin loans along with changes in market condition. In the event of any margin call, clients will be required to settle immediately. The credit department will report all large and material credit risk issues to the risk management department and will seek their guidance and opinions as to the appropriate actions to be taken.

The Group's computer system tracks on a real time basis all client accounts (whether traditional brokerage accounts or online trading accounts). In the event of any large stock trading activity, the system will alert the senior staff members of the credit department to review and approve the transaction. When making credit limit decisions, the credit department would review a client's personal profile and financial position, trading history and patterns, relevant market conditions, stock/sector outlook and relevant risks posed to the Group.

Asset management

The Group's asset management team provides a scope of services including portfolio management, investment advice and transaction execution to individual clients as well as private and public funds. The Group derives its fee income primarily from management fees and performance fees, which are linked to assets under management and the returns of funds, respectively. Performance fees are calculated at approximately 10% to 20% of the positive increment in the net asset value of the related investment funds over its high water mark at the relevant performance period.

Wealth management

The Group continued to expand and optimize its wealth management platform to provide clients with comprehensive and quality products and services, and grasped the opportunity to launch new products for market expansion, which attracted quality clients from Hong Kong, Mainland China and overseas. The asset under management of new clients from wealth management business increased significantly, reaching over HK\$19.0 billion at the end of 2019. In November 2019, the Issuer became the third licensed issuer of listed structured products with Chinese-funded background in Hong Kong, and officially launched its warrants and callable bull/bear contracts products, thus providing clients with more choices with different risk appetites for their investment portfolios. Our new products received overwhelming response from clients. The expansion of the wealth management platform boosted the overall development of the Group's business, which was conducive to the risk-neutral income growth of the Group and further increased the risk-adjusted return on net assets.

Corporate finance, ECM and DCM services

Corporate Finance Service

The Group provides corporate finance, DCM and ECM services to local, PRC and international clients through Guotai Junan Capital and Guotai Junan Securities, respectively. These two entities provide the clients with corporate financial advisory and consultancy services on corporate transactions and capital markets services.

Guotai Junan Capital, the corporate finance arm of the Group, provides clients with equity raising capabilities including acting as sponsor in relation to Main Board and GEM listing of securities, providing corporate finance, compliance advisory services and other capital raising solutions services. Founded in August 1995, Guotai Junan Capital is a licensed corporation under the SFO to engage in Type 6 (advising on corporate finance) regulated activities. Advisory service fees are based on negotiation with clients.

DCM and ECM Service

Guotai Junan Securities, the capital markets arm of the Group, provides distribution services during the fund raising exercises including underwriting and public and private placement of debt and equities securities.

The Group's ECM business established a strong clientele comprising of mainly Hong Kong-based and PRC-based companies and a solid underwriting track record in Hong Kong. Clients include companies in a variety of industries including banking, retails and consumers, pharmaceuticals, real-estates and property management, education, telecommunication and new energy sector. The directors of the Issuer are of the view that ECM transactions originating from the PRC, particularly those relating to pre-IPO advisory and listings in Hong Kong, will continue to enhance the Group's pipeline. It is the Group's objective to leverage upon its PRC background to capture more PRC based clients seeking overseas listings and other expansion opportunities. The Group's ECM department has participated in 13 IPO deals as global coordinator and 27 IPO deals as bookrunner in 2019. In terms of deal count, this was ranked 4th and 5th among the industry, respectively.

The Group's DCM business established in July 2012 focuses on the development of fixed income business. Since then, the Group has actively participated in debt issuance business as well as secondary market trading for fixed income products. The Group has participated in 142 and 189 debt issues, for the years ended 31 December 2018 and 2019, respectively.

Financial products, market making and investment holding

The Group holds financial assets for the purpose of business development, market making business and for the provision of investment products. For the years ended 31 December 2018 and 2019, the Group's net loss and income attributable to investment holding were HK\$41.8 million and HK\$666.1 million, respectively. For the years ended 31 December 2018 and 2019, the Group's net income attributable to market making business were HK\$52.1 million and HK\$649.3 million, respectively. The Group tailor-made financial products according to clients' needs and risk appetite. As a result, the Group recognised a decrease in income by 34.8% to HK\$418.4 million for the year ended 31 December 2019.

In 2016, the Group has commenced its equity derivatives business, providing customized financial products for institutional clients. The Group has since provided competitive equity derivatives products which are well received by financial institutions. The Group has recently put an immense effort in expanding the financial product lines for high-net-worth clients, the penetration rate of customized financial products against the investment of high-net-worth clients has been increasing, representing a significant increase of proportion in their investment portfolio. The strong market competitiveness of such financial products brought in a considerable increment in asset value, the overall scale of the assets under management has thus significantly increased.

7 COMPETITION

The financial services sector in Hong Kong is highly competitive due to the vast number of market players in securities brokerage services, financing, corporate finance and ECM services and asset management. The directors of the Issuer believe that the main competitors are other securities houses with a PRC background and based in Hong Kong.

To compete effectively, the Group strives to stay in touch with the market in order to have insightful knowledge about its clients' demand and its competitors. The Group continues to maximise opportunities by meeting new clients and delivering products and services that measure up to or exceed market expectations. It also recruits, trains and maintains suitable professionals and management personnel to improve its corporate control, IT infrastructure, marketing strategies and technical expertise so as to cater for any changes in market conditions. Finally, the Group maintains an efficient and lean cost structure in order to maximise shareholders' returns.

8 MAJOR CLIENTS

The Group's key clients consist of individual and corporate clients with solid foundation in China. The majority of the Group's individual clients are based in China. The Group's corporate finance and ECM clients consist of mainly Hong Kong listed companies and private corporations with PRC background.

9 SALES AND MARKETING

The Group's sales and marketing strategy focuses on building of brand name and products and services awareness. The sales and marketing functions of the Group are carried out by its sales and marketing team from various business departments which have extensive sales and marketing experience in the finance industry and have knowledge of a wide range of financial products. Through the Group's website, prospective users can obtain detailed information on the Group's products and services and request additional information on the products and services provided by the Group. As a continuous effort to expand its clientele, the Group regularly holds investment conferences. The Group has also established a team of customer service personnel to handle customer enquiries, account opening procedures and provide after sales services and technical support.

10 LEGAL PROCEEDINGS

For the 12 months preceding the date of this Offering Circular, there are no pending or outstanding material litigation, arbitration or claims of significance against the Group.

11 EMPLOYEES

As at 31 May 2020, the Group had 561 employees in total (excluding the account executives).

The Group has maintained good working relationships with its employees and does not foresee any difficulties in the recruitment and retention of experienced staff. During the two years ended 31 December 2019, there has not been any interruption to the Group's operations as a result of labour disputes. The Group has complied with all the relevant laws, regulations and requirements in relation to fair labour standards and employment contracts of its employees in Hong Kong.

12 REGULATORY REQUIREMENTS

Due to the licensing regime of the SFC, in order to engage in the core businesses of the Group, the relevant subsidiaries of the Group and its responsible personnel have obtained the relevant licences and been in compliance with the relevant regulatory requirements from time to time.

Set out below is a summary of the relevant licenses (including conditions imposed) held by the relevant licensed subsidiaries of the Group as at 30 June 2020:

Name of licensed subsidiary	Type 1 Dealing in securities	Type 2 Dealing in futures contracts	Type 3 Leveraged foreign exchange trading	Type 4 Advising on securities	Type 5 Advising on futures contracts	Type 6 Advising on corporate finance	Type 9 Asset management	Money lenders	Number of Responsible Officers
Guotai Junan Assets (Asia) Limited	Yes			Yes			Yes		7
Guotai Junan Finance (Hong Kong) Limited								Yes	N/A
Guotai Junan Fund Management Limited	Yes			Yes			Yes		5
Guotai Junan Futures (Hong Kong) Limited		Yes			Yes				13
Guotai Junan Securities (Hong Kong) Limited	Yes			Yes					26
Guotai Junan Capital Limited						Yes			12
Guotai Junan FX Limited			Yes						4

Apart from the SFO, the operation of the securities market is also governed by the subsidiary legislations and regulations, administrative procedures and guidelines developed by the SFC, as well as by the rules and regulations introduced and administered by the Hong Kong Stock Exchange and the Futures Exchange. Guotai Junan Securities is an Exchange Participant and Guotai Junan Futures is a futures exchange participant. For risks associated with the regulatory environment, see "Risk Factors — Highly regulated business environment".

In Singapore, Guotai Junan AM Singapore is registered with the MAS as a Registered Fund Management Company and Guotai Junan Securities Singapore has a Capital Markets Services Licence issued by the MAS.

13 RISK MANAGEMENT

Internal controls

The Group's overall internal control system is well integrated into its organisational structure, it is carried out by: (1) the Compliance Department of the Group for setting of internal control standards and monitoring various controls; (2) all operation departments for implementation of control measures; and (3) the Internal Audit Department for testing various controls.

The Compliance Department plays an important role in setting the standards by devising internal control policies and procedures.

The compliance function of the Compliance Department assists the Group in identifying, monitoring and advising on internal control and effectively supports business departments in their duty to comply with the relevant laws, regulations and internal procedures. On the regulatory compliance side, the Compliance Department has dedicated persons to constantly monitor the requirements applicable for its business and the changes in licensing as well as regulatory requirements of the SFC. On the internal control side, the Group sets procedures such as staff dealing and outside appointments policy and review control areas such as Chinese walls, segregation of duties, conflict of interests, policies on accounts opening and dealing practices. The Compliance Department also periodically reviews the internal policies in order to cope with the new development of the relevant laws and regulations. Furthermore, the Compliance Department also provides compliance support to the Group's business units. There are regular meetings among the staff of this department to discuss and evaluate the need for improvement in the control system on regular basis.

All other operation departments are responsible for the implementation of the control measures based on the established policies and procedures. There are executive directors overseeing the day-to-day operation of these departments and to ensure that the internal control procedures are being followed.

Under the Operational Risk Management Framework, the Operational Risk Team of Risk Management monitors the internal control status through various operational risk management tools, such as Risk and Control Self-Assessment, Key Risk Indicator, and Loss Data Collection processes, and follows up on any significant or systematic internal control deficiencies in the second line mechanism. The Group has an independent Internal Audit Department which plays a major role in monitoring the corporate governance of the Group and providing objective assurance to the Board (as defined in "Directors and Committees") that a sound internal control system is maintained and operated by the management. The head of the Internal Audit Department directly reports to the Board and the Audit Committee (as defined in "Directors and Committees — Audit Committee") on audit matters. By adopting a risk-based approach to evaluate risk level on control environment, the Internal Audit Department plans internal audit schedules annually in consultation with, but independent of, the management, and the audit plan is submitted to the Audit Committee for approval. On a quarterly basis, the head of the Internal Audit Department will present a report and express an opinion to the Audit Committee on the internal control environment of the Group. The annual audit work plan covers major activities and processes of the Group's operating business. Moreover, ad hoc reviews will be performed on specific areas of concern identified by the Audit Committee and the management.

Chinese wall

As a securities house with a diversified range of businesses, the Group inevitably faces conflict of interests where two or more interests exist legitimately but which are competitive in nature. The Group recognises the importance of managing such conflict of interests so as to protect the interests of the clients. Hence, Chinese walls are established within the Group to prevent and control possible areas of conflicts by controlling the flow of non-public material information, hence preserving the integrity of its operations.

