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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 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.*

PUBLICATION OF OFFERING CIRCULAR



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)

HK\$35,000,000,000 MEDIUM TERM NOTE PROGRAMME OF GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

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

Please refer to the offering circular dated 15 July 2022 (the “**Offering Circular**”) appended hereto in relation to the HK\$35,000,000,000 medium term note programme (the “**Programme**”) of the Issuer. As disclosed in the Offering Circular, the notes to be issued under the Programme (the “**Notes**”) are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. The Issuer may issue unlisted Notes pursuant to the Programme.

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

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any 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.

18 July 2022

As at the date of this announcement, the Board of Directors comprises two executive directors, being Dr. YIM Fung (Chairman) and Ms. QI Haiying; three non-executive directors, being Mr. YU Jian, Dr. HU Xupeng and Ms. YU Xuping; and three independent non-executive directors, being Dr. FU Tingmei, Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer.

APPENDIX
OFFERING CIRCULAR

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR TO ANY U.S. PERSON OR ANY PERSON ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1993, AS AMENDED (THE "SECURITIES ACT"))).

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "Offering Circular"). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the Arranger or the Dealers (as defined in the attached Offering Circular) as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States and not be a U.S. person or acting for the account or benefit of a U.S. person.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer, the Arranger and the Dealers that (1) you are not in the United States and are not a U.S. person or acting for the account or benefit of a U.S. person and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to the Securities Act; (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions; and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Arranger, the Dealers and the Agents (as defined in the attached Offering Circular) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Arranger and the Dealers will provide a hard copy version to you upon request.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Arranger, the Dealers, or the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arranger and the Dealers or any of their respective affiliate is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, 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.

YOU ACKNOWLEDGE THAT THE ATTACHED OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT DELIVER OR FORWARD THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR 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.

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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\$35,000,000,000

Medium Term Note Programme

Under the HK\$35,000,000,000 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\$35,000,000,000 (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 Stock Exchange of Hong Kong Limited (“**HKSE Rules**”)) (“**Professional Investors**”) only during the 12-month period after the date of this document. This Offering Circular is for distribution to Professional Investors only.

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 the Group 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 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.

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 (the “**Conditions**”)) 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. The Notes of each Series in registered form will initially be represented by a permanent global certificate (each a “**Global Certificate**”). Global Notes and Global Certificates may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”), or with a sub-custodian for the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the “**CMU**”) 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 or the CMU, 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 the CMU. 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 INTERNATIONAL
國泰君安國際

The date of this Offering Circular is 15 July 2022.

The Issuer, having made all reasonable enquiries, confirms that (a) this document contains 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 to the Notes that is material in the context of the issue and offering of the Notes; (b) the statements contained in this Offering Circular relating to the Issuer, and to the Group, are in every material particular true and accurate and not misleading; (c) 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; (d) 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 (e) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements which are material for the purposes aforesaid.

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 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 or the Agents (as defined in “*Summary of the Programme*”) or their respective directors, officers, employees, agents, representatives, affiliates or advisers. 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. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, any of the Dealers or the Arranger or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

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.

PRIIPS REGULATION – EEA RETAIL INVESTORS – THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (“**EEA**”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “**MIFID II**”); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (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 HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

UK PRIIPS REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – 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**”); (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; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF THE PROSPECTUS REGULATION AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “**UK PROSPECTUS REGULATION**”).

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, 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 Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

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

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

Singapore Securities and Futures Act Product Classification – In connection with Section 309B of the Securities and Futures Act 2001 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 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).

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.

None of the Dealers and the Arranger or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers has separately verified the information contained in this Offering Circular. None of the Dealers or the Arranger or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers 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 and any of their respective affiliates, officers, employees, agents, representatives, directors or advisers 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 or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers 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 or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers 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 Group, 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 and any of their respective affiliates, officers, employees, agents, representatives, directors or advisers 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 stabilisation manager(s) (the “Stabilisation Manager(s)”) (or any person acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) 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 Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation 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 two 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), 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.

This Offering Circular contains consolidated financial information of the Issuer as at and for the years ended 31 December 2020 and 2021, which has been extracted from the Issuer’s 2021 audited consolidated financial statements audited by KPMG, Certified Public Accountants. The Issuer’s 2021 audited consolidated financial statements were prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

Copies of the Issuer’s published audited consolidated financial statements may be downloaded free of charge from the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk>.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge 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.

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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)

Legal Entity Identifier of the Issuer: 2138006FECWIZUO67V37

Description: Medium Term Note Programme

Size: Up to HK\$35,000,000,000 (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 Amended and Restated Dealer Agreement.

Arranger: Guotai Junan Securities (Hong Kong) Limited (國泰君安證券(香港)有限公司)

Dealer: 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 the 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 Dealer**” are to the person listed above as Dealer 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 the Permanent Dealer 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 and Paying 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, Clearstream, 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 or deposited with a sub-custodian for the HKMA as operator of the CMU 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 Dealer.

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"> (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 (ii) by reference to EURIBOR or HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Pricing Supplement.</p>
Benchmark replacement:	<p>The benchmark discontinuation provisions set out in the Conditions will apply if the Original Reference Rate is discontinued during the tenor of the Notes.</p>
Zero Coupon Notes:	<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:	<p>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.</p>
Index Linked Notes:	<p>Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the price of securities or commodities or to such other factors as may be specified in the relevant Pricing Supplement.</p>
Equity Linked Notes:	<p>Payments of principal in respect of Equity Linked Redemption Notes or of interest in respect of Equity Linked Interest Notes will be calculated by reference to such equity and/or formula or to such other factors as may be specified in the relevant Pricing Supplement.</p>
Interest Periods and Interest Rates:	<p>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 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.</p>

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 “ <i>Terms and Conditions of the Notes — Redemption, Purchase and Options</i> ”.
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 after 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 for the years ended 31 December 2020 and 2021 set forth below has been extracted or derived from the Issuer's audited consolidated financial statements for the year ended 31 December 2021 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	
	2021	2020
	<i>(HK\$'000)</i> <i>(Audited)</i>	<i>(HK\$'000)</i> <i>(Audited)</i>
Revenue	3,966,415	4,872,952
Other income	5,279	5,448
Revenue and other income	3,971,694	4,878,400
Staff costs	(803,434)	(1,148,710)
Commission to account executives	(224,602)	(188,382)
Depreciation	(78,639)	(68,859)
Net loss allowance charge	(220,597)	(363,565)
Other operating expenses	(581,913)	(463,949)
Operating profit	2,062,509	2,644,935
Finance costs	(774,863)	(830,256)
Profit before tax	1,287,646	1,814,679
Income tax expense	(184,373)	(246,907)
Profit for the year	1,103,273	1,567,772
Other comprehensive income for the year, net of tax		
– Investments at fair value through other comprehensive income (net movement in investment revaluation reserve – recycling)	8,308	(7,255)
– Exchange difference on translation of foreign exchange	38,684	(496)
Total comprehensive income for the year	1,150,265	1,560,021
Profit for the year attributable to:		
– Owners of the Company	1,094,743	1,562,587
– Non-controlling interests	8,530	5,185
	1,103,273	1,567,772
Total comprehensive income for the year attributable to:		
– Owners of the Company	1,141,735	1,554,836
– Non-controlling interests	8,530	5,185
	1,150,265	1,560,021
Earnings per share attributable to ordinary equity holders of the parent		
– Basic (in HK cents)	11.4	16.9
– Diluted (in HK cents)	11.4	16.8

Consolidated Statement of Financial Position:

	As at 31 December	
	2021	2020
	(HK\$'000) (Audited)	(HK\$'000) (Audited)
Non-current assets		
Property, plant and equipment	514,853	475,924
Goodwill and other intangible assets	22,886	22,886
Other assets	27,959	11,613
Deferred tax assets	157,631	150,880
Derivative financial instruments	12,325	108,172
Financial assets at fair value through profit or loss	17,368,819	16,976,561
– Financial assets held for trading and investments	6,153,930	6,805,621
– Financial products	11,214,889	10,170,940
Total non-current assets	18,104,473	17,746,036
Current assets		
Loans and advances to customers	15,854,687	15,604,244
Accounts receivable	6,559,681	5,638,797
Prepayments, deposits and other receivables	118,311	143,744
Financial assets at fair value through profit or loss	37,472,478	53,937,004
– Financial assets held for trading and investments	17,088,058	24,595,855
– Financial products	20,384,420	29,341,149
Financial assets at fair value through other comprehensive income	11,529	105,574
Derivative financial instruments	606,905	1,153,182
Receivable from reverse repurchase agreements	4,443,729	3,022,800
Tax recoverable	33,585	153,555
Client trust bank balances	17,804,841	18,707,026
Cash and cash equivalents	5,277,874	5,508,779
Total current assets	88,183,620	103,974,705
Current liabilities		
Accounts payable	(20,587,166)	(22,783,232)
Other payables and accrued liabilities	(632,317)	(930,801)
Derivative financial instruments	(426,552)	(528,184)
Interest bearing borrowings	(5,334,661)	(9,732,840)
Debt securities in issue	(34,153,825)	(36,076,779)
– At amortised cost	(18,298,551)	(13,798,151)
– Designated at fair value through profit or loss	(15,855,274)	(22,278,628)
Financial liabilities at fair value through profit or loss	(8,772,805)	(6,666,260)
Obligations under repurchase agreements	(9,255,723)	(17,396,163)
Tax payable	(157,353)	(165,492)
Total current liabilities	(79,320,402)	(94,279,751)
Net current assets	8,863,218	9,694,954
Total assets less current liabilities	26,967,691	27,440,990
Non-current liabilities		
Deferred tax liabilities	(45,843)	(17,928)
Interest bearing borrowings	(40,542)	(6,557)
Derivative financial instruments	(106,409)	(334,245)
Debt securities in issue	(11,337,958)	(11,843,093)
– At amortised cost	(3,139,345)	(1,549,563)
– Designated at fair value through profit or loss	(8,198,613)	(10,293,530)
	(11,530,752)	(12,201,823)
Net assets	15,436,939	15,239,167

	As at 31 December	
	2021	2020
	<i>(HK\$'000)</i> <i>(Audited)</i>	<i>(HK\$'000)</i> <i>(Audited)</i>
Equity		
Share capital	10,911,163	10,908,749
Other reserve	(1,236,460)	(1,236,460)
Currency translation reserve	37,078	(1,606)
Share-based compensation reserve	27,429	41,606
– Share option reserve	27,429	32,521
– Share award reserve	–	9,085
Shares held under the share award scheme	–	(30,672)
Investment revaluation reserve	1,053	(7,255)
Retained profits	5,567,098	5,443,757
Equity attributable to holders of the ordinary shares	15,307,361	15,118,119
Non-controlling interests	129,578	121,048
Total equity	15,436,939	15,239,167

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 (the “**Common Depository**”) or a sub-custodian for the HKMA as operator of the CMU.

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 or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream 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 (as the case may be), Euroclear or Clearstream or the CMU (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 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 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 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 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 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 a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules shall be the only person(s) entitled (or, in the case of Registered Notes, directed or deemed by the CMU as entitled) to receive payments in respect of Notes represented by such Global Note or Global Certificates 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 in respect of each amount so paid. Each of the persons shown in the records of the CMU, 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 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 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 Issue Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) 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 or the CMU 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, the CMU Lodging and Paying 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 or the CMU 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, the CMU Lodging and Paying 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 (except with respect to Global Note held through the CMU) 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 representing Notes held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in the records of the CMU) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose. For the purposes of this paragraph, “Clearing System Business Day” means a day on which the CMU is operating and open for business.

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, the CMU 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 Global Note or Global Certificate and such Global Note or Global Certificate is held by or on behalf of a clearing system, may be exercised by (i) the holder giving notice to any of the Paying Agents or the CMU Lodging and Paying Agent within the time limits in respect of which the option is exercised and presenting the Global Note or Global Certificate for endorsement or exercise (if required) or (ii) a holder of a book-entry interest in the Notes represented by the Global Note or Global Certificate delivering to any of the Paying Agents or the CMU Lodging and Paying Agent the relevant exercise notice, duly completed by or on behalf of such holder (on appropriate proof of its identity and interest), in each case within the time limits specified in the Conditions and otherwise in accordance with the rules and procedures of the relevant clearing system. In the case of (ii) above, deposit of the Global Note or Global Certificate with the any of the Paying Agents or the CMU Lodging and Paying Agent together with such exercise notice shall not be required.

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 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, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the CMU 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, and any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the CMU.

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 will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue:

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\$35,000,000,000 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 [●] 2022 (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, the Issuer, the Group 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 and the Group. 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.]

[PRIIPs REGULATION – 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[.]/[; or] [(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – 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 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[●]/[; or] [(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the 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/Professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”) [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification – In connection with Section 309B of the Securities and Futures Act 2001 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:	[●] <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>
	(ii) Tranche Number:	[●]
3	Specified Currency or Currencies:	[●]
4	Aggregate Principal Amount:	
	– Series:	[●]
	– Tranche:	[●]
5	(i) [Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] <i>(in the case of fungible issues only, if applicable)</i>]
	(ii) [Net Proceeds:	[●] <i>(Required only for listed issues)</i>
6	(i) Specified Denominations:	[●] ¹ <i>(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)</i>
	(ii) Calculation Amount:	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●]

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]”.

8	Maturity Date:	[Specify date or (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 reference rate] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Equity Linked Interest] [Other (specify)] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Equity Linked Redemption] [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:	[Hong Kong Stock Exchange/Other (specify)/None] (For Notes to be listed on the Hong Kong Stock Exchange, insert the expected listing date of the Notes)
14	Method of distribution:	[Syndicated/Non-syndicated]
15	[Date of [the Board] approval for issuance of Notes:	[●]
16	Date of the relevant NDRC [approval] or [quota granted] for issuance of Notes:	[●]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	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

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.

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".

	(iii) Fixed Coupon Amount(s):	<input type="checkbox"/> per <input type="checkbox"/> in nominal amount ⁴
	(iv) Broken Amount(s): <i>(Applicable to Notes in definitive form)</i>	<input type="checkbox"/> per Calculation Amount, payable on the Interest Payment Date falling [in/on]
	(v) Day Count Fraction (Condition 5(j)):	<input type="checkbox"/> <i>(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)</i>
	(vi) Determination Date(s) (Condition 5(j)):	<input type="checkbox"/> in each year <i>[Insert regular interest payment dates, ignoring issue date or maturity date in case of a long or short first or last coupon]</i> ⁵
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not applicable/Give details]
18	Floating Rate Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph.)</i>
	(i) Interest Period(s):	<input type="checkbox"/>
	(ii) Specified Interest Payment Dates:	<input type="checkbox"/>
	(iii) Interest Period Date:	<input type="checkbox"/> <i>[Not applicable unless different from Interest Payment Date]</i>
	(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)):	<input type="checkbox"/>
	(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/or Interest Amount(s):	<input type="checkbox"/>
	(viii) Screen Rate Determination (Condition 5(b)(iii)(B)):	
	– Reference Rate:	<input type="checkbox"/>
	– Interest Determination Date(s):	<input type="checkbox"/>
	– Relevant Screen Page:	<input type="checkbox"/> <i>(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)</i>

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.