The Chinese wall is a theoretical barrier to ensure that non-public material information regarding listed companies which is obtained in one part of the business (e.g. the corporate finance department) is not released to other divisions of the Group.

The Chinese wall aims to isolate those persons who make investment decisions from those who are privy to non-public material information which may influence those decisions. The Group has developed and implemented reasonable policies and procedures to safeguard inside information, and to ensure no improper trading occurs. To enforce the Chinese wall policy on an administrative level, the Group has established physical segregation and password-protected access to ensure that information is not freely communicated between private and public side.

As a general rule, staff engaged in a particular operational activity should not enter the premises or separate office area occupied by any other operational activity on the other side of a Chinese wall.

Segregation of duties

To minimise the chance of collusion, duties and functions within each of the business operations are assigned to and discharged by different teams of staff. Below is an overview of the allocation of duties within the securities brokerage division, the largest business operation within the Group:

- *Customer service* — Guotai Junan Securities has a team of customer service personnel responsible to handle account opening applications and customer enquiries. Policies governing opening of client trading accounts are governed by the Group's internal guidelines and relevant SFC regulations. All account opening applications are processed by SFC-licensed staff.
- *Taking trade orders* — The account executives and dealers are responsible for taking orders placed over the phone by clients and provide investment advice where appropriate.
- *Brokerage in securities* — Dealing orders placed by clients or their account executives are processed by the Group's dealers into a direct dealing system, which interfaces Stock Exchange's trading system. As part of the internal control procedure, an error trade report is submitted by the dealing department to the Responsible Officers for review.
- *Account administration* — Printing and mailing of client statements are handled by staff members of the Operations Department of the Group. The process is almost completely computerised to minimise time and costs and to maintain client confidentiality.
- *Custody of client assets* — The Group ensures that its clients' assets are adequately safeguarded and properly accounted for. The Group has established procedural guidelines, developed in accordance with the relevant SFC regulations to protect client's money. For example, all client money must be paid into a trust account at an authorised financial institution within one business day after the receipt of the same, and no account executive is allowed to handle client fund deposits or transfers. Where the Group holds clients' securities for safe custody in Hong Kong, then it is required, in case of registered securities, to promptly register the securities in the name of the client, or deposit the same with CCASS or with any institution that provides facilities for the safe custody of documents to the satisfaction of the SFC.

- *Customer complaints* — Complaints from clients are reported to and handled by the Compliance Department of the Group. According to the Group’s policy, no staff should handle client complaints by themselves without first notifying the Compliance Department. Upon receipt of a complaint, the compliance team would study the details and conduct independent investigation. Where necessary, the results of investigation may be reported to the Board for consideration. Ultimately, the Compliance Department reverts to the client with investigation results and takes remedial action as appropriate.

Conflict of interests

Conflict of interests arises in situations where two or more interests legitimately exist but which are in competition or conflict.

Conflicts may arise between:

- (i) interests of different operating activities within the Group;
- (ii) interests of the Group and those of its clients;
- (iii) interests of different clients;
- (iv) interests of staff’s personal activities and those of the Group; or
- (v) interests of staff’s personal activities and those of the clients.

Staff’s personal activities include any personal trading, outside directorship and business or independent practice.

It is the Group’s policy to ensure that:

- (i) there is an adequate level of staff awareness of the issues relating to conflict of interests;
- (ii) staff understand the basic principles relating to client priority, insider dealing, confidentiality, staff dealing and Chinese wall;
- (iii) conflict of interests is avoided whenever possible or kept to a minimum; and
- (iv) conflict of interests is properly disclosed and handled.

Staff must avoid any actual or potential conflict of interests as defined above. Where a conflict cannot be reasonably avoided, staff must ensure that the conflict is properly disclosed to the relevant parties and approval is sought from management before any action can be taken. Under all circumstances, staff must ensure clients are fairly treated and the interest of staff should be subordinated to those of clients where conflict of interests arises with clients.

To further enhance the internal control procedures and minimise potential conflict of interests, the Group has established an audit committee (the “**Audit Committee**”) to assist the Board to handle accounting, auditing, financial reporting, risk management, internal control matters of the Company and its subsidiaries and to comply with relevant laws and regulations and entrusted obligations, including but not limited to assist the Board to review and monitor (a) the integrity of financial reports of the Company, (b) the compliance with the laws and regulations by the Company, (c) the qualifications and independence of external auditors of the Company, (d) the performance of independent

auditors and internal audit department of the Company, and (e) the appropriateness and effectiveness of risk management and internal control systems of the Company. The members of the Audit Committee shall be appointed by the Board and shall consist of not less than three Directors. Membership shall be confined to non-executive Directors only, a majority of whom should be Independent Non-Executive Directors.

Policies on accounts handling and dealing practices

The Group enforces a detailed set of internal control procedures on opening and handling client accounts, dealing practices and managing error trades.

Accounts handling

In accordance with the provisions under the “Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission” and “Client Identity Rule Policy”, client account opening procedures are handled exclusively by registered persons of the Group who are required to take all reasonable steps to establish, confirm and maintain the true identities of the client, beneficial owner(s) (if a company), authorised third parties who represent the client and its financial background, investment experience and objectives. Related specimen signatures and supporting documents must be obtained prior to the establishment of an account. All information relating to the clients are kept in strict confidence and maintained in an orderly manner.

Dealing practices

When a client calls the dealing desk, all telephones on the desk would ring and the first available dealer must pick up the call to take the client’s instructions. Such dealer is responsible for ascertaining the client’s name and account number and checking against the electronic client information database to confirm that there is sufficient equity in the client account to cover the trade. The dealer should instantly record the trade details onto a blotter and a dealing ticket, before entering the trade into the electronic trading system. As soon as the order is matched, the dealer time-stamps the dealing ticket to record the execution time, and then confirms the executed order with the client by means of a tape recording telephone.

Tracking and handling error trades

If an employee becomes aware of any suspicious or error trade, he/she must immediately report it to a Responsible Officer, who shall then rectify the same as soon as possible to the best interest of the Issuer. As a general guideline, no error trade should be carried over to the next trading day. The employee(s) responsible for the error trade must complete an “error report”, stating the resulting profit or loss, if any. The report is then signed by the responsible employee(s) and a Responsible Officer, and submitted to the Operations Department to be booked into the house account, followed up by the operational risk team, and finally passed to the Compliance Department for record.

Staff dealing and outside appointments policies and procedures

The Group strictly enforces the provisions under the “Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission” and its internal policies in respect of staff dealing in securities, and other financial products and outside appointments.

The Group requires its staff to maintain their securities, futures and leveraged FX accounts in the Group and hold the shareholding or investment product for at least 30 calendar days after it was bought or acquired by the staff before selling or disposal of the same, except options or shares conferred on staff by the Group as part of his/her remunerations, or seek prior approvals from Responsible Officer/Department Head and the Compliance Department when required.

To avoid any conflicts of interests, all staff must seek prior approvals before they accept any appointment, business, position, duty and remuneration outside the Group by submitting a Staff's Outside Appointment Form to both their Responsible Officer/Department Head and the Compliance Department. Staff who are allowed to maintain securities, futures and leveraged FX accounts in the Group are not allowed to conduct the following activities in their personal dealing:-

- (a) *Restricted List of Securities* — All staff are not allowed to have personal dealing in any securities on the Restricted List of Securities.
- (b) *Price Sensitive Information* — Trading stocks with respect to which the Group has price sensitive information, which is not yet available to the public, is not allowed.
- (c) *Conflict of Interest* — Trading in securities with the knowledge that there will be a conflict of interest with the clients is not allowed.
- (d) *Placing Tranche in IPOs* — Staff and their connected persons (as defined in the HKSE Rules) are not allowed to participate in the placing tranche of initial public offerings available to the clients.
- (e) *Breach of Laws and Regulations* — Any staff who knows or reasonably should have known any personal dealing that might have constituted market misconducts or breach(es) of any codes of conduct, rules, regulations and the laws of the Hong Kong Special Administrative Region and those of the jurisdiction(s) applicable to location where the offices are situated, shall not be entered into or cause another person to do so.

Anti-money laundering

The Group is fully committed to establishing appropriate policies and procedures for the prevention of money laundering and terrorist financing and the compliance with all relevant legal and regulatory requirements. Money laundering covers a wide range of activities intended to mask or alter the source of illegally obtained money. Staff members of the Group are required to comply with the Hong Kong laws and the SFC's "Guideline on Anti-Money Laundering and Counter-Terrorist Financing". The Group has subscribed to World-Check, a proprietary intelligence database that enables it to check individuals and organisations against potential exposure to fraud, corruption, money laundering, narcotics trafficking and other types of financial crime, since 1 July 2008. The Group has since used "World-Check" intelligence database to check the clients' identity against the list of suspected money launderers for anti-money laundering checking purpose. Staff members who know, suspect or have reasonable grounds to believe that a client might have engaged in money laundering activities must immediately report the details to the Compliance Department which, in turn, will notify the Joint Financial Intelligence Unit ("JFIU").

In addition, the Group has established a risk-based approach in the customer acceptance policy which aims to identify the types of customers that are likely to pose a higher than average risk of money laundering and terrorist financing. Such approach is based on a customer due diligence process, which takes into account factors such as the client's background, nature of its business, its origin or place of establishment, associated entities, structure of ownership and any other information that may suggest that the customer is of any risk in respect of money laundering and terrorist financing.

Further, as mentioned above, the Group has established procedures to report suspicious financial transactions to the JFIU. It is the Group's policies not to accept client money by cash and not participate in the clients' fund transfer, whether from the PRC or elsewhere. Client money for securities/futures transactions that enters into the Group is money coming from financial institutions within the Hong Kong banking system.

For risks associated with money laundering activities exposed by the Group, see "Risk Factors — Failure to detect illegal or improper activities".

Risk management

The Group has classified different risks into the following categories: credit risk, market risk, liquidity risk, operational risk, strategic risk, concentration risk, model risk, legal and compliance risk, reputational risk and unknown risk.

Credit risk

Credit risk occurs when the Group commits to, or enters into, an agreement with any borrower or counterparty. The Group manages credit risk by conducting risk assessment on borrowers or counterparties, which may include assessing their repayment sources, underlying collaterals, and the expected impact of current and future economy on the borrower or counterparty.

The Group formulates credit risk policies, designs risk limit metrics, sets key risk thresholds, and performs independent risk monitoring and limit management. The Risk Management Department assesses the key credit risk exposure under both normal and stress scenarios, and manages credit risk by establishing and monitoring loan exposure/credit limits, internal credit ratings and the hierarchical approval system reflects the different level of authorization and reporting mechanisms from top to bottom.

The Group established monitoring measures for loan business, including pre-lending approval, real time monitoring, executing margin calls and forced liquidations, setting loan limit per each client and per each stock collateral, and conducting regular stress tests, etc. Should the borrowers fail to fulfil their obligation, the business line and control units will firmly carry out the loss recovery actions under the procedures of the Group. Where losses are unlikely to be recovered and provisions for impairment of expected losses are required pursuant to relevant accounting standards, such provisions for impairment would be set out in the financial statements of the Group.

Regarding the risk of the counterparties, the Group monitored the margin call process in accordance with the credit terms under the trading master agreement entered into with the counterparties. In addition, the Group assesses counterparty's credit risk through assigning internal credit ratings and set counterparty limits according to counterparty's types, credit ratings and business demand.