(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):	[Applicable/Not applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> [●] [●] [●] [●]
(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:	[●]
19	Zero Coupon Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Amortisation Yield:	[●] per cent. per annum
(ii)	Any other formula/basis of determining amount payable:	[●]
20	Index Linked Interest Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> [The provisions of Annex 1 of the Terms and Conditions – Additional Terms and Conditions for Index Linked Notes shall apply.]
(i)	Index/Basket of Indices/Index Sponsor(s):	[●] [The [●] Index is a Unitary Index/Multi-Exchange Index/Proprietary Index] [The Index Sponsor for the [●] Index is [●]] [The Index Currency for the [●] Index is [●]]
(ii)	Formula for calculating interest rate including back up provisions:	[●]
(iii)	Calculation Agent responsible for making calculations in respect of the Notes:	[●]
(iv)	Interest Period(s)/Specified Interest Payment Dates:	[●]
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
(vi)	Business Centre(s):	[●]
(vii)	Minimum Rate of Interest:	[●] per cent. per annum
(viii)	Maximum Rate of Interest:	[●] per cent. per annum
(ix)	Day Count Fraction:	[●]
(x)	Averaging:	[The Averaging Dates are [●].] [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.] [Common Scheduled Trading Days: [Applicable/Not Applicable]] <i>(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)</i> [[Common/Individual] Disrupted Days will apply.] <i>(N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)</i>
(xi)	Index Performance:	[●]
(xii)	Exchange Rate:	[Applicable/Not Applicable] [insert details]

(xiii)	Weighting:	[Not Applicable/The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [●]]. (N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)
(xiv)	Exchange(s):	[●]
(xv)	Related Exchange:	[●]/[All Exchanges]
(xvi)	Valuation Date(s):	[●] [Common Scheduled Trading Days: [Applicable/Not Applicable]] (N.B. May only be applicable in relation to Index Linked Notes relating to a Basket) [[Common/Individual] Disrupted Days will apply.] (N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)
(xvii)	Observation Date(s):	[●] [Common Scheduled Trading Days: [Applicable/Not Applicable]] (N.B. May only be applicable in relation to Index Linked Notes relating to a Basket) [[Common/Individual] Disrupted Days will apply.] (N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)
(xviii)	Observation Period:	[Applicable: [Extension/No Extension]/Not Applicable]
	(a) Observation Period Start Date:	[[●] ([Including/Excluding])/Not Applicable]
	(b) Observation Period End Date:	[[●] ([Including/Excluding])/Not Applicable]
(xix)	Barrier Event:	[Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
(xx)	Barrier Level:	[[●]/Not Applicable]
(xxi)	Disrupted Day:	[If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]] (N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)
(xxii)	Trade Date:	[●]
(xxiii)	Additional Disruption Events:	The following Additional Disruption Events apply to the Notes:[Change in Law] [Hedging Disruption] [Increased Cost of Hedging]
(xxiv)	Other terms or special conditions:	[●]
21	Equity Linked Interest Note Provisions:	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph) [The provisions of Annex 2 of the Terms and Conditions – Additional Terms and Conditions for Equity Linked Notes shall apply.]
	(i) Share(s)/Basket of Share(s):	[●]
	(ii) Formula for calculating interest rate including back up provisions:	[●]
	(iii) Calculation Agent responsible for making calculations in respect of the Notes:	[●]
	(iv) Interest Period(s)/Specified Interest Payment Dates:	[●]
	(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
	(vi) Business Centre(s):	[●]
	(vii) Minimum Rate of Interest:	[●] per cent. per annum
	(viii) Maximum Rate of Interest:	[●] per cent. per annum
	(ix) Day Count Fraction:	[●]

(x)	Averaging:	[The Averaging Dates are [●].] [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.] [Common Scheduled Trading Days: [Applicable/Not Applicable]] (N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket) [[Common/Individual] Disrupted Days will apply.] (N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)
(xi)	Share Performance:	[●]
(xii)	Exchange Rate:	[Applicable/Not Applicable] [insert details]
(xiii)	Weighting:	[Not Applicable/The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is [●]]. (N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)
(xiv)	Exchange(s):	[●]
(xv)	Related Exchange:	[●]/[All Exchanges]
(xvi)	Valuation Date(s):	[●] [Common Scheduled Trading Days: [Applicable/Not Applicable]] (N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket) [[Common/Individual] Disrupted Days will apply.] (N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)
(xvii)	Valuation Time:	[●]
(xviii)	Observation Date(s):	[●] [Common Scheduled Trading Days: [Applicable/Not Applicable]] (N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket) [[Common/Individual] Disrupted Days will apply.] (N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)
(xix)	Observation Period:	[Applicable: [Extension/No Extension]/Not Applicable]
	(a) Observation Period Start Date:	[[●] ([Including/Excluding])/Not Applicable]
	(b) Observation Period End Date:	[[●] ([Including/Excluding])/Not Applicable]
(xx)	Barrier Event:	[Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
(xxi)	Barrier Level:	[[●]/Not Applicable]
(xxii)	Disrupted Day:	[If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]] (N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)
(xxiii)	Tender Offer:	[Applicable/Not Applicable]
(xxiv)	Share Substitution:	[Applicable/Not Applicable] [If Applicable: Share Substitution Criteria are [●]]
(xxv)	Local Tax Adjustment:	[Applicable/Not Applicable] [Local Jurisdiction: [●]]
(xxvi)	Trade Date:	[●]
(xxvii)	Additional Disruption Events:	The following Additional Disruption Events apply to the Notes: [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Initial Stock Loan Rate: [●]] [Insolvency Filing] [Loss of Stock Borrow] [Maximum Stock Loan Rate: [●]]
(xxviii)	Other terms or special conditions:	[●]
22	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: | <i>[Need to include a description of market disruption or settlement disruption events and adjustment provisions]</i> |
| (iv) | Person at whose option Specified Currency(ies) is/are payable: | [●] |
| (v) | Day Count Fraction (Condition 5(j)): | [●] |

PROVISIONS RELATING TO REDEMPTION

- | | | |
|-------|--|--|
| 23 | Call Option: | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (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: | [●] |
| 24 | Put Option: | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (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): | [●] |
| 25 | Final Redemption Amount(s) of each Note: | [[●] per Calculation Amount/Give or annex details] |
| 26 | Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c) or an Event of Default (or, in the case of Index Linked Notes, following an Index Adjustment Event or Additional Disruption Event in accordance with the Index Linked Conditions or, in the case of Share Linked Notes, following certain corporate events or Additional Disruption Event in accordance with the Equity Linked Conditions) and/or the method of calculating the same (if required or if different from that set out in the Conditions): | [●] |

27	Index Linked Redemption Note Provisions:	<p>[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this para-graph)</i></p> <p>[The provisions of Annex 1 of the Terms and Conditions – Additional Terms and Conditions for Index Linked Notes shall apply.]</p>
	(i) Index/Basket of Indices/Index Sponsor(s):	<p>[●]</p> <p>[The [●] Index is a Unitary Index/Multi-Exchange Index/Proprietary Index]</p> <p>[The Index Sponsor for the [●] Index is [●]]</p> <p>[The Index Currency for the [●] Index is [●]]</p>
	(ii) Final Redemption Amount:	[●] per Calculation Amount
	(iii) Averaging:	<p>[The Averaging Dates are [●].]</p> <p>[In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]</p> <p>[Common Scheduled Trading Days:</p> <p>[Applicable/Not Applicable]] <i>(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)</i></p> <p>[[Common/Individual] Disrupted Days will apply.] <i>(N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)</i></p>
	(iv) Index Performance:	[●]
	(v) Exchange Rate:	[Applicable/Not Applicable]
	(vi) Weighting:	[insert details]
	(vii) Exchange(s):	[Not Applicable/The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [●].] <i>(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)</i>
	(viii) Related Exchange:	[●]/[All Exchanges]
	(ix) Valuation Date(s):	[●] [Common Scheduled Trading Days: <p>[Applicable/Not Applicable]] <i>(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)</i></p> <p>[[Common/Individual] Disrupted Days will apply.] <i>(N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)</i></p>
	(x) Valuation Time:	[●]
	(xi) Observation Date(s):	[●]
	(xii) Observation Period:	[Common Scheduled Trading Days: <p>[Applicable/Not Applicable]] <i>(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)</i></p> <p>[[Common/Individual] Disrupted Days will apply.] <i>(N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)</i></p>
	(a) Observation Period Start Date:	[Applicable: [Extension/No Extension]/Not Applicable]
	(b) Observation Period End Date:	[[●] ([Including/Excluding])/Not Applicable]
	(xiii) Barrier Event:	[[●] ([Including/Excluding])/Not Applicable]
	(xiv) Barrier Level:	[Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
	(xv) Disrupted Day:	[[●]/Not Applicable]
	(xvi) Trade Date:	[If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]] <i>(N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)</i>
	(xvii) Additional Disruption Events:	[●]
	(xviii) Other terms or special conditions:	The following Additional Disruption Events apply to the Notes:
		[Change in Law]
		[Hedging Disruption]
		[Increased Cost of Hedging]
		[●]
28	Equity Linked Interest Note Provisions:	<p>[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this para-graph)</i></p> <p>[The provisions of Annex 2 of the Terms and Conditions – Additional Terms and Conditions for Equity Linked Notes shall apply.]</p>

- (i) Share(s)/Basket of Share(s): [●]
[The [●] Index is a Unitary Index/Multi-Exchange Index/Proprietary Index]
[The Index Sponsor for the [●] Index is [●]]
[The Index Currency for the [●] Index is [●]]
- (ii) Final Redemption Amount: [●] per Calculation Amount
- (iii) Averaging: [The Averaging Dates are [●].]
[Common Scheduled Trading Days:
[Applicable/Not Applicable]] (N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)
[[Common/Individual] Disrupted Days will apply.] (N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)
[In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (iv) Share Performance: [●]
- (v) Exchange Rate: [Applicable/Not Applicable]
[insert details]
- (vi) Weighting: [Not Applicable/The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is [●]]. (N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)
- (vii) Exchange(s): [●]
- (viii) Related Exchange: [●]/[All Exchanges]
- (ix) Valuation Date(s): [●]
[Common Scheduled Trading Days:
[Applicable/Not Applicable]] (N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)
[[Common/Individual] Disrupted Days will apply.] (N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)
- (x) Valuation Time: [●]
- (xi) Observation Date(s): [●]
[Common Scheduled Trading Days:
[Applicable/Not Applicable]] (N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)
[[Common/Individual] Disrupted Days will apply.] (N.B. If Common Scheduled Trading Days are applicable, either Common or Individual Disrupted Days must be specified)
- (xii) Observation Period:
(a) Observation Period Start Date: [Applicable: [Extension/No Extension]/Not Applicable]
[[●] ([Including/Excluding])/Not Applicable]
- (b) Observation Period End Date: [[●] ([Including/Excluding])/Not Applicable]
- (xiii) Barrier Event: [Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
- (xiv) Barrier Level: [[●]/Not Applicable]
- (xv) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]] (N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)
- (xvi) Tender Offer: [Applicable/Not Applicable]
- (xvii) Share Substitution: [Applicable/Not Applicable]
[If Applicable: Share Substitution Criteria are [●]]
- (xviii) Local Tax Adjustment: [Applicable/Not Applicable] [Local Jurisdiction: [●]]
- (xix) Trade Date: [●]
- (xx) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:
[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Increased Cost of Stock Borrow]
[Initial Stock Loan Rate: [●]]
[Insolvency Filing]
[Loss of Stock Borrow]
[Maximum Stock Loan Rate: [●]]

- (xxi) Other terms or special conditions:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

29	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 <input type="checkbox"/> days' notice ⁶] [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]
30	Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	[Not Applicable/give details] <i>(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.)</i>
31	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]
32	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):	[Yes/No/If yes, give details]
33	Details relating to Instalment Notes:	[Applicable/Not Applicable]
	(i) Instalment Amount(s):	<input type="checkbox"/>
	(ii) Instalment Date(s):	<input type="checkbox"/>
	(iii) Minimum Instalment Amount:	<input type="checkbox"/>
	(iv) Minimum Instalment Amount:	<input type="checkbox"/>
34	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
35	Consolidation provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
36	Other terms or special conditions:	[Not Applicable/give details] ⁷

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.

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.

DISTRIBUTION

37	(i) If syndicated, names of Managers:	[Not Applicable/ <i>give names</i>]
	(ii) Stabilising Manager (if any):	[Not Applicable/ <i>give names</i>]
	(iii) [Dealer's Commission:	[●]
38	If non-syndicated, name of Dealer:	[Not Applicable/ <i>give names</i>]
39	Additional selling restrictions:	[Not Applicable/ <i>give details</i>]

OPERATIONAL INFORMATION

40	ISIN Code:	[●]
41	Common Code:	[●]
42	CMU Instrument Number:	[●]
43	Legal Entity Identifier (LEI):	2138006FECWIZUO67V37
44	Clearing system(s) other than Euroclear, Clearstream, the CMU and the relevant identification number(s):	[Not Applicable/ <i>Give name(s) and number(s)</i>]
45	Delivery:	Delivery [against/free of] payment
46	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\$[●]]
47	[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\$35,000,000,000 Medium Term Note Programme of Guotai Junan International Holdings Limited (國泰君安國際控股有限公司).]

[STABILISATION

In connection with the issue of any Tranche of Notes, any of the Dealers appointed and acting in its capacity as Stabilisation Manager (the “**Stabilisation Manager(s)**”) (or any person acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) 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 Stabilisation Manager(s) (or any persons acting on behalf of any Stabilisation 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 [insert date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer or of the Group since [insert date of last published annual accounts].

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 2020 and 2021, the Group's brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments businesses have been the principal source of income of the Group. For the years ended 31 December 2020 and 2021, the Group's revenue from fee and commission income accounted for approximately 32% and 41% of the Group's revenue for the years ended 31 December 2020 and 2021, respectively. The Group's revenue from interest income accounted for approximately 54% and 57% of the Group's revenue for the years ended 31 December 2020 and 2021, respectively; and the Group's revenue from net trading and investment income accounted for approximately 13% and 2% of the Group's revenue for the years ended 31 December 2020 and 2021, respectively.

The Group's brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments 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 brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments 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.

The Group's inability to protect personal and other confidential information of its customers may subject it to liability and regulatory action

The Group routinely transmits and receives personal data and confidential information of its clients through the internet, by email and other electronic means and may not be able to ensure that its vendors, service providers, counterparties and other third parties have appropriate controls in place to protect the confidentiality of the information. The Group is under obligations to protect the personal data and confidential information of its customers by regulatory and policy requirements. The Group may be subject to sanctions or penalties for its failure in providing adequate protection of its customers' personal information. It may also have to provide compensation for economic loss arising from its failure to protect the personal information of its customers in accordance with relevant laws and regulations. Incidents of mishandling the personal information or failure to protect the confidential information of its customers may also lead to negative public or client perceptions of the Group's operations or its brand, and may further subject the Group to lawsuits and claims, which may materially and adversely affect its reputation and prospects.

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 2020 and 2021. 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.

The Group may not be able to attract and retain senior management and qualified employees

Senior management of the Group plays a vital role in the Group's operation. Each of them has many years of experience in the financial industry, and they collectively possess in-depth understanding of major business lines, customers and competitors of the Group, and the laws and government policies related to the business of the Group. Senior management is also important to the formulation and implementation of business strategies of the Group. However, senior management may tender resignation or leave their positions due to reasons beyond the Group's control. The loss of service of any of the senior management could impair the Group's ability to operate and hinder the Group's efforts to implement business and growth strategies, and the Group may not be able to find candidates of equivalent expertise and experience within a reasonable period of time to replace them.