Market risk

The Group is exposed to market risk, which refers to the risk on the changes of fair value or future cash flows of a financial instrument due to market price fluctuations. Market risk is originated from open positions which are exposed to the volatility of general and specific market movements such as interest rates, foreign exchange rates and securities prices.

In response to this risk, the Risk Committee is responsible for reviewing and approving the overall risk management strategies, risk appetite, risk tolerance, important risk limits and the risk management policy of the Group. The Company sets appropriate risk limits based on the nature of different businesses, such as transaction limits, VaR limits, concentration limits, sensitivity limits and stop loss limits. The Risk Management Department is responsible for day-to-day identification, measurement, monitoring, control the overall market risk, and report to the Risk Management Committee and Risk Committee on a regular basis. The Group has established policies and procedures for monitoring and controlling the market risk which is originated from the ordinary and usual course of business. Stress tests are conducted on a regular and case by case basis.

The Group's interest rate risk mainly sources from the volatility of fair value of financial instruments held by the Group which are sensitive to the interest rate risk, resulting from market interest rate negative fluctuation. Other price risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate because of change in market price. The Group adopts sensitivity analysis to measure the interest rate risk and other price risk.

Operational risk

Operational risk refers to losses resulting from inadequate or ineffective internal processes, personnels and systems, or from other events. Since operational risk is embodied in every activities within the Group, the Group relies on all employees to maintain an effective internal control environment and manage operational risk within their respective roles. Operational risk must be managed by all employees as part of our day-to-day activities.

The Risk Management Committee, the management-tier committee, is responsible for defining the group-wide operational risk strategy, approving and periodically reviewing the corporate Operational Risk Management Framework, and ensuring the operational risks are managed properly. Each business line and supporting function is responsible for identifying, assessing, monitoring, controlling, mitigating, reporting and escalating operational risks specific to its business, products and activities under the Group's Operational Risk Management Framework. The Risk Management Department assists the management in discharging their responsibilities for understanding and managing operational risk and ensuring the development and consistent application of operational risk policies, processes and procedures throughout the Group.

Liquidity risk

Liquidity risk is originated from the Company's inability to meet contractual or contingent financial obligations when they fall due. Such risk also involves all operations and activities. Hence, Asset and Liability Committee is designated to oversee liquidity risk and the Risk Management Department, Finance Department and Treasury Department are designated to perform daily monitoring and control of liquidity position.

The Group has asset and liability management measures in place in managing its liquidity through its diversified sources of funding (both short-term and long-term), such as bank loans, rights issue, placement, and medium term note program, etc.

The Group's licensed subsidiaries are subject to specific statutory liquidity requirements as prescribed in the Securities and Futures (Financial Resources) Rules (Cap.571N of the Laws of Hong Kong). The Group has put in place a monitoring system to ensure that it maintains sufficient liquidity to fund its financial obligations. As a safeguard measure, the Group has also maintained stand-by banking facilities to meet any emergent operational needs.

Model risk

Model refers to a quantitative method, system or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. The use of models invariably presents model risk, which is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. Model risk can lead to financial loss, poor business and strategic decision-making, or damage to organization's reputation. As models were increasingly complex and widely used, we were also exposed to more significant model risks amid business development and risk management.

We were fully aware of the importance of model risk and had developed a corporate model management framework. We specified the responsibilities of each department in our three-line defense management mechanism, and categorised the models in accordance with the complexity and impact of them. We also strengthened model management step by step, and managed the model life cycle, from the development, validation, use limitation and update, through a series of internal control measures such as approval, review and testing.

Legal and compliance risks

Legal risk includes the financial and reputational impacts on the Company which is originated from (1) defective contracts, documents or deal structures which may lead to contractual or legal claims against the Group; (2) the inability or failure to manage litigation or other dispute proceedings effectively; and (3) legal consequences of compliance risk. This risk may also be caused by change of laws.

Compliance risk refers to the risk of impairment of our integrity. It is originated from failure to comply with our values and compliance risk-related laws, regulations and standards relating to specific financial services provided by the business units, which may damage our reputation and lead to legal or regulatory sanctions and/or financial losses.

The Group manages legal and compliance risks through a comprehensive set of control systems and procedures to deal with external and internal risks. Business and operational departments are responsible for proactive identification and management of legal and compliance risks within the Group. Legal Department and Compliance Department are responsible for setting policies and procedures for the Company and providing independent supervision on and guidance to business departments. The Risk Committee is the primary body to oversee the legal and compliance risks, while Legal Department and Compliance Departments prepare reports on key risks regularly for the Risk Committee's review.

Concentration risk

Concentrations may arise with respect to specific exposures, industries, countries, geographic regions, products, asset classes, and any other category that within the Group's definition of concentration risk (such as tenor, currency, funding source or issuer). The Group manages concentration risk across all business lines, including brokerage, margin financing, financial products, corporate finance, asset management, and sales and trading.

The concentration risk management is one of the key concerns as the Group's businesses and products have become much more sophisticated and diversified. The Risk Management Department monitors the key and relevant concentration risk regularly and reports the material ones to the Risk Committee. Risk appetite and tolerance are set for relevant and material concentrations and concentration risk is identified, measured, monitored and controlled continuously and effectively.

Strategic risk

Strategic risk refers to factors which may affect the development direction, corporate culture, competitiveness or corporate efficiency of an enterprise as a whole. Such risk is embedded in every operating unit while other key types of risk may also affect strategic risk. We manage strategic risk by the following principles: (1) proactively consider strategic risk during the strategic planning process; (2) set strategies within the context of our overall risk appetite; and (3) monitor the performance of our strategic plan and analyse the yearly progress.

Our strategic plan, capital plan, financial operating plan and risk appetite are reviewed and approved annually by the Board. Major strategic actions, such as capital activities, material acquisitions and disposals, must be reviewed and approved by the Board.

Reputational risk

Reputational risk refers to negative public opinions or comments in relation to the Company's operations, management and other behaviors or external events, which cause/may cause damage of, and have adverse impact on, the Company's reputation and brand image ultimately.

The Group will continue to proactively optimize its policies, systems and process of reputational risk management by adhering to the principles of comprehensiveness, transparency, prospective and effectiveness. By inclusion of reputational risk management into its comprehensive risk management system, the Company ensures preventive approach and contingency plan of reputational risk are in place. The Company applies accurate identification, prudent assessment, dynamic monitoring, promptly response and fully control on reputational risk in terms of management and operations, with an aim to prevent any incidents that may affect the reputation of the Company.

Unknown risk

Unknown risk refers to a situation where we are unable to identify or not even aware of certain risks which we are exposed to. Such risks are generally referred to as “unknown unknowns” and the Company requires to continuously review and examine its risk identification and assessment ability, and cultivate a robust risk culture (i.e. managing risk is everyone’s duties) and encourage discussions and recommendations on risk management.

14 CREDIT RATING

As at the date of this Offering Circular, the Issuer has been assigned:

- a BBB+ long-term issuer credit rating by S&P Global Ratings with stable outlook; and
- a Baa2 long-term issuer rating by Moody’s Investors Service with stable outlook.

These credit ratings are strictly for information purposes only and not for any other purposes. These ratings do not constitute a recommendation to buy, sell or hold any Note and may be subject to suspension, reduction or withdrawal at any time by S&P Global Ratings or Moody’s Investors Service. Investors are advised not to place any reliance on the credit ratings but to exercise due caution when dealing in the Notes. Any investor who is in doubt is advised to seek advice from professional advisors.

CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

The following table sets forth the Issuer's consolidated capitalisation and indebtedness as at 31 December 2019:

	As at 31 December 2019 <i>(HK\$'000)</i>
Long-term borrowings	
Interest bearing borrowings	23,368
Debt securities in issue	<u>7,679,894</u>
Short-term borrowings	
Interest bearing borrowings	11,226,513
Debt securities in issue	<u>25,819,688</u>
	<u>44,749,463</u>
Equity	
Share capital (7,715,673,090 ordinary shares issued and fully-paid)	8,125,856
Other reserve	(1,236,460)
Currency translation reserve	(1,100)
Share-based compensation reserve	
— Share option reserve	30,513
— Share award reserve	25,576
Shares held under the share award scheme	(73,058)
Retained profits	<u>4,424,607</u>
Equity attributable to holders of the ordinary shares	11,295,924
Equity attributable to holders of other equity instrument	<u>—</u>
Equity attributable to owners of the parent	11,295,924
Non-controlling interests	<u>115,863</u>
Total equity	<u>11,411,787</u>
Total capitalisation and indebtedness	<u>56,161,250</u>

As of 31 May 2020, there was no outstanding principal and accrued interest for other equity instrument.

In March 2020, the Company increased its share capital by approximately HK\$2,780 million by way of rights issue.

For the period ended 31 May 2020, the Company has bought back 18,824,000 shares of the Company with a consideration of HK\$18.6 million before expenses.

Except as otherwise disclosed above, there has been no material adverse change in the consolidated capitalisation and indebtedness of the Issuer since 31 December 2019.

DIRECTORS AND COMMITTEES

THE BOARD

The board of directors of the Issuer (“**Board**”), at the date of this Offering Circular, comprises a total of 10 directors:

Executive Directors

Dr. YIM Fung (*Chairman*)
Mr. WONG Tung Ching
Ms. QI Haiying
Mr. LI Guangjie

Non-executive Directors

Dr. XIE Lebin
Mr. LIU Yiyong

Independent Non-executive Directors

Dr. FU Tingmei
Dr. SONG Ming
Mr. TSANG Yiu Keung
Professor CHAN Ka Keung Ceajer

The Board comprises four executive directors, two non-executive directors and four independent non-executive directors. One of the independent non-executive directors possesses appropriate professional accounting qualification. There is no relationship between members of the Board. Pursuant to the requirement of the HKSE Rules, the Issuer has received a written confirmation from each of the independent non-executive directors concerning his independence to the Issuer. The Issuer considers that all the independent non-executive directors were independent in accordance with the HKSE Rules throughout the year ended 31 December 2019.

Board meetings shall be held at least four times a year and at about quarterly interval. Additional Board meetings shall be held when necessary. Notice of at least 14 days is given for a regular board meeting so as to give all directors of the Issuer an opportunity to attend. Agenda accompanying board papers for each meeting are circulated in full to all directors of the Issuer before the meeting. Senior management members may, from time to time, be invited to attend the Board meetings for making presentation and/or answering any queries raised by the Board.

For the year ended 31 December 2019, four board meetings were held.

Executive Directors

Dr. YIM Fung, JP, aged 57, the chairman of the Issuer since August 2012 and an executive director and the chief executive officer of the Issuer since March 2010. He was the vice-chairman of the Issuer during the period from March 2010 to August 2012. Dr. YIM is concurrently a member of the Risk Committee and the Nomination Committee of the Issuer. In December 2019, Dr. YIM was appointed as a director of Vietnam Investment Securities Company (stock code: IVS.HN), a subsidiary of the Issuer which is listed on the Hanoi Stock Exchange in Vietnam. Dr. YIM is a director of various subsidiaries of the Issuer. In addition, he is also a director of the controlling shareholders of the Issuer, namely Guotai Junan Holdings Limited and Guotai Junan Financial Holdings, and its various subsidiaries. Dr. YIM

joined the Group in 1993. He has over 28 years experience in the securities industry. Dr. YIM is a senior economist and holds a doctorate degree in Economics from the Graduate School of the Chinese Academy of Social Sciences and a bachelor's degree in Environmental Engineering from the Tsinghua University. Dr. YIM was an independent non-executive director of Shenzhen International Holdings Limited (stock code: 152.HK) during the period from 2017 to 15 May 2020 and Beijing Urban Construction Design & Development Group Co., Limited (stock code: 1599.HK) during the period from 2013 to 30 December 2019. At present, he is a member of the 13th National Committee of the Chinese People's Political Consultative Conference, a director and vice chairman of the Hong Kong Chinese Enterprises Association, the honorary life president of the Chinese Securities Association of Hong Kong, a deputy director of the International Strategy Committee of Securities Association of China, a director and standing committee member of the Chinese General Chamber of Commerce Hong Kong, the president of Hong Kong China Chamber of Commerce and the life president of Tsinghua Alumni Association of Hong Kong.