Continued success of the Group also depends on its ability to attract and retain qualified staff. The Group may need to offer more competitive compensation and other benefits to attract and retain key personnel,

and its compensation and benefit payments may thus increase unpredictably or at a greater rate than its revenue. This may also adversely affect the Group's financial condition and results of operations.

RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP OPERATES

Volatility of the securities markets

The Group's revenues are mainly derived from (i) brokerage; (ii) corporate finance; (iii) asset management; (iv) loans and financing; (v) financial products; (vi) market making; and (vii) investments; 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 2022, the total number of active trading Exchange Participants on the Hong Kong Stock Exchange was 627. In addition, according to information published by the SFC, as at 31 March 2022, there were a total of 3,231 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): 1,495
- Type 2 (dealing in futures contracts): 372
- Type 3 (leveraged foreign exchange and trading): 35
- Type 4 (advising on securities): 1,798
- Type 5 (advising on futures contracts): 184
- Type 6 (advising on corporate finance): 324
- Type 7 (providing automated trading services): 25
- Type 8 (securities margin financing): 4
- Type 9 (asset management): 2,003
- Type 10 (providing credit rating services): 8
- Type 11 (dealing in OTC derivative products or advising on OTC derivative products): 0
- Type 12 (providing clearing agency services for OTC derivative transactions): 0

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. Concerns about global economic conditions or geopolitical events, such as the conflict between Russia and Ukraine and sanctions imposed by governments in response, may continue to cause elevated levels of market volatility. 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 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. with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. The recession's magnitude as well as its duration is and will continue to be highly dependent on the abilities of governments to implement measures that effectively contain or stem the outbreak and the effectiveness of mitigation measures like temporary economic aid and stimulus actions. The global economy and financial markets are therefore facing pressures and challenges. In addition, COVID-19 has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities, and this volatility may persist for some time. As such, there continues to be uncertainty for the overall prospects for the global economies. Any material change in the financial markets, the Hong Kong and the PRC economy or regional economies as a result of these events or developments may materially and adversely affect the Issuer's and the Group's businesses, financial conditions, results of operations or prospects.

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, claims and other proceedings arising out of its operations from time to time and may face significant liabilities as a result

From time to time, the Issuer and the Group may be subject to material litigation or legal or arbitration proceedings and other contingent liabilities which may adversely affect the Issuer's and the Group's results. In addition, where regulatory bodies or governmental authorities disagree with the Issuer's or the Group's conduct in respect of their respective operations, the Issuer and the Group may be subject to administrative proceedings and unfavorable decrees that could result in liabilities, settlements, injunctions, fines, penalties or other results adverse to them. There is no assurance that the Issuer or the Group will not be so involved in any major legal or other proceedings in the future which may subject the Issuer or the Group to significant liabilities and may materially and adversely affect their businesses, financial conditions, results of operations and prospects.

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.

The Group's business may suffer from potential reputational damage associated with any adverse publicity

The reputation of the Group and trading price of the securities of the Issuer may be negatively affected by adverse publicity or other detrimental conduct, which could adversely affect the Group's business, financial condition and results of operation. Adverse publicity concerning the Group's and failure or perceived failure to comply with legal and regulatory requirements, alleged accounting or financial reporting irregularities, regulatory scrutiny and further regulatory action or litigation could harm the reputation and cause the trading price or the value of the securities of the Issuer to decline and fluctuate significantly. The Issuer may also be the target of other detrimental conduct. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies regarding their operations, accounting, operating income and regulatory compliance. In addition, allegations may be posted on the internet by any person or entity which identifies itself or on an anonymous basis. There can be no assurance that the Group will not be materially and adversely affected by such adverse publicity or detrimental conduct. If so, the Group's business, financial condition and operating results may be materially and adversely affected as a result.

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.

As the Notes are unsecured obligations, the repayment of the Notes may be adversely affected if:

- (i) the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- (ii) there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or
- (iii) there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

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 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.

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) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected; and
- (iv) 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.

Risks related to Index Linked Notes

Factors affecting the performance of Indices may adversely affect the value of the Index Linked Notes

Indices are comprised of a synthetic portfolio of shares, bonds, currency exchange rates, commodities, property or other assets, and as such, the performance of an Index is dependent upon the performance of components of such index, which may include interest rates, currency developments, political factors, market factors such as the general trends in capital markets or broad based indices and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. If an Index does not perform as expected, this will materially and adversely affect the value of Index Linked Notes.

Returns on the Index Linked Notes do not reflect a direct investment in underlying shares or other assets comprising the Index

The return payable on Index Linked Notes that reference indices may not reflect the return a potential investor would realise if it actually owned the relevant assets comprising the components of the Index or owned a different form of interest in the relevant Index. For example, if the components of the Indices are shares, Noteholders will not receive any dividends paid or distributions made on those shares and will not participate in the return on those dividends or distributions unless the relevant Index takes such dividends into account for purposes of calculating the relevant level. Similarly, Noteholders will not have any voting rights in the underlying shares or any other assets which may comprise the components of the relevant Index. Accordingly, a Noteholder of Index Linked Notes that reference Indices may receive a lower payment upon redemption/settlement of such Index Linked Notes than such Noteholder would have received if it had invested in the components of the Index directly or other comparable instruments linked to the Index.

A change in the composition or discontinuance of an Index could adversely affect the market value of the Index Linked Notes

The sponsor of any Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The changing of components of any Index may affect the level of such Index as a newly added component may perform significantly worse or better than the component it replaces, which in turn may affect the payments made by the Issuer to the Noteholders. The sponsor of any such Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Index Linked Notes and will have no obligation to any Noteholder. Accordingly, the sponsor of an Index may take any actions in respect of such Index without regard to the interests of the Noteholder, and any of these actions could adversely affect the market value of the Index Linked Notes.

Exposure to Index Modification, Index Cancellation, Index Disruption and correction of Index levels

The Calculation Agent has broad discretion to make certain determinations and adjustments, to replace the original Index with another and/or to cause early redemption/settlement of the Index Linked Notes, any of which may be adverse to Noteholders in connection with Index Modification, Index Cancellation, and Index Disruption. The Calculation Agent may determine that the consequence of any such event is to make adjustments to the Index Linked Notes, or to replace such Index with another or to cause early redemption/settlement of the Index Linked Notes. The Calculation Agent may (subject to the terms and conditions of the relevant Index Linked Notes) also amend the relevant Index level due to corrections in the level reported by the Index Sponsor. The consequences of such amendments could adversely affect the market value of the Index Linked Notes.

Risks related to Equity Linked Notes

No issuer of the relevant Share(s) will have participated in the preparation of the applicable Pricing Supplement or in establishing the terms of the Equity Linked Notes

No issuer of the relevant Share(s) will have participated in the preparation of the applicable Pricing Supplement or in establishing the terms of the Equity Linked Notes and none of the Issuer or any Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of Shares contained in such Pricing Supplement or in the documents from which such information was extracted. The Issuer does not control any issuer of the relevant Share(s) and are not responsible for any disclosure made by any issuer of the relevant Share(s). Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the adequacy, accuracy or completeness of the publicly available information described in this paragraph or in any applicable Pricing Supplement) that would affect the trading price of the relevant Share(s) will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of relevant Share(s) could affect the trading price of the Share(s) and therefore the trading price of the Equity Linked Notes.

Factors affecting the performance of Shares may adversely affect the value of the Equity Linked Notes

The performance of Shares is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments, political factors and company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. These factors are not within the Issuer's control and may result in a decline in the value of the Equity Linked Notes.

Noteholders have no claim against the issuer of the relevant Share(s) or recourse to the Shares

Equity Linked Notes do not represent a claim against or an investment in any issuer of the relevant Share(s) and investors will not have any right of recourse under the Equity Linked Notes to any such company or the Shares. Equity Linked Notes are not in any way sponsored, endorsed or promoted by any issuer of the relevant Share(s) and such companies have no obligation to take into account the consequences of their actions for any Noteholders. Accordingly, the issuer of a Share may take any actions in respect of such Share without regard to the interests of the investors in the Equity Linked Notes, and any of these actions could adversely affect the market value of the Equity Linked Notes.

Determinations made by the Calculation Agent in respect of Potential Adjustment Events, Merger Events, Tender Offers, De-listings, Nationalisations, Insolvencies and Additional Disruption Events may have an adverse effect on the value of the Equity Linked Notes

Upon determining that a Potential Adjustment Event, Merger Event, Tender Offer, De-listing, Nationalisation, Insolvency or Additional Disruption Event has occurred in relation to an underlying Share or Share Issuer, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Equity Linked Notes and/or (ii) (in the case of a Merger Event, Tender Offer, De-listing, Nationalisation, Insolvency or an Additional Disruption Event) cause early redemption/settlement of the Equity Linked Notes, any of which determinations may have an adverse effect on the value of the Equity Linked Notes.

Potential Adjustment Events include (a) a sub-division, consolidation or re-classification of the Shares, (b) an extraordinary dividend, (c) a call of the Shares that are not fully paid, (d) a repurchase by the issuer, or an affiliate thereof, of the Shares, (e) a separation of rights from the Shares or (f) any event having a dilutive or concentrative effect on the value of the Shares. Additional Disruption Events include (a) a change in applicable law since the Issue Date that makes it illegal to hold, acquire or dispose of the

Shares or more expensive for the Issuer to hedge its obligations under the relevant Equity Linked Notes or (b) if specified to be applicable in the applicable Pricing Supplement, (i) an insolvency filing by or on behalf of any issuer of the relevant Share(s) or (ii) Hedging Disruption.

Noteholders may receive physical delivery of Shares in lieu of payment of cash amounts

Where the Equity Linked Notes include the right of the Issuer, subject to the fulfilment of a particular condition, to redeem the Equity Linked Notes at their maturity by delivering Shares to the investor, the investors will receive such Shares rather than a monetary amount upon maturity. Noteholders will, therefore, be exposed to the issuer of such Shares and the risks associated with such Shares. The investor should not assume that he or she will be able to sell such Shares for a specific price after the redemption/settlement of the Equity Linked Notes, and in particular not for the purchase price of the Equity Linked Notes. Under certain circumstances the Shares may only have a very low value or may, in fact, be worthless. Noteholders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Shares.

Impact of settlement disruption event

In the case of physical delivery of Shares, if a settlement disruption event (such as the relevant clearing system is closed down for any unforeseeable reason) occurs on the scheduled date of delivery, any consequential postponement of the delivery date may have an adverse effect on the value of such delivery.

Noteholders will have no voting rights or right to receive dividends or distributions in respect of the relevant Shares

Except as provided in the terms and conditions of the relevant Equity Linked Notes, Noteholders of Equity Linked Notes will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant Shares to which such Equity Linked Notes relate. As a result, the return on Equity Linked Notes may not reflect the return an investor would realise if the investor actually owned those relevant Shares and received the dividends paid or other distributions made in connection with them.

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 Euro Interbank Offered Rate ("**EURIBOR**"), the Hong Kong inter-bank offered rate ("**HIBOR**") 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 "**EU 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). EU Benchmarks Regulation as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmark Regulation**"), among other things, applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the United Kingdom. The EU Benchmark Regulation and/or UK Benchmark Regulation, as applicable, could have a material impact on any Notes linked to 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 EU Benchmark Regulation and/or UK 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.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

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.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the Euro Short-term Rate ("**€STR**") as the new risk-free rate for the euro area. 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. On 2 October 2019, €STR was published by the European Central Bank for the first time. Although EURIBOR has been reformed in order to comply with the terms of the EU Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of any benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions, or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to any 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 (including the Notes) based on the same benchmark.

The Conditions provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances, the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

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.

Investors should consult their own independent advisers, be aware of market developments which may impact the value of their Notes and accordingly make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

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, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate 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 Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the

Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the floating rate Notes.

Benchmark Events include (amongst other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding

Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the floating rate Notes, in effect, becoming fixed 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 Conditions 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 an “IBOR” 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 the relevant IBOR 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 out of the PRC which may adversely affect the liquidity of Renminbi Notes

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 into and out of the PRC for purposes such as capital contributions, debt financing and securities investment, 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 and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

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 (each, a “**RMB Clearing Bank**”) in a number of financial centres and cities, including, but not limited to, Hong Kong, London, Frankfurt and Singapore, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is 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.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. Currently, the RMB Clearing Banks only have limited access to onshore liquidity support from the PBOC to square 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. In such cases, where the participating banks cannot source sufficient Renminbi through the above channels, 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.

Remittance of proceeds into or outside of the PRC in Renminbi may be difficult.

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds outside the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Investment in Renminbi Notes is subject to exchange rate risks

The value of Renminbi against the Hong Kong dollar and other foreign currencies fluctuates from time to time 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 unless otherwise specified. 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 an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. 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 lodged with a sub-custodian for or registered with the CMU, transfer to a Renminbi bank account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing rules and procedures of the CMU, or (ii) when Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained by or on behalf of the holder with a bank 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).

There may be PRC tax consequences with respect to investment in the Renminbi Notes

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

Investment in the Renminbi Notes is subject to interest rate risks

The value of Renminbi payments under Renminbi Notes may be susceptible to interest rate fluctuations occurring within and outside the PRC, including PRC Renminbi repo rates and/or the Shanghai inter-bank offered rate. The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of such Notes will vary with the fluctuations in the Renminbi interest rates. If holders of Renminbi Notes propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

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 (which include the additional terms and conditions contained in Annex 1 in the case of Index Linked Notes and Annex 2 in the case of Equity Linked Notes) 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 amended and restated agency agreement dated 15 July 2021 (as supplemented by a supplemental agency agreement dated 15 July 2022 and as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) between the Issuer, Deutsche Bank AG, Hong Kong Branch as fiscal agent and the other agents named in it and with the benefit of an amended and restated deed of covenant (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 15 July 2021 executed by the Issuer in relation to the Notes. The fiscal agent, the CMU lodging and paying agent, the other 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 and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent and the CMU Lodging and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”. For the purposes of these terms and conditions (the “**Conditions**”), all references to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying 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**”) (the “**Receiptholders**”) 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, and “**Series**” means a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price, the timing for submission of the NDRC Post-Issuance Filing (if applicable)) have identical terms on issue and are expressed to have the same series number.

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 Index Linked Interest Note, an Index Linked Redemption Note, an Equity Linked Interest Note, an Equity

Linked Redemption 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. The applicable Pricing Supplement will specify whether and, if so, which of the additional terms and conditions for Index Linked Notes or the additional terms and conditions for Equity Linked Notes, in each case as set out in Annex 1 and Annex 2 to these terms and conditions respectively, apply to the Notes.

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.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

- (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, Index Linked Interest Notes and Equity Linked Interest Notes:**
 - (i) **Interest Payment Dates:** Each Floating Rate Note, Index Linked Interest Note and Equity Linked Interest 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 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 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 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 Euro-zone inter-bank offered rate (EURIBOR) or the Hong Kong inter-bank offered rate (HIBOR), the first day of that Interest 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 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 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 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 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 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 Period from that which applied to the last preceding Interest Period, the Margin

relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest 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 EURIBOR or HIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the applicable Pricing Supplement.

(C) *Benchmark discontinuation*

(x) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(b)(iii)(C)(y)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(b)(iii)(C)(aa)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(b)(iii)(C) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it, pursuant to this Condition 5(b)(iii)(C).

If (1) the Issuer is unable to appoint an Independent Adviser; or (2) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(b)(iii)(C)(x) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(b)(iii)(C)(x).

(y) Successor Rate or Alternative Rate

If the Independent Adviser, determines that:

- (1) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(iii)(C)); or
- (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(iii)(C)).

(z) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(aa) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(b)(iii)(C) and the Independent Adviser, determines (1) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (2) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(b)(iii)(C)(bb), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(b)(iii)(C), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(b)(iii)(C) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation

Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 5(b)(iii)(C)(aa), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(bb) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(b)(iii)(C) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Fiscal Agent, the Calculation Agent and the Paying Agents a certificate signed by an authorised signatory of the Issuer:

- (1) confirming i) that a Benchmark Event has occurred, ii) the Successor Rate or, as the case may be, the Alternative Rate, iii) the applicable Adjustment Spread and iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(b)(iii)(C); and
- (2) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices, for inspection by the Noteholders at all reasonable times during normal business hours.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5(b)(iii)(C), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or

more alternative courses of action in making any determination or calculation under this Condition 5(b)(iii)(C), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

(cc) **Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Condition 5(b)(iii)(C)(x), 5(b)(iii)(C)(y), 5(b)(iii)(C)(z) and 5(b)(iii)(C)(aa), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii)(B) will continue to apply unless and until a Benchmark Event has occurred.

- (iv) **Rate of Interest for Index Linked Interest Notes:** The Rate of Interest in respect of Index Linked Interest Notes for each Interest Period shall be determined in the manner specified in the Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the Pricing Supplement.
- (v) **Rate of Interest for Equity Linked Interest Notes:** The Rate of Interest in respect of Equity Linked Interest Notes for each Interest Period shall be determined in the manner specified in the Pricing Supplement and interest will accrue by reference to an Equity or Formula as specified in the 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 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 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 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 Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest 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 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 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 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:

“Adjustment Spread” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied);
- (iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(b)(iii)(C)(y) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

“Benchmark Amendments” has the meaning given to it in Condition 5(b)(iii)(C)(aa);

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or

indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) the making of a public statement by the supervisor for the administrator of the Original Reference Rate that, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

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

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

“**Business Day**” means:

- (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, 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 “**30 E/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;

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(b)(iii)(C)(x);

“**Interest Amount**” means:

- (i) in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest 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 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 Period, the date specified as such in the Pricing Supplement or, if none is so specified, (i) the first day of such Interest 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 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 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 amended or supplemented from time to time), as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the Pricing Supplement;

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

“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 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 Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

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

“**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. (Brussels time, in the case of a determination of EURIBOR or Hong Kong time, in the case of HIBOR);

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body; 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 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, the Early Redemption Amount of which is not linked to an index, an equity and/or a formula, 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.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the CMU for their distribution, on the order of the holder of the Bearer Notes, to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

- (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.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the CMU for their distribution, on the order of the holder of the Registered Notes, to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that 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 and Paying 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 and Paying 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 and Paying 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 and Paying Agent in relation to Notes accepted for clearance through the CMU, (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, Index Linked Notes or Equity Linked Notes), the Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired 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, Index Linked Notes or Equity Linked Notes, unexpired 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 unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured 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 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, 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 Issue Position Report issued by the CMU 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 Hong Kong are to have 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 exclusive 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.
- (c) **Service of Process:** The Issuer's address to receive service of process in any Proceedings in Hong Kong is 27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road, Central, Hong Kong. If such address is changed, the Issuer shall forthwith notify the Noteholders a new service address. Nothing shall affect the right to serve process in any manner permitted by law.

ANNEX 1
ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

1 Interpretation

If specified as applicable in the applicable Pricing Supplement, the terms and conditions applicable to Index Linked Interest Notes and Index Linked Redemption Notes (together, the “**Index Linked Notes**”) shall comprise the terms and conditions of the Notes (the “**Conditions**”) and the additional terms and conditions for Index Linked Notes set out below (the “**Index Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Pricing Supplement. In the event of any inconsistency between the Conditions and the Index Linked Conditions, the Index Linked Conditions shall prevail. In the event of any inconsistency between (i) the Conditions and/or the Index Linked Conditions and (ii) the applicable Pricing Supplement, the applicable Pricing Supplement shall prevail.

2 Definitions

For the purposes of these Index Linked Conditions:

“**Averaging Cut-Off Date**” means the eighth Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, or on account of such date not being a Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, a Common Scheduled Trading Day), would have been the final Averaging Date, or, if earlier, the Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on the relevant Averaging Dates, provided that the Averaging Cut-Off Date shall not fall prior to the original date on which the final Averaging Date was scheduled to fall.

“**Averaging Date**” means each date specified as an Averaging Date in the applicable Pricing Supplement or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day, or, if earlier, the Averaging Cut-Off Date (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, each date specified as an Averaging Date in the applicable Pricing Supplement or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If any such day is a Disrupted Day:

- (a) if “**Omission**” is specified as applying in the applicable Pricing Supplement, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level or price provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “**Valuation Date**” will apply for purposes of determining the relevant level or price on the final Averaging Date, as if such final Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “**Postponement**” is specified as applying in the applicable Pricing Supplement, then the provisions of the definition of “**Valuation Date**” will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a

Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

(c) if “**Modified Postponement**” is specified as applying in the applicable Pricing Supplement then:

(i) where the Index Linked Notes relate to a single Index, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Index, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below;

(ii) where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall not be applicable, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (following adjustment of such date owing to the original date not being a Scheduled Trading Day, if applicable) (the “**Scheduled Averaging Date**”) and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Index, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date) in relation to such Index, and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of “Valuation Date” below;

(iii) where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Individual Disrupted Days” shall be applicable, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (following adjustment of such date owing to the original date not being a Common Scheduled Trading Day, if applicable) (the “**Scheduled Averaging Date**”) and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day for the Index, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date) in relation to such Index, and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (c)(ii) of the definition of “Valuation Date” below;

or

- (iv) where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Common Disrupted Days” shall be applicable, the Averaging Date for each Index shall be the first succeeding Common Valid Date in relation to such Index. If the first succeeding Common Valid Date has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (d)(ii) of the definition of “Valuation Date” below,

and, for the purposes of these Index Linked Conditions “**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur, and “**Common Valid Date**” means a Common Scheduled Trading Day that is not a Disrupted Day for any Index, and on which another Averaging Date does not or is deemed not to occur.

“**Barrier Event Determination Day**” means, in respect of each Index and each Observation Period:

- (a) if the applicable Pricing Supplement provides that the Barrier Event (intraday) provisions shall apply, each day on which the level of such Index is published and/or disseminated by the Index Sponsor during such Observation Period, regardless of whether or not such day is a Scheduled Trading Day for such Index (and if the Calculation Agent in its sole and absolute discretion determines that a Market Disruption Event is occurring for such Index at any time on any Barrier Event Determination Day, it shall disregard the period during which it determines in its sole and absolute discretion that such Market Disruption Event has occurred and is continuing for the purposes of determining whether or not a Barrier Event (intraday) has occurred);
- (b) if the applicable Pricing Supplement provides that the Barrier Event (closing) provisions shall apply, each Scheduled Trading Day for such Index during such Observation Period that is not a Disrupted Day for such Index; or
- (c) where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, each Common Scheduled Trading Day that is not a Disrupted Day for any Index in the Basket of Indices.

“**Barrier Event Valuation Time (closing)**” means:

- (a) in relation to an Index which is specified in the applicable Pricing Supplement as being a Unitary Index, the Scheduled Closing Time on the relevant Exchange on the relevant Barrier Event Determination Day, as the case may be, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Barrier Event Valuation Time (closing) is after the actual closing time for its regular trading session, then the Barrier Event Valuation Time (closing) shall be such actual closing time; and
- (b) in relation to an Index which is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time

on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; and

- (c) in relation to an Index which is specified in the applicable Pricing Supplement as being a Proprietary Index, the time at which the Index Sponsor calculates and publishes the official closing level of the Index.

“Barrier Event Valuation Time (intraday)” means any time during the regular trading session (without regard to any after hours or any other trading outside of the regular session) on the Exchange.

“Barrier Level” means, in respect of an Index, such level for such Index as is specified in the applicable Pricing Supplement.

“Basket of Indices” means, subject to adjustment in accordance with these Index Linked Conditions, a basket composed of indices in their relative proportions or number of indices, as specified in the applicable Pricing Supplement.

“Common Scheduled Trading Day” means, in respect of a Basket of Indices, each day which is a Scheduled Trading Day for all the Indices in the Basket of Indices.

“Component Security” means, in respect of an Index, any share or other component security included in such Index as determined by the Calculation Agent and related expressions shall be construed accordingly.

“Disrupted Day” means:

- (a) in relation to an Index which is specified in the applicable Pricing Supplement as being a Unitary Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;
- (b) in relation to an Index which is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of an Index Disruption), (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred; and
- (c) in relation to an Index which is specified in the applicable Pricing Supplement as being a Proprietary Index, any Scheduled Trading Day on which a Market Disruption Event has occurred (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of an Index Disruption).

“Early Closure” means:

- (a) in relation to an Index which is specified in the applicable Pricing Supplement as being a Unitary Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the

earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or

- (b) in relation to an Index which is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day, or (b) the submission deadline for orders to be entered into on the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

“Exchange” means:

- (a) in relation to an Index which is specified in the applicable Pricing Supplement as being a Unitary Index, each exchange or quotation system specified as such for such Index in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in relation to an Index which is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

“Exchange Business Day” means (a) where the relevant Index is specified in the applicable Pricing Supplement to be a Unitary Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time or (b) where the relevant Index is specified in the applicable Pricing Supplement to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

“Exchange Disruption” means:

- (a) in relation to an Index which is specified in the applicable Pricing Supplement as being a Unitary Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
- (b) in relation to an Index which is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in

respect of such Component Security; or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.

“Index” and **“Indices”** mean, subject to adjustment in accordance with the Index Linked Conditions, the indices or index specified in the applicable Pricing Supplement and related expressions shall be construed accordingly.

“Index Closing Level” means, in respect of an Index and any relevant date, subject to these Index Linked Conditions, an amount equal to the official closing level (which shall be deemed to be an amount in the Index Currency) of such Index as determined by the Calculation Agent on such date.

“Index Level” means, in respect of an Index and a time on any day, and subject to these Index Linked Conditions, the level of such Index at such time on such day as determined by the Calculation Agent.

“Index Performance” means the Index Performance specified in the applicable Pricing Supplement.

“Index Sponsor” means, in relation to an Index, the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (ii) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Pricing Supplement.

“Multi-Exchange Index” means any Index which is specified as such in the applicable Pricing Supplement, or, if not specified, any Index the Calculation Agent determines as such.

“Observation Cut-Off Date” means the eighth Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the Scheduled Observation Date or, if earlier, the Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Observation Date, provided that the Observation Cut-Off Date shall not fall prior to the original date on which such Observation Date was scheduled to fall.

“Observation Date” means each Observation Date specified in the applicable Pricing Supplement, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter, or, if earlier, the Observation Cut-Off Date (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, each date specified as an Observation Date in the applicable Pricing Supplement or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If any such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Index, (i) the Observation

Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 5 below) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date);

- (b) where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall not be applicable, that Observation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date (or, if earlier, the Observation Cut-Off Date) and that Observation Date for each Index affected (each an “**Affected Index**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, or if such Observation Date falls on the Observation Cut-Off Date for an Index owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Index, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for such Index (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to such Index, the level of that Index determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 5) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date);
- (c) where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Individual Disrupted Days” shall be applicable, that Observation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date (or if the Scheduled Observation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day, or in either case, if earlier, the Observation Cut-Off Date) and that Observation Date for each Index affected (each an “**Affected Index**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date (or if such Scheduled Observation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day) up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Observation Cut-Off Date shall be

deemed to be that Observation Date for such Index (notwithstanding the fact that such day may be a Disrupted Day for an Index or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to such Index, the level of that Index determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 5) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date); or

- (d) where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Common Disrupted Days” shall be applicable, that Observation Date shall be the first succeeding Common Scheduled Trading Day that is not a Disrupted Day for any Index, unless each of the Common Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day for one or more Indices. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day may be a Disrupted Day for an Index or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to each Index for which the Observation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day, the level of that Index determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 5) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security comprised in each Index for which the Observation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date).

“Observation Period” means, in respect of an Index:

- (a) if the consequence of “Extension” is specified in the applicable Pricing Supplement to be applicable, each period commencing on the Observation Period Start Date, following adjustment of such date pursuant to these Index Linked Conditions or as specified in the applicable Pricing Supplement, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Pricing Supplement) and ending on the immediately following Observation Period End Date, following adjustment of such date pursuant to these Index Linked Conditions or as specified in the applicable Pricing Supplement, if applicable (and including or excluding such Observation Period End Date, as specified in the applicable Pricing Supplement); or
- (b) if the consequence of “No Extension” is specified in the applicable Pricing Supplement to be applicable, each period commencing on the Observation Period Start Date, prior to any

adjustment of such date pursuant to these Index Linked Conditions or as specified in the applicable Pricing Supplement, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Pricing Supplement) and ending on the immediately following Observation Period End Date, prior to any adjustment of such date pursuant to these Index Linked Conditions or as specified in the applicable Pricing Supplement, if applicable (and including or excluding such Observation Period End Date, as specified in the applicable Pricing Supplement).

“Observation Period End Date” means, in respect of an Index, each date specified as such in the applicable Pricing Supplement, subject to adjustment in accordance with the provisions of “Observation Date”, “Valuation Date” or otherwise as specified in the applicable Pricing Supplement, if applicable.

“Observation Period Start Date” means, in respect of an Index, each date specified as such in the applicable Pricing Supplement, subject to adjustment in accordance with the provisions of “Observation Date”, “Valuation Date” or otherwise as specified in the applicable Pricing Supplement, if applicable.

“Proprietary Index” means any Index which is specified as such in the applicable Pricing Supplement, or, if not specified, any Index the Calculation Agent determines as such.

“Related Exchange” means, in relation to any Unitary Index or Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where “All Exchanges” is specified as the Related Exchange in the applicable Pricing Supplement, **“Related Exchange”** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index.

“Scheduled Closing Time” means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“Scheduled Observation Date” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

“Scheduled Trading Day” means in respect of:

- (a) any Unitary Index, any day on which each Exchange and each Related Exchange for the Index are scheduled to be open for trading for their respective regular trading sessions;
- (b) any Multi-Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index, and (ii) the Related Exchange for the Index is scheduled to be open for trading for its regular trading session; and
- (c) any Proprietary Index, any day on, or, as the case may be, in respect of, which the Index Sponsor is scheduled to publish the level of such Index.

“Scheduled Valuation Date” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

“Trade Date” means the date specified as a Trade Date in the applicable Pricing Supplement.

“Trading Disruption” means:

- (a) in respect of any Unitary Index, any suspension of, or limitation imposed on, trading by any relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise, (i) relating to securities that comprise 20 per cent. or more of the level of the Index on any relevant Exchange, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange; and
- (b) in respect of any Multi-Exchange Index, any suspension or limitation imposed on trading by any relevant Exchange or Related Exchange or otherwise, and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise, (i) relating to any Component Security on the Exchange in respect of such Component Security, or (ii) in futures or options contracts relating to the Index on the Related Exchange.