Mr. WONG Tung Ching, aged 48, an executive director since March 2010 and the deputy chief executive officer of the Issuer since December 2013. He is responsible for overall business and management of corporate finance, equity capital markets and institutional business of the Group. Mr. WONG is also a director of various subsidiaries of the Issuer. Mr. WONG joined the Group in 2000. He obtained a master's degree in Business Administration from the University of Lincolnshire & Humberside (now known as the University of Lincoln) in 2001 and a higher diploma in International Trading from the Shenzhen University in 1992.

Ms. QI Haiying, aged 38, an executive director and the deputy chief executive officer of the Issuer since March 2015 and is responsible for the overall operation of the fixed income, currencies and commodities business, equity derivatives business, asset management, treasury and Singapore business of the Group. Ms. QI is concurrently a member of the Risk Committee of the Issuer and a director of various subsidiaries of the Issuer. In addition, she is also a director of Guotai Junan Investments (Hong Kong) Limited, a fellow subsidiary of the Issuer. Between 2004 and 2012, Ms. QI worked for Shenzhen Supervision Bureau of the China Securities Regulatory Commission and was responsible for regulatory supervision of securities companies and listed companies. In 2012, Ms. QI joined Guotai Junan (stock code: 2611.HK; 601211.SS), the parent of the Issuer, and held the positions as deputy general manager in Compliance Department and Strategic Management Department respectively and subsequently joined the Group in March 2015. Ms. QI holds a master's degree in Financial Economics from the London School of Economics and Political Science (LSE) and a bachelor's degree in International Economics and Trade from the University of International Business and Economics (UIBE) in China. At present, Ms. QI is a director and vice president of the Chinese Securities Association of Hong Kong Company Limited, a director of the Chinese Asset Management Association of Hong Kong, the vice chairman of the Hong Kong Chinese Enterprises Association-Youth Committee, a member of the 3rd committee of All-China Financial Youth Federation, a member of the Chinese Financial Association of Hong Kong, a committee member of the Tianjin Youth Federation and a member of Shaanxi Overseas Friendship Association.

Mr. LI Guangjie, aged 51, an executive director since March 2010 and the chief financial officer of the Issuer since December 2017. In July 2018 and December 2019, Mr. LI was appointed as a director and the chairman of Vietnam Investment Securities Company (stock code: IVS.HN) respectively, a subsidiary of the Issuer which is listed on the Hanoi Stock Exchange in Vietnam. In addition, Mr. LI is also a director of various subsidiaries of the Issuer. Mr. LI joined the Group in 2001. Mr. LI used to work for Shenzhen Jinpeng Certified Public Accountants as the deputy head of appraisal department. He has over 28 years experience in

accounting, audit, taxation and asset appraisal. Mr. LI holds a master's degree in Economics from the Central University of Finance and Economics and a bachelor's degree in Economics from the Shenzhen University. He is an economist and a member of the Chinese Institute of Certified Public Accountants and the Chinese Certified Tax Agents Association.

Non-Executive Directors

Dr. XIE Lebin, aged 52, a non-executive director since June 2017. Dr. XIE is concurrently a member of the Remuneration Committee of the Issuer. At present, Dr. XIE is also the chief risk officer, the chief financial officer and the general manager of the Planning and Finance Department of Guotai Junan (stock code: 2611.HK/601211.SS), the parent of the Issuer. Since 2012, he was also appointed as a director of Guotai Junan Innovation Investment Co., Ltd, a subsidiary of Guotai Junan. Dr. XIE used to work at the Investment Banking Department of Wanguo Securities Co., Ltd from 1993 to 1995 and served as an executive director of the Investment Banking Department of J&A Securities Co., Ltd. from 1995 to 1999, respectively. He held various positions at Guotai Junan since 1999, including as a deputy general manager of the Shanghai Investigation and Auditing Department, a deputy general manager, an executive deputy general manager and the general manager of the Investigation and Auditing Headquarters and as the deputy chief financial officer and the general manager of the Planning and Finance Department, respectively.

Dr. XIE obtained a doctorate degree and a master's degree in Economics from the East China Normal University in Shanghai in 2010 and 1993 respectively, and a bachelor's degree in Economics from the Shanghai Fisheries University (currently known as the Shanghai Ocean University) in 1990. Dr. XIE was accredited the International Certified Internal Auditors' Certificate by the International Institute of Internal Auditors in 2009.

Mr. LIU Yiyong, aged 56, a non-executive director since June 2017. Mr. LIU is also a member of the Risk Committee of the Issuer. At present, Mr. LIU is the general manager of the Internal Review (Investment Banking) Department of Guotai Junan (stock code: 2611.HK/601211.SS), the parent of the Issuer. Mr. LIU served as a senior staff member of the Securities Supervisory Division of Shenzhen Branch of the People's Bank of China from 1994 to 1997, a principal staff member of the Non-bank Financial Institutions Department of Shenzhen Branch of the People's Bank of China from 1997 to 1998, a principal staff member of the Institutions Inspection Office of Shenzhen Supervision Bureau of China Securities Regulatory Commission from 1998 to 2002, and a staff member of the Market Division II of China Foreign Exchange Trade System from 2006 to 2009, respectively. Since 2009, Mr. LIU held various positions at Guotai Junan, including a deputy general manager, an executive deputy general manager and the general manager of the Compliance Department, respectively.

Mr. LIU studied in the Graduate School of the People's Bank of China from 1991 to 1994 and obtained a master's degree in Economics. Mr. LIU subsequently obtained a master's degree in Public Administration from the Columbia University in 2003.

Independent Non-Executive Directors

Dr. FU Tingmei, aged 54, an independent non-executive director since June 2010. Dr. FU is also the chairman of the Remuneration Committee as well as a member of the Audit Committee and Risk Committee of the Issuer. Dr. FU has extensive experiences in investment, finance, law and business management. Between 1992 and 2003, he conducted many corporate finance transactions in several investment banking firms based in Hong Kong, including serving as a director of Peregrine Capital Limited, and a deputy managing director and subsequently a managing director of BNP Paribas Peregrine Capital Limited. Dr. FU is currently engaged in private investment business. Presently, he is also an independent non-executive director of Postal Savings Bank of China Co., Ltd (stock code: 1658.HK), China Resources Pharmaceutical Group Limited (stock code: 3320.HK) and COFCO Meat Holdings

Limited (stock code: 1610.HK). He was an independent non-executive director of Beijing Enterprises Holdings Limited (stock code: 392.HK) from 2008 to 2017 and CPMC Holdings Limited (stock code: 906.HK) from 2008 to 2 July 2019, respectively. Dr. FU graduated from the University of London with a doctorate degree and a master's degree in Law in 1993 and 1989, respectively.

Dr. SONG Ming, aged 58, an independent non-executive director since June 2010. Dr. SONG is also the chairman of the Nomination Committee and a member of the Audit Committee, the Remuneration Committee and the Risk Committee of the Issuer. Dr. SONG has over 25 years experience in research of banking regulations and management, financial market and macroeconomics. Dr. SONG is currently the dean of the School of Economics and Management at the Wuhan University. He is also an independent non-executive director of The United Laboratories International Holdings Limited (stock code: 3933.HK), Wuzhou International Holdings Limited (stock code: 1369.HK), Great Wall Pan Asia Holdings Limited (formerly known as Armada Holdings Limited) (stock code: 583.HK), and an independent director of Tande Co., Ltd (stock code: 600665.SS), respectively. Dr. SONG holds a doctorate degree in Economics from the Ohio State University, a master's degree of Science in Mathematics from the Huazhong University of Science and Technology and a bachelor's degree of Science in Mathematics from the Zhejiang University.

Mr. TSANG Yiu Keung, aged 66, an independent non-executive director since June 2010. Mr. TSANG is also the chairman of the Audit Committee and a member of the Remuneration Committee, the Nomination Committee and the Risk Committee of the Issuer. Mr. TSANG joined KPMG in 1975 and retired as a senior banking partner in 2003. At present, Mr. TSANG is an independent non-executive director of L.K. Technology Holdings Limited (stock code: 558.HK). Mr. TSANG was an independent non-executive director of China CITIC Bank International Limited, a licensed bank in Hong Kong, and CITIC International Financial Holdings Limited, from 2004 to 2017. Mr. TSANG holds a higher diploma in Accountancy from the Hong Kong Polytechnic University. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators.

Professor CHAN Ka Keung Ceajer, GBS, SBS, JP, aged 63, an independent non-executive director since 22 August 2018. Professor CHAN is concurrently the chairman of the Risk Committee and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Issuer. At present, he is also an adjunct professor and the senior advisor to the Dean of the Business School of the Hong Kong University of Science and Technology ("HKUST"). He was appointed as the Secretary for Financial Services and the Treasury of the Government of the Hong Kong Special Administrative Region from 2007 to June 2017. Prior to that, he was the Dean of the HKUST Business School. Before joining the HKUST in 1993, Professor CHAN taught for nine years at the Ohio State University in the United States. Professor CHAN was a non-executive director of MTR Corporation Limited (stock code: 66.HK) from 2007 to July 2017. He is currently an independent non-executive director of Langham Hospitality Investments and Langham Hospitality Investments Limited (stock code: 1270.HK). He is also a chairman of WeLab Bank Limited (formerly known as "**WeLab Digital Limited**"), a senior advisor of WeLab Holdings Limited, an independent non-executive director of CMB International Capital Corporation Limited and Greater Bay Area Homeland Investments Limited, a non-executive director of The Hong Kong Mortgage Corporation Limited and a member of the Competition Commission of Hong Kong.

Professor CHAN holds a bachelor's degree in economics from the Wesleyan University and followed by M.B.A. and Ph.D. in finance from the University of Chicago. He has expertise in asset pricing analysis, trading strategy evaluation and market efficiency and has published numerous articles on these topics.

NOMINATION COMMITTEE

The Nomination Committee (“**Nomination Committee**”) comprises four directors, including one executive director, being Dr. YIM Fung and three independent non-executive directors, being Dr. SONG Ming (chairman), Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer.

Under its terms of reference, the duties of the Nomination Committee include, but not limited to, setting out the nomination procedures and the process and criteria to select and recommend candidates for directorship, reviewing the structure and size and composition of the Board, assessing the independence of independent non-executive directors, and making recommendations to the Board on the selection of individuals nominated for directorships.

For the year ended 31 December 2019, the Nomination Committee held one meeting to review the structure, size and composition of the Board.

REMUNERATION COMMITTEE

The Remuneration Committee (“**Remuneration Committee**”) comprises five directors, including four independent non-executive directors, being Dr. FU Tingmei (chairman), Dr. SONG Ming, Mr. TSANG Yiu Keung, Professor CHAN Ka Keung Ceajer and one non-executive director, being Dr. XIE Lebin.

The Issuer adopted the model whereby the Remuneration Committee is responsible for determining, with delegated responsibility, the remuneration package of individual executive directors and senior management according to the terms of its terms of reference. Under its terms of reference, which has been amended on 18 March 2019, the duties of the Remuneration Committee also include, but not limited to, making recommendation to the Board on the remuneration matters for non-executive directors, setting up of formal and transparent procedure for developing remuneration policy.

No directors of the Issuer or any of his/her associates is allowed to determine his/her own remuneration. In determining the remuneration of executive directors and senior management, the Remuneration Committee shall consider factors such as salaries paid by comparable companies, time commitment and their responsibilities, employment conditions, desirability of performance based remuneration and the performance of the Issuer as well as the individual executive director or senior management.

For the year ended 31 December 2019, the Remuneration Committee held one meeting to review and discuss remuneration matters of the Group.

AUDIT COMMITTEE

The Audit Committee (“**Audit Committee**”) comprises four independent non-executive directors, namely Mr. TSANG Yiu Keung (chairman), Dr. FU Tingmei, Dr. SONG Ming and Professor CHAN Ka Keung Ceajer, all of them are equipped with commercial and financial skills and experiences required for understanding of accounting information. The chairman of the Audit Committee has professional accounting qualification.

Under its terms of reference, the duties of the Audit Committee include, but not limited to, making recommendations on the appointment of external auditor, monitoring the independence and objectivity of external audit, overseeing the integrity of financial information and financial reporting system, supervising the internal control system and internal audit functions and ensuring such functions are adequately resourced.

For the year ended 31 December 2019, the Audit Committee held three meetings and reviewed including, but not limited to the results announcements, the financial statements, external audit and internal control matters.

RISK COMMITTEE

The Risk Committee (“**Risk Committee**”) comprises seven directors, including two executive directors, being Dr. YIM Fung (chairman) and Ms. QI Haiying, and one non-executive director, being Mr. LIU Yiyong, and four independent non-executive directors, being Dr. FU Tingmei, Dr. SONG Ming, Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer. On 20 March 2020, Dr. YIM Fung was redesignated as member from chairman of the Risk Committee while Professor CHAN Ka Keung Ceajer was redesignated as chairman from member of the Risk Committee.

Under its terms of reference, the duties of the Risk Committee include, but not limited to, overseeing management in design, implementation and monitoring of risk management system and ensuring it has an effective system, advising the board of directors on the Group’s overall risk appetite and principles, approving the Group’s risk policies and risk tolerance, and reviewing major investigation findings on risk management matters as well as significant risk control failing or weakness where identified.

For the year ended 31 December 2019, the Risk Committee held two meetings to review and discuss risk management matters of the Group.

SUBSTANTIAL SHAREHOLDERS’ AND DIRECTORS’ INTERESTS

Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2020, the interests and short positions of the directors and chief executives of the Issuer in the shares, underlying shares and debentures of the Issuer or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Issuer and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Issuer and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the HKSE Rules were as follows:

Interests in respect of the Issuer

Name of director	Capacity	Number of shares	Number of awarded shares ^(Note 1)	Number of underlying shares held in relation to share options	Total	Percentage of shares in issue ^(Note 2)
YIM Fung	Personal interest	68,546,955	1,488,000	2,300,000	72,334,955	0.75%
WONG Tung Ching	Personal interest	13,399,564	1,093,000	2,300,000	16,792,564	0.17%
QI Haiying	Personal interest	4,562,000	1,450,000	2,300,000	8,312,000	0.09%
LI Guangjie	Personal interest	9,435,970	979,000	2,300,000	12,714,970	0.13%
FU Tingmei	Personal interest	1,512,096	—	—	1,512,096	0.02%
SONG Ming	Personal interest	1,512,096	—	—	1,512,096	0.02%
TSANG Yiu Keung	Personal interest	1,512,096	—	—	1,512,096	0.02%

Notes:

1. The awarded shares were unvested and held by the trustee of the Share Award Scheme. Details are set out in paragraph headed "Share Award Scheme" and note 33 to the financial statements in the Issuer's Annual Report 2019.
2. The percentage was calculated based on 9,614,892,356 shares in issue on 30 June 2020.

Save as disclosed above, as at 30 June 2020, none of the directors or chief executives of the Issuer had any interests or short positions in the shares, underlying shares or debentures of the Issuer or any of its associated corporations which would have to be notified to the Issuer and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Issuer and the Hong Kong Stock Exchange.

Interests and Short Positions of Shareholders

So far as is known to any director or chief executive of the Issuer, as at 30 June 2020, the following persons (not being a director of the Issuer) who had interests or short positions in the shares or underlying shares of the Issuer which had been disclosed to the Issuer under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Issuer under section 336 of the SFO were as follows:

Ordinary shares of the Issuer

Name of shareholders	Capacity	Number of shares (Long positions)	Percentage of shares in issue ^(Note 2)
Guotai Junan Holdings Limited	Beneficial owner	7,044,877,066	73.27%
Guotai Junan Financial Holdings ^(Note 1)	Interested in controlled corporation	7,044,877,066	73.27%
Guotai Junan ^(Note 1)	Interested in controlled corporation	7,044,877,066	73.27%

Notes:

1. Guotai Junan Holdings Limited is a wholly-owned subsidiary of Guotai Junan Financial Holdings, which in turn is a wholly-owned subsidiary of Guotai Junan and accordingly, Guotai Junan Financial Holdings and Guotai Junan are deemed to be interested in these 7,044,877,066 shares.
2. The percentage was calculated based on 9,614,892,356 shares in issue on 30 June 2020.

Save as disclosed above, as at 30 June 2020, the Issuer has not been notified by any persons (other than directors or the chief executives of the Issuer) who had interests or short positions in the shares or underlying shares of the Issuer which would fall to be disclosed to the Issuer under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Issuer under section 336 of the SFO.

CONNECTED TRANSACTIONS

The following is a brief description of the Issuer's continuing connected transactions disclosed up to 31 March 2020:

Continuing connected transactions

Master Services Agreement

On 19 March 2018, the Issuer entered into a master services agreement ("**Master Services Agreement**") with Guotai Junan, pursuant to which the Issuer and Guotai Junan agreed that each of them may, and may procure the Issuer (and the members of the Group) and Guotai Junan (and its members, collectively referred to as the "**Guotai Junan Group**") respectively, to, provide services of 1) brokerage transactions, 2) investment management and advisory services transactions, 3) consulting services transactions, 4) corporate finance transactions, and 5) investment and finance transactions, to each other in accordance with the terms of the Master Services Agreement for a term of 3 years from 1 January 2018 to 31 December 2020.

As Guotai Junan is a controlling shareholder of the Issuer and therefore is a connected person of the Issuer, the transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Issuer and are expected to be of a recurrent nature and may occur on a regular and continuous basis in the ordinary and usual course of business of the Group. The transactions contemplated under the Master Services Agreement are subject to reporting, announcement, annual review and independent shareholders' approval requirement as one of the applicable percentage ratios exceeds 5% under the Listing Rules. The Master Services Agreement and the transactions contemplated thereunder were approved by the independent shareholders on 16 April 2018. For further details, please refer to the circular dated 26 March 2018 issued by the Issuer. The annual caps in respect of the income attributable to the Group arising from corporate finance services provided to the Guotai Junan Group hereof were revised by the 2019 Supplemental Agreement (as described hereunder below) during the year.

The Group and Guotai Junan Group shall, from time to time during the term of the Master Services Agreement, enter into separate operational agreements in respect of the provision of any services, provided that such operational agreements and their terms shall be subject to and shall not exceed the terms of the Master Services Agreement.

The annual caps in respect of the continuing connected transactions contemplated under the Master Services Agreement for the three financial years ended 31 December 2018, and 2019 and ending 31 December 2020 are shown as below:

	Financial year ended 31 December 2018 (HK\$ million)	Financial year ended 31 December 2019 (HK\$ million)	Financial year ending 31 December 2020 (HK\$ million)
Annual caps in respect of income attributable to the Group arising from:			
(1) Brokerage services provided to the Guotai Junan Group	19	26	35
(2) Investment management and advisory services provided to the Guotai Junan Group	2	3	4
(3) Consulting services provided to the Guotai Junan Group	2	2	2
(4) Corporate finance services provided to the Guotai Junan Group	17	19*	21*
Total	<u>40</u>	<u>50</u>	<u>62</u>
Annual caps in respect of expenses incurred by the Group arising from:			
(1) Brokerage services from the Guotai Junan Group	20	23	25
(2) Investment management and advisory services provided by the Guotai Junan Group	18	34	59
(3) Consulting services from the Guotai Junan Group	29	38	51
(4) Corporate finance services provided by the Guotai Junan Group	32	38	45
Total	<u>99</u>	<u>133</u>	<u>180</u>
	<i>(HK\$ billion)</i>	<i>(HK\$ billion)</i>	<i>(HK\$ billion)</i>
Annual caps in respect of principal-to-principal investment and finance transactions between the Group and Guotai Junan Group:			
(1) Bonds traded	2.7	3.6	4.1
(2) Structured products sold by the Group	3.9	5.9	10.6
(3) Structured products purchased by the Group	1.6	1.6	1.6
	<u>8.2</u>	<u>11.1</u>	<u>16.3</u>

* These annual caps were revised by the 2019 Supplemental Agreement.

On 22 July 2019, the Issuer entered into a supplemental agreement (“**2019 Supplemental Agreement**”) with Guotai Junan to revise the annual caps in respect of the income attributable to the Group arising from corporate finance services provided to the Guotai Junan Group for the two years ended on 31 December 2019 and ending on 31 December 2020 as set out in the Master Services Agreement, due to the increasing demand for cross-border financial services and corporate finance advisory services including the participation in Guotai Junan’s share placement completed on 17 April 2019, the aggregate income attributable to the Group arising from the corporate finance services provided by the Group to the Guotai Junan Group for the first five months in 2019 represented a utilisation rate of approximately 97.9% of the approved annual cap of that year as set out in the Master Services Agreement. Based on the historical transaction figures and the business developing trend, it was estimated that the said income would likely exceed the approved annual caps as set out in the Master Services Agreement. As Guotai Junan is a controlling shareholder of the Issuer and therefore is a connected person of the Issuer, the transactions contemplated under the 2019 Supplemental Agreement constitute continuing connected transactions of the Issuer and are expected to be of a recurrent nature and may occur on a regular and continuous basis in the ordinary and usual course of business of the Group. The transactions contemplated under the 2019 Supplemental Agreement are subject to reporting, announcement, annual review and independent shareholders’ approval requirement as the Issuer proposed to revise the annual caps for continuing connected transaction with one of the applicable percentage ratios exceeds 5% under the Listing Rules. The 2019 Supplemental Agreement and the transactions contemplated thereunder were approved by the independent shareholders on 3 September 2019. For further details, please refer to the circular dated 16 August 2019 issued by the Issuer.

The revised annual caps in respect of continuing connected transactions contemplated under the 2019 Supplemental Agreement for the two years ended on 31 December 2019 and ending on 31 December 2020 are shown as below:

	Financial year ended 31 December 2019 (HK\$ million)	Financial year ending 31 December 2020 (HK\$ million)
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Annual caps in respect of income attributable to the Group arising from corporate finance services provided to Guotai Junan Group:

(1) Approved annual caps as set out in the Master Services Agreement	19	21
(2) Revised annual caps	133	233

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive directors are required to review the Group’s continuing connected transactions annually and confirm in the Issuer’s annual report whether the transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Issuer and its shareholders as a whole.