“Unitary Index” means any Index which is specified as such in the applicable Pricing Supplement, or, if not specified, any Index the Calculation Agent determines as such.

“Valuation Cut-Off Date” means the eighth Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the Scheduled Valuation Date or if earlier the Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Valuation Date, provided that the Valuation Cut-Off Date shall not fall prior to the original date on which such Valuation Date was scheduled to fall.

“Valuation Date” means each Valuation Date specified in the applicable Pricing Supplement or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter, or, if earlier, the Valuation Cut-Off Date (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, each date specified as a Valuation Date in the applicable Pricing Supplement or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Index, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 5 below) the formula for and method of calculating the Index last in effect prior to the occurrence of the

first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date);

- (b) where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall not be applicable, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date (or, if earlier, the Valuation Cut-off Date) and the Valuation Date for each Index affected (each an “**Affected Index**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Index, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for such Index (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to such Index, the level of that Index determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 5) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date);
- (c) where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Individual Disrupted Days” shall be applicable, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date (or if the Scheduled Valuation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day, or in either case, if earlier, the Valuation Cut-off Date) and the Valuation Date for each Index affected (each an “**Affected Index**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date (or if the Scheduled Valuation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day) up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for such Index (notwithstanding the fact that such day may be a Disrupted Day for an Index or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to such Index, the level of that Index determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 5) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day

using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date); or

- (d) where the Index Linked Notes relate to a Basket of Indices and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Common Disrupted Days” shall be applicable, the Valuation Date shall be the first succeeding Common Scheduled Trading Day that is not a Disrupted Day for any Index, unless each of the Common Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day for one or more Indices. In that case, or if the Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day for an Index or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to each Index for which the Valuation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day, the level of that Index determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 5) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in each Index for which the Valuation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date).

“Valuation Time” means:

- (a) in respect of any Unitary Index, (i) for the purposes of determining whether an Early Closure, an Exchange Disruption or a Trading Disruption has occurred in respect of (I) any Exchange, the Scheduled Closing Time of the Exchange (provided that, if the relevant Exchange closes prior to its Scheduled Closing Time, then the Valuation Time shall be such actual closing time), and (II) any options contracts or futures contracts on such Index, the close of trading on the Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor;
- (b) in respect of any Multi-Exchange Index, (i) for the purposes of determining whether an Early Closure, an Exchange Disruption or a Trading Disruption has occurred in respect of (I) any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security (provided that, if the relevant Exchange closes prior to its Scheduled Closing Time, then the Valuation Time shall be such actual closing time), and (II) any options contracts or futures contracts on the Index, the close of trading on the Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; and
- (c) in respect of any Proprietary Index, the time at which the Index Sponsor calculates and publishes the official closing level of the Index.

3 Market Disruption

“**Market Disruption Event**” means:

- (a) in respect of any Unitary Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of a Unitary Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in the Index at any time, then the relevant percentage contribution of such Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to such Component Security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event;

- (b) in respect of any Multi-Exchange Index either:
 - (i) (A) the occurrence or existence, in respect of any Component Security, of:
 - I Trading Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
 - II an Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
 - III an Early Closure; and
 - (B) the aggregate of all Component Notes in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of the Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of (A) a Trading Disruption, (B) an Exchange Disruption which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange or (C) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of a Multi-Exchange Index exists at any time, if a Market Disruption Event (as defined in the Equity Linked Conditions in relation to a share) occurs in respect of a Component Security at that time, then the relevant percentage contribution of such Component Security, to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security and (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market “opening data” (as defined in the Equity Linked Conditions in relation to a share).

- (c) in respect of any Proprietary Index, the failure by the Index Sponsor to calculate and publish the level of the Index on any Scheduled Trading Day or in respect of such Scheduled Trading Day within the scheduled timeframe for publication.

4 **Barrier Event**

- (a) A “**Barrier Event (intraday)**” means (and a Barrier Event (intraday) shall be deemed to occur if), in respect of an Index, the Calculation Agent determines that the Index Level of such Index as of the Barrier Event Valuation Time (intraday) on any Barrier Event Determination Day is less than or equal to the corresponding Barrier Level for such Index and such Barrier Event Determination Day.

For the purpose of determining whether a Barrier Event (intraday) has occurred on any day, the definition of Market Disruption Event specified in Index Linked Condition 3 shall be amended such that (i) all references to “during the one hour period that ends at the relevant Valuation Time” shall be deleted, and (ii) in the definition of “Early Closure” appearing in Index Linked Condition 2, each reference to “Valuation Time” and “Scheduled Closing Time” shall be construed as a reference to “Barrier Event Valuation Time (intraday)”.

- (b) A “**Barrier Event (closing)**” means (and a Barrier Event (closing) shall be deemed to occur if), in respect of an Index, the Calculation Agent determines that the Index Closing Level of such Index as of the Barrier Event Valuation Time (closing) on any Barrier Event Determination Day is less than or equal to the corresponding Barrier Level for such Index and such Barrier Event Determination Day.

5 **Adjustments and Corrections to an Index**

- (a) *Successor Index Sponsor Calculates and Reports an Index*

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the “**Successor Index Sponsor**”) acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the “**Successor Index**”) will be deemed to be the Index.

- (b) *Modification and Cessation of Calculation of an Index*

If (i) on or prior to a Valuation Date, an Observation Date or an Averaging Date (or other relevant date, as determined by the Calculation Agent), the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or contracts and other routine events) (an “**Index Modification**”), or permanently cancels a relevant Index and no Successor Index exists (an “**Index Cancellation**”), or (ii) on a Valuation Date, an Observation Date or an Averaging Date (or other relevant date, as determined by the Calculation Agent), the Index Sponsor or, if applicable, the Successor Index Sponsor fails to calculate and announce a relevant Index, provided that, in respect of an Index which is specified in the applicable Pricing Supplement as being a Multi-Exchange Index or a Proprietary Index, the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of a Disrupted Day (an “**Index Disruption**” and, together with an Index Modification and an

Index Cancellation, each an “**Index Adjustment Event**”), then the Issuer may take the action described in (A) or (B) below:

- (A) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Index Linked Notes and, if so, calculate the relevant level or price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date, Observation Date or Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event; or
- (B) on giving notice to the Noteholders in accordance with Condition 14, redeem all (but not less than all) of the Notes, each Note being redeemed at the Early Redemption Amount.

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as reasonably practicable to the Noteholders in accordance with Condition 14, giving details of the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of such action. The Issuer shall make available for inspection by Noteholders copies of any such determinations.

(c) ***Corrections to an Index***

If the level of a relevant Index published on any Valuation Date, Observation Date or Averaging Date (or other relevant date, as determined by the Calculation Agent), as the case may be, by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilised for any calculation or determination made for the purposes of the Index Linked Notes (a “**Relevant Calculation**”) is subsequently corrected and the correction (the “**Corrected Index Level**”) is published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date on which payment of any amount or delivery of any assets may have to be made pursuant to such Relevant Calculation, then such Corrected Index Level shall be deemed to be the relevant level for such Index on such Averaging Date, Observation Date, Valuation Date (or other relevant date, as determined by the Calculation Agent), as the case may be, and the Calculation Agent shall use such Corrected Index Level in determining the relevant level or price and/or whether the Barrier Event (closing) or Barrier Event (intraday), as the case may be, has been triggered.

6 **Additional Disruption Events**

- (a) “**Additional Disruption Event**” means any of Change in Law, Hedging Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Pricing Supplement.

“**Change in Law**” means that, on or after the Trade Date (as specified in the applicable Pricing Supplement) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant security comprised in an Index or (B) the Issuer will incur a materially increased cost in performing its obligations in relation to the Index Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its affiliates).

“Hedging Disruption” means that the Issuer and/or any of its affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Index Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“Increased Cost of Hedging” means that the Issuer and/or any of its affiliates or agents acting on its behalf would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Index Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its affiliates or agents shall not be deemed an Increased Cost of Hedging.

- (b) If Additional Disruption Events are specified as applicable in the applicable Pricing Supplement, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
 - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the terms and conditions of the Notes and/or the applicable Pricing Supplement to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (ii) give notice to Noteholders in accordance with Condition 14, and redeem all, but not less than all, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.
- (c) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

ANNEX 2

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

1 Interpretation

If specified as applicable in the applicable Pricing Supplement, the terms and conditions applicable to Equity Linked Interest Notes and Equity Linked Redemption Notes (together, the “**Equity Linked Notes**”) shall comprise the terms and conditions of the Notes (the “**Conditions**”) and the additional terms and conditions for Equity Linked Notes set out below (the “**Equity Linked Conditions**”), in each case subject to completion and/or amendment in the applicable Pricing Supplement. In the event of any inconsistency between the Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the Conditions and/or the Equity Linked Conditions and (ii) the applicable Pricing Supplement, the applicable Pricing Supplement shall prevail.

2 Definitions

For the purposes of these Equity Linked Conditions:

“**Averaging Cut-Off Date**” means the eighth Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, or on account of such date not being a Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, a Common Scheduled Trading Day), would have been the final Averaging Date, or, if earlier, the Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on the relevant Averaging Dates, provided that the Averaging Cut-Off Date shall not fall prior to the original date on which the final Averaging Date was scheduled to fall.

“**Averaging Date**” means each date specified as an Averaging Date in the applicable Pricing Supplement or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day, or, if earlier, the Averaging Cut-Off Date (or, where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, each date specified as an Averaging Date in the applicable Pricing Supplement or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If any such day is a Disrupted Day:

- (a) if “**Omission**” is specified as applying in the applicable Pricing Supplement, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant price; provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level or price on the final Averaging Date, as if such final Averaging Date were a Valuation Date that was a Disrupted Day; or

- (b) if “**Postponement**” is specified as applying in the applicable Pricing Supplement, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant price on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if “**Modified Postponement**” is specified as applying in the applicable Pricing Supplement then:
- (i) where the Equity Linked Notes relate to a single Share, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Share, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below;
 - (ii) where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall not be applicable, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (following adjustment of such date owing to the original date not being a Scheduled Trading Day, if applicable) (the “**Scheduled Averaging Date**”) and the Averaging Date for a Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Share, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date) in relation to such Share, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of “Valuation Date” below;
 - (iii) where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Individual Disrupted Days” shall be applicable, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (following adjustment of such date owing to the original date not being a Common Scheduled Trading Day, if applicable) (the “**Scheduled Averaging Date**”) and the Averaging Date for a Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date) in relation to such Share, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (c)(ii) of the definition of “Valuation Date” below; or

- (iv) where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Common Disrupted Days” shall be applicable, the Averaging Date for each Share shall be the first succeeding Common Valid Date in relation to such Share. If the first succeeding Common Valid Date has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (d)(ii) of the definition of “Valuation Date” below,

and, for the purposes of these Equity Linked Conditions “**Valid Date**” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur, and “**Common Valid Date**” means a Common Scheduled Trading Day that is not a Disrupted Day for any Share and on which another Averaging Date does not or is deemed not to occur.

“**Barrier Event Determination Day**” means, in respect of each Share and each Observation Period:

- (a) if the applicable Pricing Supplement provides that the Barrier Event (intraday) provisions shall apply, each day on which the price of such Share is quoted on the relevant Exchange during such Observation Period, regardless of whether or not such day is a Scheduled Trading Day for such Share (and, for the avoidance of doubt, if the Calculation Agent in its sole and absolute discretion determines that a Market Disruption Event is occurring at any time on any Barrier Event Determination Day, it shall disregard the period during which it determines in its sole and absolute discretion that such Market Disruption Event has occurred and is continuing for the purposes of determining whether or not a Barrier Event (intraday) has occurred); or
- (b) if the applicable Pricing Supplement provides that the Barrier Event (closing) provisions shall apply, each Scheduled Trading Day for such Share during such Observation Period that is not a Disrupted Day for such Share.

“**Barrier Event Valuation Time (closing)**” means, in respect of each Share to be valued, the Scheduled Closing Time on the relevant Exchange on the relevant Barrier Event Determination Day. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Barrier Event Valuation Time (closing) is after the actual closing time for its regular trading session, then the Barrier Event Valuation Time (closing) shall be such actual closing time.

“**Barrier Event Valuation Time (intraday)**” means any time during the regular trading session (without regard to any after hours or any other trading outside of the regular session) on the Exchange.

“**Barrier Level**” means, in respect of a Share, such price for such Share as is specified in the applicable Pricing Supplement.

“**Basket of Shares**” means a basket composed of Shares in their relative proportions or number of Shares, as specified in the applicable Pricing Supplement.

“Common Scheduled Trading Day” means, in respect of a Basket of Shares, each day which is a Scheduled Trading Day for all the Shares in the Basket of Share.

“Disrupted Day” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

“Early Closure” means the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day, and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

“Exchange” means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

“Exchange Business Day” means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on any relevant Related Exchange.

“Observation Cut-Off Date” means the eighth Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the Scheduled Observation Date or, if earlier, the Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Observation Date, provided that the Observation Cut-Off Date shall not fall prior to the original date on which such Observation Date was scheduled to fall.

“Observation Date” means each date specified as such in the applicable Pricing Supplement, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter (or, where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, each date specified as an Observation Date in the applicable Pricing Supplement or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If any such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Share, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the

Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Share, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Observation Cut-Off Date;

- (b) where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall not be applicable, that Observation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date (or, if earlier, the Observation Cut-Off Date) and that Observation Date for each Share affected (each an “**Affected Share**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Share, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for such Share (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Share, a price determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using its good faith estimate of the price for such Share as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions;
- (c) where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Individual Disrupted Days” shall be applicable, that Observation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date (or if the Scheduled Observation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day, or in either case, if earlier, the Observation Cut-Off Date) and that Observation Date for each Share affected (each an “**Affected Share**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date (or if the Scheduled Observation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day) up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day for such Share, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for such Share (notwithstanding the fact that such day may be a Disrupted Day for a Share or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Share, a price determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using its good faith estimate of the price for such Share as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions; or
- (d) where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Common Disrupted

Days” shall be applicable, that Observation Date shall be the first succeeding Common Scheduled Trading Day that is not a Disrupted Day for any Share, unless each of the Common Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day for one or more Shares. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day may be a Disrupted Day for a Share or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to each Share for which the Observation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day, a price determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using its good faith estimate of the price for such Share as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions.

“Observation Period” means, in respect of a Share:

- (a) if the consequence of “Extension” is specified in the applicable Pricing Supplement to be applicable, each period commencing on, the Observation Period Start Date, following adjustment of such date pursuant to these Equity Linked Conditions or as specified in the applicable Pricing Supplement, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Pricing Supplement) and ending on the immediately following Observation Period End Date, following adjustment of such date pursuant to these Equity Linked Conditions or as specified in the applicable Pricing Supplement, if applicable (and including or excluding such Observation Period End Date, as specified in the applicable Pricing Supplement); or
- (b) if the consequence of “No Extension” is specified in the applicable Pricing Supplement to be applicable, each period commencing on the Observation Period Start Date, prior to any adjustment of such date pursuant to these Equity Linked Conditions or as specified in the applicable Pricing Supplement, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Pricing Supplement) and ending on the immediately following Observation Period End Date, prior to any adjustment of such date pursuant to these Equity Linked Conditions or as specified in the applicable Pricing Supplement, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Pricing Supplement).

“Observation Period End Date” means, in respect of a Share, each date specified as such in the applicable Pricing Supplement, subject to adjustment in accordance with the provisions of “Observation Date”, “Valuation Date” or otherwise as specified in the applicable Pricing Supplement, if applicable.

“Observation Period Start Date” means, in respect of a Share, each date specified as such in the applicable Pricing Supplement, subject to adjustment in accordance with the provisions of “Observation Date”, “Valuation Date” or otherwise as specified in the applicable Pricing Supplement, if applicable.

“Related Exchange” means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the

original Related Exchange), provided, however, that where “All Exchanges” is specified as the Related Exchange in the applicable Pricing Supplement, “**Related Exchange**” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

“**Scheduled Closing Time**” means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“**Scheduled Observation Date**” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

“**Scheduled Trading Day**” means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

“**Scheduled Valuation Date**” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

“**Shares**” and “**Share**” mean, subject to adjustment in accordance with these Equity Linked Conditions, the shares or a share specified in the applicable Pricing Supplement and related expressions shall be construed accordingly.

“**Share Closing Price**” means, in respect of a Share and any relevant date, subject to these Equity Linked Conditions, an amount equal to the official closing price of such Share quoted on the relevant Exchange as determined by the Calculation Agent on such date.

“**Share Company**” means, in respect of a Share, the company that has issued such Share.

“**Share Performance**” means the Share Performance specified in the applicable Pricing Supplement.

“**Share Price**” means, in respect of a Share and a time on a Scheduled Trading Day and subject to these Equity Linked Conditions, the price of such Share at such time on such day as determined by the Calculation Agent.

“**Share Substitution Criteria**” means (and the Share Substitution Criteria shall be deemed to be satisfied if), unless otherwise provided in the applicable Pricing Supplement, in respect of a Share and any other relevant share:

- (a) the relevant issuer of such other relevant share belongs to a similar economic sector as the Share Company of such Share; and
- (b) the relevant issuer of such other relevant share has a comparable market capitalisation and international standing as the Share Company in respect of such Share.

“**Trade Date**” means the date specified as a Trade Date in the applicable Pricing Supplement.

“**Trading Disruption**” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

“**Valuation Cut-Off Date**” means the eighth Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the Scheduled Valuation Date or if earlier the Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Valuation Date, provided that the Valuation Cut-Off Date shall not fall prior to the original date on which such Valuation Date was scheduled to fall.

“**Valuation Date**” means each Valuation Date specified in the applicable Pricing Supplement or if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter or, if earlier, the Valuation Cut-Off Date (or, where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall be applicable, each date specified as a Valuation Date in the applicable Pricing Supplement or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Share, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Valuation Cut-Off Date;
- (b) where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” shall not be applicable, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date (or, if earlier, the Valuation Cut-Off Date) and the Valuation Date for each Share affected (each an “**Affected Share**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Share, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for such Share (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Share, a price determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using its good faith estimate of the price for such Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions;
- (c) where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Individual Disrupted Days” shall be applicable, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date (or if the Scheduled Valuation

Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day, or in either case, if earlier, the Valuation Cut-Off Date) and the Valuation Date for each Share affected (each an “**Affected Share**”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date (or if the Scheduled Valuation Date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day) up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for such Share (notwithstanding the fact that such day may be a Disrupted Day for a Share or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Share, a price determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using its good faith estimate of the price for such Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions; or

- (d) where the Equity Linked Notes relate to a Basket of Shares and the applicable Pricing Supplement provides that “Common Scheduled Trading Days” and “Individual Disrupted Days” shall be applicable, the Valuation Date shall be the first succeeding Common Scheduled Trading Day that is not a Disrupted Day for any Share, unless each of the Common Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day for one or more Shares. In that case, or if the Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day for a Share or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to each Share for which the Valuation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day, a price determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using its good faith estimate of the price for such Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

“**Valuation Time**” means the Valuation Time specified in the applicable Pricing Supplement or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

3 Barrier Event

- (a) A “**Barrier Event (intraday)**” means (and a Barrier Event (intraday) shall be deemed to occur if), in respect of a Share, the Calculation Agent determines that the Share Price of such Share as of the Barrier Event Valuation Time (intraday) on any Barrier Event Determination Day is less than or equal to the corresponding Barrier Level for such Share and such Barrier Event Determination Day.

For the purpose of determining whether a Barrier Event (intraday) has occurred on any day, the definition of Market Disruption Event specified in Equity Linked Condition 4 shall be amended such that (i) all references to “during the one hour period that ends at the relevant

Valuation Time” shall be deleted, and (ii) in the definition of “Early Closure” appearing in Equity Linked Condition 2, each reference to “Valuation Time” and “Scheduled Closing Time” shall be construed as a reference to “Barrier Event Valuation Time (intraday)”.

- (b) A “**Barrier Event (closing)**” means (and a Barrier Event (closing) shall be deemed to occur if), in respect of a Share, the Calculation Agent determines that the Share Closing Price of any Share as of the Barrier Event Valuation Time (closing) on any Barrier Event Determination Day is less than or equal to the corresponding Barrier Level for such Share and such Barrier Event Determination Day.

4 Market Disruption

“**Market Disruption Event**” means, in relation to a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, any time during the one hour period that ends at the Valuation Time for such Share or (iii) an Early Closure.

5 Correction to Share Prices

If the price of a Share published on any Valuation Date, Observation Date, or an Averaging Date (or other relevant date, as determined by the Calculation Agent) as the case may be, by the relevant Exchange and which is utilised for any calculation or determination made for the purposes of the Notes (a “**Relevant Calculation**”) is subsequently corrected and the correction (the “**Corrected Share Price**”) published by the relevant Exchange no later than two Business Days prior to the date on which payment of any amount or delivery of any assets may have to be made pursuant to such Relevant Calculation, then such Corrected Share Price shall be deemed to be the relevant price for such Share on such Averaging Date, Observation Date or Valuation Date (or other relevant date, as determined by the Calculation Agent), as the case may be, and the Calculation Agent shall use such Corrected Share Price in determining the relevant price and/or whether the Barrier Event (closing) or Barrier Event (intraday), as the case may be, has been triggered.

6 Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency

- (a) “**Potential Adjustment Event**” means any of the following:
- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event or, if Tender Offer is specified as applying in the applicable Pricing Supplement, a Tender Offer) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
 - (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
 - (iii) an extraordinary dividend as determined by the Calculation Agent;
 - (iv) a call by a Share Company in respect of relevant Shares that are not fully paid;

- (v) a repurchase by the Share Company or any of its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vi) in respect of a Share Company an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will make the corresponding adjustment, if any, to any one or more of the terms and conditions of the Notes and/or the applicable Pricing Supplement as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends stock loan rate or liquidity relative to the relevant Share) and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

If “**Local Tax Adjustment**” is specified in the applicable Pricing Supplement as being applicable, then, in its determinations of the existence and extent of any dilutive or concentrative effect on the theoretical value of the Shares of any Potential Adjustment Event, and any related adjustments to the terms of the Notes, the Calculation Agent shall take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Potential Adjustment Event.

“**Local Taxes**” shall mean taxes, duties, and similar charges imposed by the taxing authority of the Local Jurisdiction (specified in the applicable Pricing Supplement).

“**Offshore Investor**” shall mean a holder of Shares who is an institutional investor not resident in the Local Jurisdiction for the purposes of the tax laws and regulations of the Local Jurisdiction and, for the avoidance of doubt, whose jurisdiction of residence (a) shall be determined by the Calculation Agent and (b) may be the jurisdiction of residence of the Issuer or any of its affiliates or agents.

Upon the making of any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 14, stating the adjustment to the terms and conditions of the Notes and/or the applicable Pricing Supplement and giving brief details of the Potential Adjustment Event provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

- (b) **“De-listing”** means, in respect of any relevant Shares:
- (i) in the case where the Exchange is not located in the United States, such Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Pricing Supplement, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union); or
 - (ii) in the case where the Exchange is located in the United States, such Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Pricing Supplement, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or their respective successors).

If the Shares are immediately re-listed, re-traded or re-quoted on any exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange in respect of such Shares.

“Insolvency” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them.

“Merger Date” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“Merger Event” means, in respect of any relevant Shares, any (A) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (C) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (I) in the case of Notes redeemed by physical delivery, the Maturity Date or (II) in any other case, the

last occurring Valuation Date or Observation Date, as the case may be, or where Averaging is specified in the applicable Pricing Supplement, the final Averaging Date in respect of the relevant Note.

“**Nationalisation**” means that all the Shares or all or substantially all the assets of the Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Company as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

“**Tender Offer Date**” means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

- (c) If (x) a Merger Event, De-listing, Nationalisation or Insolvency occurs in relation to a Share and/or (y) if Tender Offer is specified as applicable in the applicable Pricing Supplement, a Tender Offer occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii) or (iv) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the terms and conditions of the Notes and/or the applicable Pricing Supplement to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange and the relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares; or
 - (ii) in the case of Notes, give notice to the Noteholders in accordance with Condition 14 and redeem all, but not less than all, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.
 - (iii) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the “**Options Exchange**”), require the Calculation Agent to make a corresponding adjustment to any one or more of the terms and conditions of the Notes and/or the applicable Pricing Supplement which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the terms and conditions of the Notes and/or the applicable Pricing Supplement as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation

or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or

(iv) unless the applicable Pricing Supplement provides that “Share Substitution” shall not be applicable, then on or after the relevant Merger Date, Tender Offer Date, or the date of the Nationalisation, Insolvency or De-listing (as the case may be):

(I) Where the Equity Linked Notes relate to a single Share, the Calculation Agent may substitute the share (the “**Substitute Share**”) selected by it in accordance with the Share Substitution Criteria in place of such Share (the “**Affected Share**”) which is affected by such Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing and the Substitute Share will be deemed to be “Share” and the relevant issuer of such shares, a “Share Company” for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any of the terms and conditions of the Notes and/or the applicable Pricing Supplement as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Notes was to be determined by reference to the price of the Affected Share on the Trade Date (or any such other historical date specified in the applicable Pricing Supplement), the relevant price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

Where:

$$A \times (B/C)$$

“**A**” is the official closing price of the relevant Substitute Share on the relevant exchange, as determined by the Calculation Agent, on the date that the substitution is effected;

“**B**” is the price of the Affected Share on the Trade Date (or any such other historical date specified in the applicable Pricing Supplement) where such price is defined in the applicable Pricing Supplement for the purposes of calculating any value or determining any amount payable in respect of the Notes; and

“**C**” is the official closing price of the relevant Affected Share on the relevant Exchange on the date that the substitution is effected.

(II) Where the Equity Linked Notes relate to a Basket of Shares, the Calculation Agent may adjust the basket of Shares to include a share or shares (the “**Substitute Shares**”) selected by it in accordance with the Share Substitution Criteria in place of the Share(s) (the “**Affected Share(s)**”) which are affected by such Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing and the Substitute Shares will be deemed to be “Shares” and the relevant issuer of each such share, a “Share Company” for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any of the terms and conditions of the Notes and/or the applicable Pricing Supplement as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Notes was to be determined by reference to the price of the Affected Share on the Trade Date

(or any such other historical date specified in the applicable Pricing Supplement), the relevant price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

$$A \times (B/C)$$

Where:

“**A**” is the official closing price of the relevant Substitute Share on the relevant exchange, as determined by the Calculation Agent on the date that the substitution is effected;

“**B**” is the price of the Affected Share on the Trade Date (or any such other historical date specified in the applicable Pricing Supplement) where such price is defined in the applicable Pricing Supplement for the purposes of calculating any value or determining any amount payable in respect of the Notes; and

“**C**” is the official closing price of the relevant Affected Share on the relevant Exchange on the date that the substitution is effected.

The weighting of each Substitute Share in the basket will be equal to the weighting of the relevant Affected Share.

Upon the occurrence of a Merger Event, De-listing, Nationalisation, Insolvency or, if applicable, Tender Offer, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 14, stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be.

7 Additional Disruption Events

- (a) “**Additional Disruption Event**” means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow and/or Insolvency Filing, in each case if specified in the applicable Pricing Supplement.

“**Change in Law**” means that, on or after the Trade Date (as specified in the applicable Pricing Supplement) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Share or (B) it will incur a materially increased cost in performing its obligations in relation to the Equity Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its affiliates).

“**Hedging Disruption**” means that the Issuer and/or any of its affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Equity Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

“**Hedging Shares**” means the number of Shares that the Calculation Agent deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Equity Linked Notes.

“**Increased Cost of Hedging**” means that the Issuer and/or any of its affiliates or agents would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Equity Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its affiliates or agents shall not be deemed an Increased Cost of Hedging.

“**Increased Cost of Stock Borrow**” means that the Issuer and/or any of its affiliates would incur a rate to borrow Shares that is greater than the Initial Stock Loan Rate.

“**Initial Stock Loan Rate**” means, in respect of a Share, the Initial Stock Loan Rate specified in relation to such Share in the applicable Pricing Supplement.

“**Insolvency Filing**” means that a Share Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company shall not be deemed an Insolvency Filing.

“**Loss of Stock Borrow**” means that the Issuer and/or any affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

“**Maximum Stock Loan Rate**” means in respect of a Share, the Maximum Stock Loan Rate specified in the applicable Pricing Supplement.

- (b) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
 - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the terms and conditions of the Notes and/or the applicable Pricing Supplement to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (ii) in the case of Notes, give notice to Noteholders in accordance with Condition 14 and redeem all, but not less than all, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

- (c) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 14, stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

- (d) If the applicable Pricing Supplement provides that “Share Substitution” is applicable upon the occurrence of an Additional Disruption Event, the provisions of Equity Linked Condition 6(c)(iv)(I) or 6(c)(iv)(II) (as is applicable) shall apply in respect of an Additional Disruption Event where any reference to “Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing” in Equity Linked Conditions 6(c)(iv)(I) and 6(c)(iv)(II) shall be replaced by “Additional Disruption Event”, and any other relevant references shall be construed accordingly.

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. In recent years, as the Issuer’s diversified development strategy has been fully implemented, it has successfully transformed from a “brokerage oriented” securities company to a large “integrated financial service provider” with diversified businesses. The Issuer’s core business consists of seven categories, namely, brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments, which covers three dimensions including individual finance (wealth management), institutional finance (institutional investor services and corporate finance service) and investment management.

The Group’s controlling shareholder, Guotai Junan Securities Co., Ltd.⁸ (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. It is a long-term, continuous and comprehensive leading integrated financial service provider in the Chinese securities industry. The Group is the major overseas flagship of Guotai Junan to explore the Hong Kong and Southeast Asia markets. As at 31 December 2021, Guotai Junan, through its indirectly wholly-owned subsidiary, beneficially owned 7,044,877,066 shares, representing approximately 73.24% 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 several directly wholly-owned or partially-owned principal subsidiaries, including:

- Guotai Junan (Hong Kong) Limited (國泰君安(香港)有限公司) (“**Guotai Junan (Hong Kong)**”);
- 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**”);

⁸ 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 (Singapore) Pte. Limited (formerly known as Guotai Junan International (Singapore) Holdings Pte. Limited) (“**Guotai Junan Singapore**”);
- Guotai Junan International Asset Management (Singapore) Pte. Limited (“**Guotai Junan AM Singapore**”);
- Guotai Junan International Securities (Singapore) Pte. Limited (“**Guotai Junan Securities Singapore**”); and
- Guotai Junan Securities (Vietnam) Corporation (國泰君安證券(越南)股份公司) (formerly known as Vietnam Investment Securities Company) (“**Vietnam Corporation**”).