The directors engaged the auditor of the Issuer to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” (“**HKSAE 3000**”) and with reference to Practice Note 740 “Auditor’s letter on Continuing Connected Transactions under the Hong Kong Listing Rules” (“**PN740**”) issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has reported to the directors in accordance with HKSAE 3000 and with reference to PN740 that the transactions (i) had been approved by the Board of the Issuer; (ii) were in accordance with the pricing policies of the Issuer; (iii) had been entered into in accordance with the relevant agreements governing such transactions; and (iv) had not exceeded the relevant CAPs.

REGULATIONS

HONG KONG REGULATORY OVERVIEW

Introduction

The securities and futures markets in Hong Kong are regulated by the Securities and Futures Commission (“SFC”). The SFC supervises the recognised exchange company which operates the Hong Kong Stock Exchange and the Futures Exchange. The SFC also regulates other financial intermediaries and the representatives from these financial intermediaries, namely, licensed corporation in Hong Kong who are not necessarily members of these exchanges.

The Issuer is licensed by the SFC in Hong Kong.

The SFC derives its powers principally from the SFO. The SFO provides for the fundamental framework within which dealings in securities are conducted and regulated. Apart from SFO, the operation of the securities market is also governed by the subsidiary legislations and regulations, administrative procedures and guidelines developed by the SFC, as well as by the rules and regulations introduced and administered by the Hong Kong Stock Exchange and the Futures Exchange.

The SFO is Hong Kong’s principal legislation regulating financial products, the securities and futures market and the securities and futures industry, the regulation of activities and other matters connected with financial products and the protection of investors. It is administered by the SFC which is a statutory body in Hong Kong.

The SFO categorises various types of “regulated activity”. The regulated activities are:

- Type 1: Dealing in securities
- Type 2: Dealing in futures contracts
- Type 3: Leveraged foreign exchange trading
- Type 4: Advising on securities
- Type 5: Advising on futures contracts
- Type 6: Advising on corporate finance
- Type 7: Providing automated trading services
- Type 8: Securities margin financing
- Type 9: Asset management
- Type 10: Providing credit rating services
- Type 11: Dealing in OTC derivative products or advising on OTC derivative products*
- Type 12: Providing client clearing services for OTC derivative transactions**

* *Not yet in operation.*

** *The new Type 12, Part 1, Schedule 5 added by the Securities and Futures (Amendment) Ordinance 2014 came into operation on 1 September 2016, in so far as it relates to paragraph (c) of the new definition of excluded services in Part 2 of Schedule 5. Please see paragraph (g) of the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2016 (L.N. 27 of 2016).*

The Group carries on and is licensed for Types 1, 2, 3, 4, 5, 6 and 9 of the above regulated activities. There are many rules and regulations in Hong Kong that are applicable to the Group's products and services.

Overview of licensing requirements

Under the SFO, any person:

- (a) carrying on a regulated activity (or holding out as carrying on a regulated activity); or
- (b) actively marketing (whether in Hong Kong or from a place outside of Hong Kong) to the Hong Kong public such services which, if provided in Hong Kong, would constitute a regulated activity, must be licensed by the SFC to carry out that regulated activity, unless one of the exemptions under the SFO applies. Authorised financial institutions are subject to slightly different rules.

These licences are only available to corporations. With the exception of corporations that carry on the activity of securities margin financing, a corporation may be licensed for more than one type of regulated activity that does not entail a conflict of interest. Each licence sets out the regulated activities which the licensee is permitted to carry out and any conditions to which it is subject. An individual performing a regulated function for a licensed corporation in relation to a regulated activity, or holding himself out as performing such a function, must separately be licensed under the SFO as a "representative" accredited to his principal.

Only a corporation that is incorporated in Hong Kong or an overseas company registered in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622) of Hong Kong can be licensed to carry out a regulated activity under the SFO. Each applicant for a licence must satisfy the SFC that, among other things, it is "fit and proper" to be licensed to carry out the regulated activity in question and will be able, if licensed, to comply with certain financial resources rules. In substance, these rules are designed to ensure maintenance of specified levels of paid-up share capital and liquid capital depending on the type of regulated activity involved. A licensed corporation (other than one which carries on a regulated activity solely as one or more of: (a) an approved introducing agent who is not a licensed corporation licensed for Type 3 regulated activity; (b) a trader; (c) a futures non-clearing dealer; or (d) a licensed corporation licensed for Type 4, Type 5, Type 6 or Type 9 regulated activity, which is subject to the specified licensing condition) shall maintain a minimum paid-up capital of:

- (i) HK\$10,000,000 for Type 1 regulated activity in the case where the licensed corporation provides securities margin financing;
- (ii) HK\$5,000,000 in any other case for Type 1 regulated activity;
- (iii) HK\$5,000,000 for Type 4, Type 5 and Type 9 regulated activities; and
- (iv) HK\$30,000,000 for Type 3 regulated activity.

A licensed corporation shall maintain a minimum liquid capital of the higher of the amount of (a) and (b) below:

- (a) the amount of:
- (i) HK\$100,000, where the licensed corporation is licensed for Type 4, Type 5 and Type 9 regulated activities in the case where the licensed corporation is subject to the licensing condition that it shall not hold client assets;
 - (ii) HK\$500,000, where the licensed corporation is licensed for Type 1 regulated activity in the case where the licensed corporation is an approved introducing agent or trader;
 - (iii) HK\$3,000,000, where the licensed corporation is licensed in Type 3 regulated activity in the case where the licensed corporation is an approved introducing agent, and in any other case for Type 1, Type 2, Type 4, Type 5, Type 8 and Type 9 regulated activities or
 - (iv) HK\$15,000,000 where the licensed corporation is licensed in Type 3 regulated activity.
- (b) 5% of the aggregate of the licensed corporation's on-balance sheet liabilities including provisions made for liabilities already incurred or for contingent liabilities but excluding certain amounts stipulated in the definition of "adjusted liabilities" under the SFO.

In considering whether a person is fit and proper to be licensed to carry out a regulated activity, or to be a representative of a licensed corporation, in addition to any other matter that it considers relevant, the SFC has regard to:

- financial status or solvency;
- educational or other qualifications or experience of the applicant having regard to the nature of the functions to be performed;
- the ability to carry on the regulated activity competently, honestly and fairly; and
- the reputation, character, reliability and financial integrity of the applicant and relevant individuals.

The substantial shareholders of a licensed corporation, its officers (including every director, manager or secretary and any person involved in its management) and any other person who is or is to be employed by or associated with the licensed corporation must also meet the fit and proper test. For this purpose a person is a "substantial shareholder" of a corporation if he, either alone or with his "associates" (as defined in the SFO):

- has an interest in its shares which is equal to more than the nominal value of 10% of the issued share capital of the corporation or which entitles the person, either alone or with his associates, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation; or
- holds shares in any other corporation which entitles him, either alone or with his associates, to exercise or control the exercise of 35% or more of the voting power at general meetings of the other corporation, or of a further corporation, which is itself entitled, alone or with his associates, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation.

Each licensed corporation must have two “responsible officers”, at least one of whom is an executive director approved by the SFC, to supervise the regulated activity of the licensed corporation to which they are accredited. Even if a corporation is licensed under the SFO, it is not allowed to carry on any regulated activity for which it is licensed unless every director of the licensed corporation who actively participates in or is responsible for supervising its regulated activities is approved by the SFC as a responsible officer in relation to such regulated activity.

A licensed corporation is required to designate certain individual as “managers in charge of core functions” (“**MICs**”) and provide to the SFC information about its MICs and their reporting lines. MICs are individuals appointed by a licensed corporation to be principally responsible, either alone or with others, for managing each of the following eight core functions of the licensed corporation:

- (a) overall management oversight;
- (b) key business lines;
- (c) operational control and review;
- (d) risk management;
- (e) finance and accounting;
- (f) information technology;
- (g) compliance; and
- (h) anti-money laundering and counter-terrorist financing.

Licensed corporations and licensed representatives have to comply with ongoing requirements. For licensed corporations these include obligations:

- to notify the SFC of changes in certain information concerning themselves which has been provided to the SFC;
- to continue to meet the fit and proper test at all times;
- to submit audited accounts and certain other documents to the SFC each financial year;
- to maintain certain financial resources and to submit financial resources returns to the SFC; and
- to design, implement and complete continuous professional training for each regulated activity which they carry out.

PRC REGULATORY OVERVIEW

PRC laws regulate and require licensing for persons who engage in the investment management and investment advisory business in the PRC. However, PRC laws do not require registration or licensing in the PRC for persons who provide investment advisory services in jurisdictions outside of the PRC.

Pursuant to the “Administration of Qualifications of Domestic and Foreign Securities Trading Institutions for Engagement in Foreign Investment Shares Business Tentative Provisions* (境內及境外證券經營機構從事外資股業務資格管理暫行規定)” promulgated on 15 November 1996 by the CSRC and effective on 1 December 1996, domestic and foreign securities trading institutions engaging in the trading of foreign investment shares shall obtain a qualification certificate for engagement in foreign investment shares business issued by the CSRC.

SINGAPORE REGULATORY OVERVIEW

The MAS is the sole regulator in Singapore having regulatory oversight of the financial services industry across various sectors, including banking, financial advisory, securities, futures and fund management. The MAS is also the central bank of Singapore.

Financial services in Singapore is regulated by various Singaporean legislation, including the Securities and Futures Act, Chapter 289 of the Laws of Singapore (the “**Securities and Futures Act**”) and the Financial Advisers Act, Chapter 110 of the Laws of Singapore, as well as subsidiary legislation promulgated under such legislation. For example, the Securities and Futures (Licensing and Conduct of Business) Regulations promulgated under the Securities and Futures Act specifically regulates capital markets services license related matters such as conduct of business requirements and requirements relating to dealing with client moneys and assets.

Guidelines, directions, codes, circulars, FAQs and notifications are published by the MAS under its general powers provided under the Monetary Authority of Singapore Act (Cap. 186). These publications also apply to the financial services industry. Financial institutions are expected to comply and adhere to these publications.

* For identification purposes only.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or the CMU Service (together, the “**Clearing Systems**”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer or the Arranger takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

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

CMU

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

for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association, “authorised institutions” under the Banking Ordinance (Cap. 155) of Hong Kong and other financial institutions subject to the discretion of the HKMA.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European Clearing Systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, CMU Instruments. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Service Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

Book-Entry Ownership

Bearer Notes

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU Service. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depository for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU Service. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU Service, Euroclear and Clearstream, Luxembourg.

Registered Notes

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Notes to be represented by a Global Certificate accepted for clearance through the CMU Service. Each Global Certificate will have an International Securities Identification Number (“**ISIN**”) and a Common Code. Investors in Notes of such Series may hold their interests in a Global Certificate through Euroclear, Clearstream, Luxembourg or the CMU Service (if applicable).

Each Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under “Subscription and Sale”.

All Registered Notes will initially be in the form of a Global Certificate. Individual Certificates will be available, in the case of Notes initially represented by a Global Certificate, in amounts specified in the applicable Pricing Supplement.