Details of each of the subsidiaries are set forth as follows:

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 provision of general administration and supporting services to its fellow 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. On 27 August 2021, the Issuer acquired all the shares in Guotai Junan Securities previously held by Guotai Junan (Hong Kong).

Guotai Junan Securities is principally engaged in the provision of securities dealing and broking and provision of wealth management services.

Guotai Junan Capital

On 8 August 1995, Guotai Junan Capital was incorporated with limited liability in Hong Kong. On 27 August 2021, the Issuer acquired all the shares in Guotai Junan Capital previously held by Guotai Junan (Hong Kong). Guotai Junan Capital is principally engaged in the provision of consultancy and financial services.

Guotai Junan Futures

On 3 August 1995, Guotai Junan Futures was incorporated with limited liability in Hong Kong. On 27 August 2021, the Issuer acquired all the shares in Guotai Junan Futures previously held by Guotai Junan (Hong Kong). Guotai Junan Futures is principally engaged in the provision of futures dealing and broking services.

Guotai Junan Finance

On 3 August 1995, Guotai Junan Finance was incorporated with limited liability in Hong Kong. On 27 August 2021, the Issuer acquired all the shares in Guotai Junan Finance previously held by Guotai Junan (Hong Kong). Guotai Junan Finance is principally engaged in money lending and trading in securities.

Guotai Junan Assets

On 15 August 1995, Guotai Junan Assets was incorporated with limited liability in Hong Kong. On 27 August 2021, the Issuer acquired all the shares in Guotai Junan Assets previously held by Guotai Junan (Hong Kong). 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. On 27 August 2021, the Issuer acquired all the shares in Guotai Junan Fund Management previously held by Guotai Junan (Hong Kong).

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

Guotai Junan FX

On 31 March 2010, Guotai Junan FX was incorporated with limited liability in Hong Kong. On 27 August 2021, the Issuer acquired all the shares in Guotai Junan FX previously held by Guotai Junan (Hong Kong). Guotai Junan FX is principally engaged in the business of provision of leveraged foreign exchange dealing and broking services.

Guotai Junan Financial Products

On 29 September 2015, Guotai Junan Financial Products was incorporated with limited liability in Hong Kong. On 27 August 2021, the Issuer acquired all the shares in Guotai Junan Financial Products previously held by Guotai Junan (Hong Kong). Guotai Junan Financial Products is principally engaged in trading in securities.

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 provision of general administration and supporting services to its fellow subsidiaries.

Guotai Junan AM Singapore

On 1 July 2015, Guotai Junan AM Singapore was incorporated with limited liability in Singapore. On 27 August 2021, the Issuer acquired all the shares in Guotai Junan AM Singapore previously held by Guotai Junan 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”).

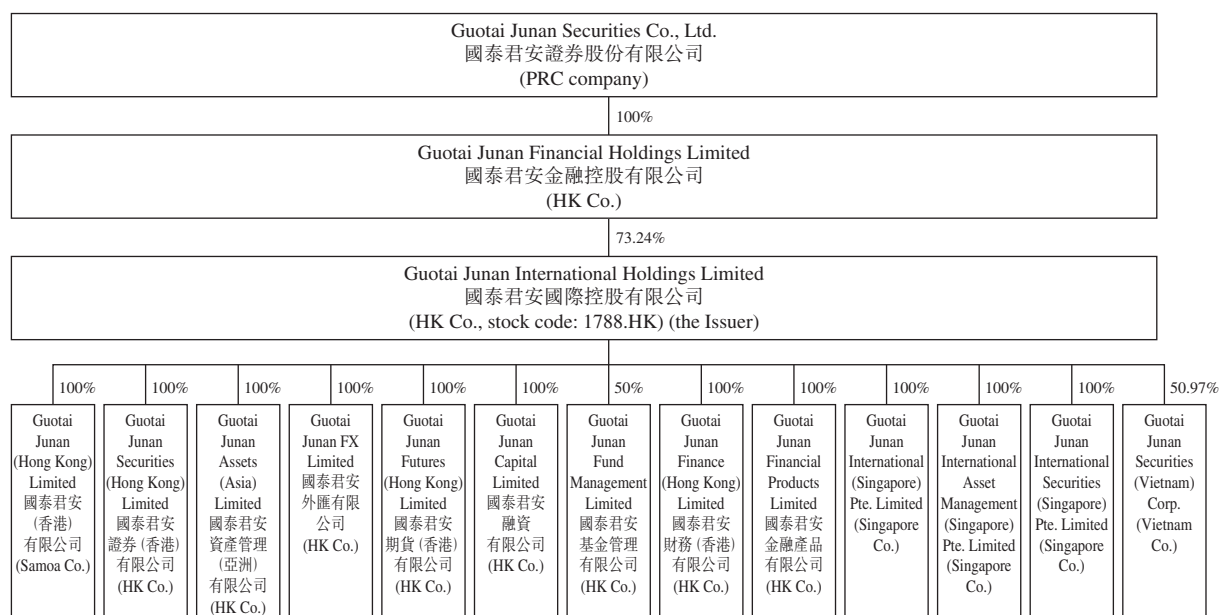
Guotai Junan Securities Singapore

On 18 January 2016, Guotai Junan Securities Singapore was incorporated with limited liability in Singapore. On 27 August 2021, the Issuer acquired all the shares in Guotai Junan Securities Singapore previously held by Guotai Junan 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 and other financial services.

Vietnam Corporation

At the end of 2019, the Issuer acquired 50.97% equity interests in Vietnam Corporation. Vietnam Corporation 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 2022:



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;
- The Group has viewed risk management as its core competitive strength among its peers. The Group has established a prudent credit risk management policy and effective internal control operations system, which are critical to its success. Meanwhile, the Group maintained a long-term issuer rating of “Baa2” and “BBB+” by the global credit rating agencies Moody's Investors Service and Standard & Poor's Global Ratings respectively, with outlook being “stable”, ranking in par with first-tier global investment banks, staying in a leading position among its peers in Hong Kong;
- 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;
- It has a strong and diversified client base, comprising institutional and high-net-worth clients from a wide range of business industries and with whom it has maintained strong and lasting client relationships;
- To offer quality products and services tailored for high-net-worth individual clients in a better way, the Group completed the internal strategic consolidation of wealth management and retail brokerage business in 2020. Currently, the Wealth Management platform of the Group is equipped with professional teams specialized in investment consulting, customer service, wealth management for private clients and structured derivatives products, and offers a variety of asset classes not only covering regular investment portfolios such as equity and fixed income products, but also including a basket of investment products such as derivative warrants and callable bull/bear contract (“CBBC”), customized wealth management products, foreign exchange, futures and private equity, etc.;
- With thorough understanding and knowledge in the Hong Kong and the PRC's capital markets, the corporate finance teams provide debt capital markets (“DCM”), equity capital markets (“ECM”) and advisory services, as well as expert advice, one-stop solutions and outstanding transaction execution services to its corporate clients;
- Leveraging on its expertise in the finance products business, the Group consolidated its resources and established the Structured Solutions and Derivatives (“SSD”) business team in 2020 to cater to meet the increasing demands for customized services from corporate and institutional investors and provide flexible and practical investment and financing solutions continuously, so as to help clients to make optimal investment decisions and strategies under different market conditions;
- The Group has been promoting digital transformation in full swing. Taking into account the needs of clients and management efficiency, the Group has been increasing its investment in financial technology to empower overall business development. In 2021, the Group launched several digital services, including “eDDA Express Deposit” service, which enables fund transfers in as quick as five minutes, “Flexi-Money”, a cash management tool for professional investors, remote account opening application and customer service

chatbot, facilitating clients with every investment opportunity instantly. The existing trading functions of “Rich Easy” platform were continuously upgraded to provide clients with more convenient online financial services; and

- 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.

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 2022, there were 1,370 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 2022, market capitalisation of all PRC-based listed companies, including H shares, red chips and PRC private enterprises represents 77.6% 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 2021, the total turnover on the Hong Kong Stock Exchange by the SEHK Participants was HK\$37,138.90 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 2022, there were a total of 713 SEHK Participants, including 627 trading participants and 72 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 2022, the total number of trading Exchange participants on the Futures Exchange was 187. 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 288.1 million contracts in 2021.

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 8 futures and options exchanges, including United States, Europe and Asia markets, with coverage for trading on agriculture, currency, energy, equity index, fixed income and metals, alongside with leveraged foreign exchange trading for 7 major currency pairs, 21 associated combinations and USD/CNH and USD/HKD for a total of 30 currency pairs in total as at 31 December 2021. 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 2 December 2020, the Issuer and Guotai Junan entered into a Master 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 2020 and 2021, commissions generated through brokerage accounted for 13.3% and 20.3% of the Group’s revenue, respectively. As the Group’s revenues 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 2021, the Group had 38,742 securities trading accounts in total. In terms of securities trading volume for the year ended 31 December 2021, income attributable to retail trading accounted for approximately 72% 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 2021, Internet trading accounted for approximately 55% 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 13 programmers who are responsible for developing and maintaining the proprietary online securities trading system and 10 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 2020 and 2021, the amounts of margin loan advances outstanding were approximately HK\$15,523 million and HK\$16,644 million, respectively; the amounts of IPO loans were HK\$1,429 million and nil, respectively; and total market value of securities pledged as collateral in respect of the Group's margin loans were HK\$48,183 million and HK\$58,946 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 2020 and 2021,

- (i) interest and handling income from customers and counterparty financing accounted for approximately 15.5% and 18.8% of the Group's total revenue, respectively; and
- (ii) interest income from banks and others accounted for approximately 5.1% and 3.2% 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 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 as well as the development of margin financing business and approval of major credit exposure.

With regard to margin financing, the Credit Committee pre-defines margin ratios or acceptable collateral securities which apply to all margin financing activities. The Risk Management 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 Risk Management 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 Risk Management Department will report all large and material credit risk issues to the Group's Credit Committee and will seek their guidance and opinions as to the appropriate actions to be taken.

The Group's trading 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. In determining client's margin limit, the Risk Management 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.

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 automobile, information technology, logistic, healthcare, catering, media and entertainment, industrial component, retails and consumers, pharmaceuticals, real-estates and property management, education 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. In 2021, the Group has completed a total of 20 equity underwriting projects on the capital market, and assisted corporations in raising funds of HK\$106.8 billion in aggregate. The projects completed included large-scale IPOs in Hong Kong stock market and US stock market such as JD Logistics (2618.HK), Bilibili (9626.HK), ATRenew (RERE.US) and etc.

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 221 and 247 debt issues, for the years ended 31 December 2020 and 2021, respectively.

Financial products, market making and investment

The Group holds financial assets for the purpose of business development, market making business and for the provision of investment products. The Group's investment business income derived from seed funding in asset management, the financial derivatives provided to wealth management clients as well as structured financing products. The Group provides debt market making services to institutional clients to support the development of its DCM underwriting business in the long run. For the years ended 31 December 2020 and 2021, the Group's interest income from market making debt securities business were HK\$819.0 million and HK\$506.6 million, respectively. The Group provides diversified financial products and solutions to institutional, corporate and wealth management clients. For the years ended 31 December 2020 and 2021, the Group's interest income from financial products business were HK\$296.1 million and HK\$320.9 million, respectively.

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.

Wealth management

To offer quality products and services tailored for high-net-worth individual clients in a better way, the Group completed the internal strategic consolidation of wealth management and retail brokerage business in first half of 2020. The wealth management platform of the Group is equipped with professional teams specialized in investment consulting, customer service, wealth management for private clients and structured derivatives products, and offers a variety of asset classes not only covering regular investment portfolios such as equity and fixed income products, but also including a basket of investment products such as derivative warrants and callable bull/bear contracts (CBBCs), customized wealth management products, foreign exchange, futures and private equity, etc. In addition, leveraging on its expertise in the finance products business, the Group consolidated its resources and established the structured solutions and derivatives business team in the third quarter of 2020 to cater to the increasing demands for customized services from corporate and institutional investors and provide flexible and practical investment and financing solutions continuously, so as to help clients to make optimal investment decisions and strategies under different market conditions.

As new economy industries driven by technology innovation started to reshape people's lifestyle and led the global financial markets in 2020, the Group established a professional team in 2020 for equity investments, to support the development of quality new economy enterprises and lay a foundation for offering differentiated and a wider range of products and investment channels to wealth management clients. During the year, the Group participated in a number of private equity projects covering various new economy industries, including companies in new energy battery asset management, recycling platform for electronic devices, artificial intelligence chips, automated driving technology and other sectors, the substance and prospects of which are highly welcomed by wealth management clients.

In 2021, the Group seized the opportunities in the wealth management market, adhered to the client-centric concept for its services, focused on digitalization and financial product empowerment, and ultimately enlarged its client base and actual satisfaction, achieving important milestones in its transformation. For the years ended 31 December 2020 and 2021, revenue from the wealth management segment were HK\$1,449.2 million and HK\$1,829.4 million, respectively, mainly due to the Group's timely launch of diversified trading products and services in different market environments, with client demand for products and services such as trading, financing and derivatives remaining robust.

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 2022, the Group had 654 employees in total (excluding the self-employed 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 2021, 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 2022:

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 Fund Management Limited							Yes		2
Guotai Junan Futures (Hong Kong) Limited		Yes			Yes				12
Guotai Junan Securities (Hong Kong) Limited	Yes	Yes		Yes					30
Guotai Junan Capital Limited						Yes			13
Guotai Junan FX Limited			Yes						3

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 and Guotai Junan Securities are Futures Exchange Participants. For risks associated with the regulatory environment, see “*Risk Factors — Highly regulated business environment*”.

In Singapore, both Guotai Junan AM Singapore and Guotai Junan Securities Singapore have Capital Markets Services Licences issued by the MAS.

13. RISK MANAGEMENT

Internal controls

To facilitate the effective and efficient operations and to ensure compliance with relevant laws and regulations, the Group emphasizes the importance of a sound internal control system which is also indispensable for mitigating the Group’s risk (including environmental, social and governance (“ESG”) risks) exposures. The Group’s system of internal control is designed to provide a reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives. The Group is committed to the identification, monitoring and management of risks associated with business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound risk management system and periodic review of the Group’s performance by the Audit Committee and the Risk Committee.

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 Department assists the Group in identifying, monitoring and advising on internal control which effectively supports the business departments in performing their duties to comply with the relevant laws, regulations and internal procedures. On the regulatory compliance side, the

Compliance Department has a team of dedicated persons to monitor the requirements applicable for the Group's business and the changes in regulatory requirements of the SFC including licensing regime. On the internal control side, the Group has established policies and procedures such as Staff Dealing and Outside Appointments Policy and also has procedures for other internal control areas such as Chinese walls, segregation of duties, conflict of interests, policies on accounts opening and dealing practices. The Compliance Department also conducts periodical reviews and updates of 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 to discuss and evaluate the need for improvement in the internal control systems in the business units on a 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. The Group has established the anti-money laundering and counter financing of terrorism manual and the customer due diligence manual, which expressly define money laundering actions, the roles and responsibilities of the three lines of defense, and requirements on various anti-money laundering efforts, including institutional risk assessment, client risk assessment, client due diligence, continuous monitoring (e.g. transaction monitoring, regular review, etc.), suspicious transaction reporting, employee training and record keeping, etc.