TAXATION

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

Hong Kong

Withholding Tax

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

Profits Tax

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

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

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

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

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

Stamp Duty

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

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

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

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

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

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

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2% (of which 0.1% is payable by the seller and 0.1% is payable by the purchaser) normally by reference to the consideration or its value. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Proposed Financial Transactions Tax (“FTT”)

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

The Commission’s Proposal has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

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

The FTT proposal remains subject to negotiation between the Participating Member States. Therefore, it may be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate.

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

FATCA

FATCA imposes a U.S. federal withholding tax of 30 per cent. on certain payments to certain non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of certain interests in or accounts with those entities) have been satisfied. The scope of FATCA, as enacted, is not entirely clear, and future U.S. Treasury regulations may be issued that broaden or change the scope of FATCA. Under current guidance, withholding under FATCA would not apply to payments on Notes that are issued prior to the date that is six months after the date on which the final regulations that define “foreign passthru payments” are published, unless the Notes are materially modified after such date or are characterised as equity for U.S. federal income tax purposes. A tax for withholding may be payable under FATCA if an investor or custodian of the Notes is unable to receive payments free of withholding. Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depository, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems and also provides for the issuance of Bearer Notes. If either of these were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

If an amount in respect of FATCA were to be deducted or withheld from any payments on or with respect to the Notes, the Issuer would not have any obligation to pay additional amounts or otherwise indemnify a holder or investor for any such withholding or deduction by the Issuer, a Paying Agent or any other party as a result of the deduction or withholding of such amount. As a result, if FATCA withholding is imposed on such payments, investors may receive less interest or principal than expected, and would need to pursue a refund of any excess amounts withheld from the U.S. Internal Revenue Service. Investors should consult their own tax advisers to obtain a more detailed explanation of FATCA and how FATCA may affect them.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and conditions contained in a Dealer Agreement dated 25 June 2012, a first supplemental dealer agreement dated 25 June 2014, a second supplemental dealer agreement dated 25 June 2015 and a third supplemental dealer agreement dated 3 July 2017 and as otherwise amended and/or supplemented from time to time (the “**Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The following sub-paragraphs shall apply in respect of any Notes the Pricing Supplement for which specifies that “Regulation S Category 1” applies.

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside of the United States in reliance on Regulation S. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The following sub-paragraphs shall apply in respect of any Notes the Pricing Supplement for which specifies that “Regulation S Category 2” applies.

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed that it will offer, and sell the Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S under the Securities Act, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA and UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the UK. For the purposes of this provision:

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

United Kingdom

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

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

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

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

Japan

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

Singapore

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that the Offering Circular has not been registered as a prospectus with the MAS under the Securities and Futures Act.

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this the Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act;
- (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person who is:

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

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

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

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

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement and none of the Issuer nor any other Dealer shall have responsibility therefor.

GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the establishment and update of the Programme and the issue and performance of the Notes thereunder. The establishment and update of the Programme, the issue and performance of Notes thereunder have been duly authorised by resolutions of the Board of Directors of the Issuer dated 20 June 2012, 23 June 2014, 19 June 2015, 20 June 2016, 30 June 2017, 29 June 2018, 4 July 2019 and 10 July 2020, respectively. The issue of this Offering Circular has been duly authorised by resolutions of the Board of Directors of the Issuer dated 10 July 2020.
- (2) Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2019 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2019.
- (3) Neither the Issuer nor any of its Subsidiaries is or has been involved in any litigation or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer or the Group.
- (4) Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (5) Application has been made to the Hong Kong Stock Exchange for the listing of the Programme by way of debt issues to Professional Investors only during the 12-month period from the date of this document on the Hong Kong Stock Exchange. The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing of the relevant Notes.
- (6) For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during normal business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer and from the specified office of the Paying Agent for the time being in Hong Kong:
 - (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (ii) the Dealer Agreement;
 - (iii) the Deed of Covenant;
 - (iv) the Articles of Association of the Issuer;
 - (v) the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2018 and 2019;
 - (vi) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements of the Issuer from time to time;

- (vii) a copy of this Offering Circular;
- (viii) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer or the relevant Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (ix) a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on any stock exchange.

Copies of the documents referred to in sub-paragraphs (iv) to (viii) above will also be available free of charge during the hours referred to above from the specified office of the Paying Agent for the time being in Hong Kong.

- (7) The appropriate Common Code and ISIN for each Tranche of Notes and Notes to be listed on the Hong Kong Stock Exchange allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. The Issuer may also apply to have the Notes accepted for clearance through the CMU Service. The relevant CMU Instrument number will be specified in the applicable Pricing Supplement. If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.
- (8) The auditors of the Issuer with respect to the Issuer's audited consolidated financial statements for the financial years ended 31 December 2018 and 2019, Ernst & Young, Certified Public Accountants, have given and not withdrawn their written consent to the issue of this Offering Circular with the incorporation of their report dated 20 March 2020 in relation to the Issuer's financial statements incorporated herein by reference. Ernst & Young have audited the Issuer's financial statements, without qualification, in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for the financial year ended 31 December 2019.
- (9) In an announcement of the Issuer dated 24 March 2020, the Board announced that Ernst & Young would retire as the auditors of the Issuer with effect from the conclusion of the Issuer's annual general meeting ("**AGM**") on 21 May 2020. At the AGM, it was resolved by means of an ordinary resolution passed by the shareholders of the Issuer that, immediately following the retirement of Ernst & Young, KPMG, Certified Public Accountants, be appointed as the new auditors of the Issuer for the year ending 31 December 2020.

In relation to the change of auditors, the Issuer received a confirmation from Ernst & Young on 24 March 2020 that there are no matters in connection with the change of auditor that requires to be brought to the attention of the shareholders of the Issuer. The Board has also confirmed that there is no disagreement between Ernst & Young and the Issuer, and there are no any other matters in respect of the change of auditor that requires to be brought to the attention of the shareholders of the Issuer.

THE ISSUER

GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(國泰君安國際控股有限公司)

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Hong Kong

FISCAL AGENT AND PAYING AGENT

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Kowloon
Hong Kong

REGISTRAR AND TRANSFER AGENT

DEUTSCHE BANK AG, HONG KONG BRANCH

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CMU LODGING AGENT

DEUTSCHE BANK AG, HONG KONG BRANCH

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ARRANGER

GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED

(國泰君安證券(香港)有限公司)

27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

DEALER

GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED

(國泰君安證券(香港)有限公司)

27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

LEGAL ADVISER

To the Arranger as to English and Hong Kong law

King & Wood Mallesons

13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

APPENDIX 2

FIRST SUPPLEMENTAL OFFERING CIRCULAR

SUPPLEMENTAL OFFERING CIRCULAR



GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED (國泰君安國際控股有限公司)

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

HK\$25,000,000,000

Medium Term Note Programme

This Supplemental Offering Circular (the “**Supplemental Offering Circular**”) is supplemental to, and should be read in conjunction with, the Offering Circular dated 15 July 2020 (the “**Original Offering Circular**”) and, together with this Supplemental Offering Circular, the “**Offering Circular**”) and all other documents which are deemed to be incorporated therein by reference in relation to the Medium Term Note Programme (the “**Programme**”) of Guotai Junan International Holdings Limited (國泰君安國際控股有限公司) (the “**Issuer**” or the “**Company**”).

Any Notes (as defined below) issued under the Programme on or after the date of this Supplemental Offering Circular are issued subject to the provisions described in the Offering Circular. This does not affect any Notes issued prior to the date of this Supplemental Offering Circular.

Under the Programme, the Issuer may from time to time issue medium term notes (the “**Notes**”) subject to compliance with all relevant laws, regulations and directives.

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

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

Application has been made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (“**SFO**”) (together, “**Professional Investors**”) only during the 12-month period from the date of the Offering Circular on the Hong Kong Stock Exchange. The Offering Circular is for distribution to Professional Investors only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

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

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under the “Terms and Conditions of the Notes” section of the Original Offering Circular) of Notes will be set out in a pricing supplement (the “**Pricing Supplement**”) which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Notes of such Tranche.

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

Each Series (as defined below) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**”) (collectively, the “**Global Note**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Notes in registered form of one Series. Global Notes and Certificates may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”), with a common depository on behalf of Euroclear and Clearstream, Luxembourg or in the case of a Series intended to be cleared through the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the “**HKMA**”) (the “**CMU Service**”), with a sub-custodian for the HKMA and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg or the CMU Service, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. Global Notes representing Notes in bearer form may be deposited with a sub-custodian for the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the “**CMU Service**”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in the “Summary of Provisions Relating to the Notes while in Global Form” section of the Original Offering Circular.

Arranger and Dealer

GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED
(國泰君安證券(香港)有限公司)

The date of this Supplemental Offering Circular is 10 September 2020.

The Issuer, having made all reasonable enquiries, confirms that the Offering Circular contains or incorporates all information with respect to the Issuer and its Subsidiaries (as defined in “Terms and Conditions of the Notes” section of the Original Offering Circular) taken as a whole (the “**Group**”) and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in the Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

The Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

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

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

No person has been authorised to give any information or to make any representation other than as contained in the Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in the “Summary of the Programme” section of the Original Offering Circular). Neither the delivery of the Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of the Offering Circular and any Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular or any Pricing Supplement comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to U.S. persons. The Notes are being offered and sold outside the United States in reliance on Regulation S of the Securities Act. For a description of certain restrictions on offers and sales of Notes and on distribution of the Offering Circular, see the “Subscription and Sale” section of the Original Offering Circular.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

EEA AND UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the

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

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

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

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

Neither the Offering Circular nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

The Dealers and the Arranger have not separately verified the information contained in the Offering Circular. None of the Dealers or the Arranger makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Offering Circular. The Arranger, each Dealer and each Agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the Offering Circular or any such statement. Neither the Offering Circular nor any other financial statements of the Issuer or the Group are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of the Offering Circular or any financial statements of the Issuer or the Group should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in the Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by the Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

From time to time, in the ordinary course of business, certain of the Dealers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Issuer and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions, with the Issuer and its affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

In making an investment decision, each potential investor must rely on its own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Issuer does not and the Arranger, the Dealers, and the Agents do not make any representation regarding whether, and each potential investor should consult its legal advisers to determine whether and to what extent, the Notes are legal investments for such potential investor under any applicable laws.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Supplemental Offering Circular, unless otherwise specified or the context otherwise requires, all references to “**U.S.\$**” and “**U.S. dollars**” are to United States dollars; all references to “**HK\$**” and “**Hong Kong dollars**” are to Hong Kong dollars; all references to “**pounds sterling**” and “**£**” are to the currency of the United Kingdom; all references to “**euro**” and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time; all references to “**S\$**” are to Singapore dollars; all references to “**yen**” are to Japanese yen; all references to “**AUD**” are to Australian dollars; all references to “**CNY**”, “**RMB**” or “**Renminbi**” are to the lawful currency of the PRC; all references to “**United States**” or “**U.S.**” are to the United States of America; all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; all references to “**PRC**” are to the People’s Republic of China (excluding, for the purposes of this Supplemental Offering Circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan); and all references to “**United Kingdom**” are to the United Kingdom of Great Britain and Northern Ireland.

CERTAIN DEFINED TERMS AND CONVENTIONS

Words and expressions defined in the Original Offering Circular shall have the same meanings where used in this Supplemental Offering Circular unless the context otherwise requires or unless otherwise stated.

INCREASE IN THE PROGRAMME SIZE

Pursuant to Clause 15 of the Dealer Agreement, the Issuer and the Permanent Dealer have agreed to the increase in the aggregate nominal amount of the Programme from HK\$15,000,000,000 to HK\$25,000,000,000 with effect from the date of this Supplemental Offering Circular. All references in the Deed of Covenant and Agency Agreement are deemed amended accordingly.

AMENDMENT TO THE ORIGINAL OFFERING CIRCULAR

Paragraph 1 of the "General Information" section of the Original Offering Circular will be deemed to be deleted and replaced by the following:

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the establishment and update of the Programme and the issue and performance of the Notes thereunder. The establishment and update of the Programme, the issue and performance of Notes thereunder have been duly authorised by resolutions of the Board of Directors of the Issuer dated 20 June 2012, 23 June 2014, 19 June 2015, 20 June 2016, 30 June 2017, 29 June 2018, 4 July 2019 and 10 July 2020, respectively. The issue of the Original Offering Circular has been duly authorised by resolutions of the Board of Directors of the Issuer dated 10 July 2020. In addition, the increase in the aggregate nominal amount of the Programme from HK\$15,000,000,000 to HK\$25,000,000,000 and the issue of this Supplemental Offering Circular have been duly authorised by resolutions of the Board of Directors of the Issuer dated 10 September 2020.

THE ISSUER
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Kowloon
Hong Kong

REGISTRAR AND TRANSFER AGENT
DEUTSCHE BANK AG, HONG KONG BRANCH

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CMU LODGING AGENT
DEUTSCHE BANK AG, HONG KONG BRANCH

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To the Arranger as to English and Hong Kong law

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13th Floor, Gloucester Tower
The Landmark
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Appendix 2 – the Pricing Supplement

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OTHER THAN TO INVESTORS PURCHASING THE SECURITIES OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S.

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

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

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

Confirmation of your Representation: In order to be eligible to view this Pricing Supplement or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing this Pricing Supplement, you shall be deemed to have represented to Guotai Junan Securities (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, ABCI Capital Limited, CCB International Capital Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, Industrial and Commercial Bank of China (Asia) Limited, Oversea-Chinese Banking Corporation Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, BOSCO International Company Limited, China Industrial Securities International Brokerage Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Mizuho Securities Asia Limited, Orient Securities (Hong Kong) Limited, SMBC Nikko Capital Markets Limited, Standard Chartered Bank, and The Bank of East Asia, Limited (together, the “**Joint Lead Managers**”) and Guotai Junan International Holdings Limited (國泰君安國際控股有限公司) (the “**Issuer**”) (1) that you and any customers you represent are eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act and that the electronic mail address that you have given us and to which this Pricing Supplement has been delivered is not located in the United States; and (2) that you consent to delivery of this Pricing Supplement and any amendments or supplements thereto by electronic transmission.

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

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

This Pricing Supplement has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Issuer or the Joint Lead Managers nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Pricing Supplement distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

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

GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED
(國泰君安國際控股有限公司)

Issue of US\$400,000,000 2.00 per cent. Notes due 2026 under the
HK\$25,000,000,000 Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering circular dated 15 July 2020, the first supplemental offering circular dated 10 September 2020 and the second supplemental offering circular dated 18 February 2021 (together, the “**Offering Circular**”). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular and this Pricing Supplement.

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

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

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

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

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

Section 309B(1) Notification — In connection with Section 309B of the Securities and Futures Act

(Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

- | | | |
|-----|--|--|
| 1. | Issuer: | Guotai Junan International Holdings Limited (國泰君安國際控股有限公司) |
| 2. | (i) Series Number: | 196 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | US dollars (“US\$”) |
| 4. | Aggregate Nominal Amount: | |
| | - Series: | US\$400,000,000 |
| | - Tranche: | US\$400,000,000 |
| 5. | (i) Issue Price: | 99.981 per cent. of the Aggregate Nominal Amount |
| | (ii) Net proceeds: | US\$399,924,000 |
| 6. | (i) Specified Denominations: | US\$200,000 each, and integral multiples of US\$1,000 in excess thereof |
| | (ii) Calculation Amount: | US\$1,000 |
| 7. | (i) Issue Date: | 3 March 2021 |
| | (ii) Interest Commencement Date: | Issue Date |
| 8. | Maturity Date: | 3 March 2026 |
| 9. | Interest Basis | 2.00 per cent. Fixed Rate
<i>(further particulars specified below)</i> |
| 10. | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable |
| 12. | Put/Call Options: | Not Applicable |
| 13. | Listing: | HKSE, expected listing date: 4 March 2021 |
| 14. | Method of distribution: | Syndicated |
| 15. | Date of approval for issuance of Notes: | The issuance of the Notes was authorized by resolutions of the board of directors of the Issuer on 10 July 2020 and 10 September 2020. |
| 16. | Date of National Development and Reform Commission approval for issuance of Notes: | 15 January 2021 |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 17. | Fixed Rate Note Provisions: | Applicable |
| | (i) Rate(s) of Interest: | 2.00 per cent. per annum payable semi-annually in arrear |
| | (ii) Interest Payment Date(s): | 3 March and 3 September in each year, commencing on 3 September 2021 |
| | (iii) Fixed Coupon Amount(s):
(Applicable to Notes in definitive form) | US\$10.00 per Calculation Amount |
| | (iv) Broken Amount(s):
(Applicable to Notes in definitive form) | Not Applicable |
| | (v) Day Count Fraction (Condition 5(j)): | 30/360 unadjusted |

(vi) Determination Date(s) (Condition 5(j)):	Not Applicable
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
18. Floating Rate Note Provisions:	Not Applicable
19. Zero Coupon Note Provisions:	Not Applicable
20. Dual Currency Interest Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21. Call Option:	Not Applicable
22. Put Option:	Not Applicable
23. Final Redemption Amount(s) of each Note:	US\$1,000 per Calculation Amount
24. Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c) or an Event of Default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	US\$1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:	Regulation S Registered Notes
(i) Temporary or permanent Global Note/Certificate:	Global Certificate exchangeable for Definitive Certificates in the limited circumstances specified in the Global Certificate
(ii) Applicable TEFRA exemption:	Not Applicable
26. Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	Not Applicable
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
28. Details relating to Partly Paid Notes (amount of each payment comprising Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment):	Not Applicable
29. Details relating to Instalment Notes:	Not Applicable
30. Redenomination, renominatisation and reconventioning provisions:	Not Applicable
31. Consolidation provisions:	Not Applicable

32. Other terms or special conditions: The following special condition is applicable to the Series of Notes governed by this Pricing Supplement: **NDRC Post-issue Filing.** The Issuer shall cause such particulars of the issue of the Notes to be filed with NDRC within 10 business days.

DISTRIBUTION

33. (i) If syndicated, names of Managers:
- Guotai Junan Securities (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
ABC Capital Limited
CCB International Capital Limited
China Minsheng Banking Corp., Ltd., Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited
Oversea-Chinese Banking Corporation Limited
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch
BOSC International Company Limited
China Industrial Securities International Brokerage Limited
Industrial Bank Co., Ltd. Hong Kong Branch
Mizuho Securities Asia Limited
Orient Securities (Hong Kong) Limited
SMBC Nikko Capital Markets Limited
Standard Chartered Bank
The Bank of East Asia, Limited
(together, the “**Joint Lead Managers**”)
- (ii) Stabilisation Manager (if any): Any of the Joint Lead Managers appointed and acting in its capacity as a stabilisation manager
34. If non-syndicated, name of Dealer: Not Applicable
35. Additional selling restrictions: Regulation S Category 1. TEFRA not applicable. See Annex 1

OPERATIONAL INFORMATION

36. ISIN Code: XS2306072732
37. Common Code: 230607273
38. CMU Instrument Number: Not Applicable
39. Legal Entity Identifier: 2138006FECWIZUO67V37
40. Ratings: S&P: BBB+
41. Clearing system(s) (Euroclear, Clearstream, Luxembourg, the CMU Service or any other clearing system(s)) and the relevant identification number(s): Euroclear / Clearstream
42. Delivery: Delivery against payment
43. The Agents appointed in respect of the Notes are: Deutsche Bank AG, Hong Kong Branch

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| 44. | Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a): | Not Applicable |
| 45. | The aggregate principal amount of Notes issued has been translated into Hong Kong dollars at the rate of HK\$7.80 per US\$1, producing a sum of (for Notes not denominated in Hong Kong dollars): | HK\$3,120,000,000 |
| 46. | Use of proceeds: | Refinancing and general corporate purposes |

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the HK\$25,000,000,000 Medium Term Note Programme of Guotai Junan International Holdings Limited (國泰君安國際控股有限公司).

STABILISING

In connection with the Notes, any of the Joint Lead Managers appointed and acting in its capacity as stabilisation manager (each a “**Stabilisation Manager**”) (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be discontinued at any time, and must be brought to an end after a limited period.

FURTHER DISCLOSURE

The further disclosure as set out in Annex 2 forms part of this Pricing Supplement, which is supplemental to, and shall be deemed to be incorporated in, and to form part of, the Offering Circular.

MATERIAL ADVERSE CHANGE STATEMENT

Except as disclosed in the Offering Circular or herein, there has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2019 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 20 March 2020.

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor’s particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in

making these determinations.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:
Duly authorised

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

By:
Duly authorised

Two smaller handwritten signatures in black ink, positioned side-by-side. The one on the left is more complex with multiple loops, while the one on the right is simpler and more compact.

ANNEX 1 ADDITIONAL SELLING RESTRICTIONS

The sections entitled “Prohibition of Sales to EEA and UK Retail Investors” and “United Kingdom” under “Subscription and Sale” in the Offering Circular shall be deleted in their entirety and replaced as follows:

“Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.”

United Kingdom

Prohibition of sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the “**FSMA**”) to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Other regulatory restrictions

Each Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute

a contravention of section 19 of the FSMA by the Issuer;

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

ANNEX 2 FURTHER DISCLOSURE

The following disclosure supplements and amends, and is to be read in conjunction with, the Offering Circular.

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

2020 INTERIM REPORT

On 8 September 2020, the Issuer published its 2020 interim report (“**2020 Interim Report**”) on the website of The Hong Kong Stock Exchange at www.hkexnews.com.hk and on the Issuer’s website at www.gtjai.com/en/financial_reports/. The 2020 Interim Report contains the Group’s financial information as at and for the six months ended 30 June 2020, which information has been reviewed but not audited by the Group’s external auditor KPMG in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. Consequently, the 2020 Interim Report should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit.

None of the Joint Lead Managers or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of the 2020 Interim Report. Potential investors must exercise caution when using such data to evaluate the financial condition and results of operations of the Group. The 2020 Interim Report should not be taken as an indication of the expected financial condition and results of operations of the Group for the full financial year ending 31 December 2020 or any other future period.

RECENT DEVELOPMENTS

On 18 June 2020, Guotai Junan Securities (Hong Kong) Limited (“**Guotai Junan Securities**”), an indirect wholly-owned subsidiary of the Issuer, was publicly condemned and fined HK\$25.2 million by the Securities and Futures Commission (the “**SFC**”) due to the lack of internal anti-money laundering policies and measures, insufficient monitoring of third-party transfers, failure to fully understand customers’ backgrounds and sources of subscription funds in share placement transactions, inadequate internal monitoring procedures and system management for after-hour’s supervision, and failure to promptly report to the SFC the issues found and other situations during the period from 2014 to 2016.

Guotai Junan Securities has since adopted various rectification measures to address the above issues and has also paid the fine.