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 Risk Management Department is the key department for risk management and responsible for identifying, assessing, monitoring and reporting risks associated with the business activities of the Group. The Risk Management Department measures and quantifies the business risks through the risk management systems and internal risk measurement models, including but not limited to the value at risk (VaR), stress testing, internal rating and sensitivity analysis. The Group develops a

limit-focused risk index system that sets top-down risk limits covering various specific risks and businesses to reflect different levels of authorization, risk appetite and risk tolerance of the Issuer.

The Group has classified different risks into the following categories: credit risk, market risk, operational risk, liquidity risk, model risk, legal and compliance risk, concentration risk, strategic risk, ESG risks, 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, but not limited to, 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, risk indicators and 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 indicator system to reflect the different levels of authorization and reporting mechanisms from top to bottom.

The Group established monitoring measures for loan business, including pre-lending limit approval, real time post-lending monitoring, executing margin calls and forced liquidations, setting single client and single securities collateral loan limit, 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 made 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 sets 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, credit spread, 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, key 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, size limits, VaR limits, concentration limits, sensitivity limits and stop loss limits. The Risk Management Department is responsible for day-to-day identification, measurement, monitoring and control of the overall market risk, and reports 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 and credit spread risk refers to the risk arising from the volatility of fair value of financial instruments held by the Group due to market interest rate or credit spread 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.

The Group's principal operations are transacted and recorded in Hong Kong dollar, US dollar and Renminbi. The Group is not exposed to material foreign exchange risk because HK dollar is pegged with US dollar. The Group also conducts appropriate hedging activities when it is exposed to material exchange risk in Renminbi. Other foreign currency exposure is relatively minimal to its total assets and liabilities. The foreign exchange risk is daily managed and monitored by the Treasury Department and Finance Department. As a result, it is considered that foreign exchange risk exposure is manageable. For the leveraged foreign exchange brokerage business, the Group hedges the majority of the client positions through back-to-back transactions with external counterparties.

Operational risk

Operational risk refers to losses resulting from inadequate or ineffective internal processes, personnel and systems, or from other events. Since operational risk is embodied in every activity 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 the Group's 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 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 and reporting operational risks specifically from 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 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 of the Issuer. 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, debt issuance 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 and committed bank lines 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 complicated and widely used, the Group was also exposed to more significant model risks amid business development and risk management.

The Issuer was fully aware of the importance of model risk and had developed a corporate model management framework. The Issuer specified the responsibilities of each department in its three-line defense management mechanism, and categorised the models in accordance with the complexity and impact of them. The Group 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 Issuer which is originated from (i) defective contracts, documents or deal structures which may lead to contractual or legal claims against the Group; (ii) the inability or failure to manage litigation or other dispute proceedings effectively; and (iii) legal consequences of compliance risk. These risks may also be caused by change of laws.

Compliance risk refers to the risk of impairment of the integrity of the Issuer. It is originated from failure to comply with its values and laws and regulations relating to compliance risk as well as standards relating to specific financial services provided by the business units, which may damage its 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. The Legal and Compliance Department is responsible for setting policies and procedures for the Issuer 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 the Legal and Compliance Department prepares reports on key risks regularly for the Risk Committee's and Board's review.

Concentration risk

Concentrations may arise with respect to specific risk exposures, industries, countries, geographic regions, products, asset classes, and any other category that falls within the Group's definition of concentration risk. The Group's concentration risk management covers all businesses with risk exposures, including 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. The Group manages strategic risk by the following principles: (1) proactively consider strategic risk during the strategic planning process; (2) set strategies within the context of its overall risk appetite; and (3) monitor the performance of its strategic plan and analyse the progress on yearly basis.

The Group's 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 and/or by the shareholders (as the case may be).

ESG risks

ESG risks refer to risks arising from environmental (E), social (S) and governance (G) aspects during the operation of an enterprise, which adversely affect the Issuer's medium and long-term financial status and intangible value. On the other hand, as a financial institution, ESG risks may create risks related to the operation and financial conditions of its loan clients and the invested companies. To manage related risks more effectively, the Issuer has completed the following measures:

- The Board has delegated the ESG Committee to manage matters related to sustainability and ESG practices, covering all aspects of governance, policies, objectives, strategies, performance and reporting;
- The ESG Committee has set up working groups with members from multiple functional departments, responsible for formulating and implementing the specific work plans formulated by the ESG Committee. At the same time, the Issuer has formulated ESG development strategies, which includes long-term execution planning and performance tracking guidelines for sustainable development issues such as environment (E), society (S) and governance (G);
- The Issuer has issued relevant ESG policies, specifying its sustainable development practices and procedures, and guiding the identification and management of ESG-related risks in daily operations; and
- The Group has incorporated ESG risk factors into the model for credit risk management, which helps to control and avoid the occurrence of ESG risks involved in the business level of the Group.

Reputational risk

Reputational risk refers to negative public opinions or comments in relation to the Issuer's operations, management and other behaviors or external events, which cause, or may cause, damage of, and have adverse impact on, the Issuer'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, prospectiveness and effectiveness. By inclusion of reputational risk management into its comprehensive risk management system, the Issuer ensures preventive approach and contingency plan of reputational risk are in place. The Issuer applies accurate identification, prudent assessment, dynamic monitoring, prompt responses to and fully controls of reputational risk in terms of operating management, with an aim to prevent any incidents that may affect the reputation of the Issuer.

Unknown risk

Unknown risk refers to a situation where the Issuer is unable to identify or not even aware of certain risks which the Group is exposed to. Such risks are generally referred to as “unknown unknowns” and the Issuer is required 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).

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 2021:

	As at 31 December 2021
	(HK\$'000)
Long-term indebtedness	
Interest bearing borrowings	40,542
Debt securities in issue	11,337,958
Short-term indebtedness	
Interest bearing borrowings	5,334,661
Debt securities in issue	34,153,825
Total indebtedness	50,866,986
Equity	
Share capital (9,618,994,707 ordinary shares issued and fully-paid)	10,911,163
Other reserve	(1,236,460)
Currency translation reserve	37,078
Share-based compensation reserve	
– Share option reserve	27,429
– Share award reserve	–
Shares held under the share award scheme	–
Investment revaluation reserve	1,053
Retained profits	5,567,098
Equity attributable to holders of the ordinary shares	15,307,361
Non-controlling interests	129,578
Total equity	15,436,939
Total capitalisation⁽¹⁾	66,303,925

Note:

(1) Total capitalisation equals the sum of total indebtedness and total equity.

As of 31 May 2022, there was no outstanding principal and accrued interest for other equity instrument.

There has been no material adverse change in the consolidated capitalisation and indebtedness of the Issuer since 31 December 2021.

DIRECTORS AND COMMITTEES

THE BOARD

The board of directors of the Issuer (“**Board**”), at the date of this Offering Circular, comprises a total of 8 directors:

Executive Directors

Dr. YIM Fung (*Chairman*)
Ms. QI Haiying

Non-executive Directors

Mr. YU Jian
Dr. HU Xupeng
Ms. YU Xuping

Independent Non-executive Directors

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

The Board comprises two executive directors, three non-executive directors and three 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 2021.

Board meetings shall be held at least four times a year and at about quarterly interval. 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 are circulated to all directors normally a week before the meeting and in any event not less than 3 days before the meeting. Draft and final version of minutes of each board meeting are circulated to directors for their comment and record respectively.

For the year ended 31 December 2021, four board meetings were held.

Executive Directors

Dr. YIM Fung, JP, aged 59, the chairman of the Issuer since August 2012 and an executive director since March 2010. Dr. YIM is concurrently a member of the Risk Committee and the Nomination Committee of the Issuer. Dr. YIM is a director of various subsidiaries of the Issuer, including Guotai Junan Securities (Vietnam) Corp. (formerly known as Vietnam Investment Securities Company) (stock code: IVS.HN), which is listed on the Hanoi Stock Exchange in Vietnam. In addition, he is also a director and the general manager of Guotai Junan Financial Holdings Limited, the controlling shareholder of the Issuer, and a director of its subsidiary. He acted as the vice-chairman of the Issuer and the chief executive officer during the period from March 2010 to August 2012 and during the period from March 2010 to 13 December 2021, respectively. Dr. YIM joined the Group in 1993. He has over 30 years of 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 Company Limited, a director and standing committee member of the Chinese General Chamber of Commerce and the life president of the Tsinghua Alumni Association of Hong Kong.

Ms. QI Haiying, aged 40, an executive director of the Issuer since March 2015 and the chief executive officer of the Issuer since 14 December 2021 and is responsible for the overall business management of the Group. Ms. QI is concurrently a director of various subsidiaries of the Issuer. Ms. QI was the deputy chief executive officer of the Issuer since March 2015 until 13 December 2021. Prior joining to the Group, 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 between 2004 and 2012. In 2012, Ms. QI joined Guotai Junan (stock code: 2611.HK; 601211.SH), the parent company of the Issuer, and held the positions as deputy general manager in compliance department and strategic management department, respectively. 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 member of the All-China Youth Federation, a member of the All-China Financial Youth Federation, a deputy director of International Cooperation Committee of Securities Association of China, a director and vice president of Chinese Securities Association of Hong Kong Company Limited, a director and vice president of Chinese Asset Management Association of Hong Kong Limited and the vice president of Youth Committee of the Hong Kong Chinese Enterprises Association.

Non-executive Directors

Mr. YU Jian, aged 58, a non-executive director of the Issuer since 16 February 2022. Mr. YU is also a member of the Nomination Committee of the Issuer. Mr. YU joined Guotai Junan (stock code: 2611.HK; 601211.SH), the parent of the Issuer, in 1993, and is currently an executive director, the secretary to the board and the head of the office of the board of Guotai Junan and a director of Guotai Junan Financial Holdings Limited, the controlling shareholder of the Issuer. Mr. YU has over 28 years of experience in the securities industry. Prior to his current role, Mr. YU was a project head of the science department of the research institution under the Ministry of Aerospace for seven years. Mr. YU obtained a master's degree in Business Administration jointly granted by the Shanghai National Accounting Institute and the Arizona State University and a bachelor's degree in Engineering from the Beijing Institute of Aeronautics (currently known as Beihang University).

Dr. HU Xupeng, aged 46, a non-executive director of the Issuer since 16 February 2022. Dr. HU is also a member of the Risk Committee of the Issuer. Dr. HU joined the group of Guotai Junan (stock code: 2611.HK; 601211.SH), the parent company of the Issuer, in 2013, and is currently the general manager of the risk management department of Guotai Junan and a director of Guotai Junan Financial Holdings Limited, the controlling shareholder of the Issuer. Prior to his current role, Dr. HU was a prosecution officer of the Criminal Prosecution Division and the Arrest Division of the People's Procuratorate of Bengbu City in Anhui Province, a legal specialist of the security department of Shanghai Pudong Development Bank headquarter, and held several management positions in Zhonghai Trust Co., Ltd. Dr. HU has over 19 years of experience in the financial industry. Dr. HU obtained a doctorate degree in Law and a master's degree in Law from the East China University of Political Science and Law.

Ms. YU Xuping, aged 41, a non-executive director of the Issuer since 16 February 2022. Ms. YU is also a member of the Remuneration Committee of the Issuer. Ms. YU joined Guotai Junan (stock code: 2611.HK; 601211.SH), the parent company of the Issuer, in 2007, and held various positions in different departments, including the audit department, retail customer department, integrated management team for committee of economic affairs and treasury department. Ms. YU is currently the deputy general manager (execution) of asset and liability department of Guotai Junan. Prior to her current role, Ms. YU worked for Shanghai Mingpin Shangsha Co., Ltd. (上海名品商厦有限公司). Ms. YU has over 14 years of experience in the securities industry. Ms. YU obtained a master's degree in Business Administration from the Shanghai University of Finance and Economics. She is a member of the Chinese Institute of Certified Public Accountants and holds the Certificate of Certified Internal Auditor.

Independent Non-executive Directors

Dr. FU Tingmei, aged 55, an independent non-executive director since June 2010. Dr. FU is currently the chairman of the Remuneration Committee and the ESG Committee as well as a member of the Audit Committee, the Nomination Committee and the 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 Joycome Foods Limited (formerly known as COFCO Meat Holdings Limited) (stock code: 1610.HK). He was an independent non-executive director of CPMC Holdings Limited (stock code: 906.HK) during the period from 2008 to 2 July 2019 and was an independent non-executive director of Beijing Enterprises Holdings Limited (stock code: 392.HK). Dr. FU graduated from the University of London with a doctorate degree and a master's degree in Law in 1993 and 1989, respectively.

Mr. TSANG Yiu Keung, aged 68, an independent non-executive director since 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 Chartered Governance Institute/Institute of Chartered Secretaries and Administrators.

Professor CHAN Ka Keung Ceajer, GBS, SBS, JP, aged 65, an independent non-executive director since August 2018. Professor CHAN is concurrently the chairman of the Risk Committee and the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Issuer. At present, he is also an adjunct professor 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 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) and The Hong Kong Mortgage Corporation Limited. He is currently an independent non-executive director of Langham Hospitality Investments and Langham Hospitality Investments Limited (stock code: 1270.HK), China Overseas Land & Investment Ltd. (stock code: 688.HK), NWS Holdings Limited (stock code: 659.HK) and Hong Kong Aerospace Technology Group Limited (stock code: 1725.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 Trivium Holdings Limited, a director and member of One Country Two Systems Research Institute 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 specialized in asset pricing, evaluation of trading strategies and market efficiency and has published numerous articles on these topics.

NOMINATION COMMITTEE

The Nomination Committee ("**Nomination Committee**") comprises five directors, including one executive director, being Dr. YIM Fung, one non-executive director, being Mr. YU Jian, and three independent non-executive directors, being Professor CHAN Ka Keung Ceajer (chairman), Dr. FU Tingmei and Mr. TSANG Yiu Keung.

Under its terms of reference, which have been amended on 28 March 2022, 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 2021, the Nomination Committee held two meetings to review the structure, size and composition of the Board, make recommendations to the Board on the appointment of non-executive directors and re-election of retiring directors.

REMUNERATION COMMITTEE

The Remuneration Committee ("**Remuneration Committee**") comprises four directors, including one non-executive director, being Ms. YU Xuping, and three independent non-executive directors, being Dr. FU Tingmei (chairman), Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer.

The Issuer adopted the model whereby the Remuneration Committee is responsible for determining, with delegated responsibility, the remuneration package of individual executive director and senior management according to its terms of reference. Under its terms of reference, 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 director 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 2021, the Remuneration Committee held one meeting to assess the performance of executive directors and to review and approve the proposal for the remuneration of executive directors and senior management.

AUDIT COMMITTEE

The Audit Committee ("**Audit Committee**") comprises three independent non-executive directors, being Mr. TSANG Yiu Keung (chairman), Dr. FU Tingmei 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 and 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 2021, the Audit Committee held three meetings and reviewed including, but not limited to the results announcements, the financial statements, external audit, internal audit and internal control matters.

RISK COMMITTEE

The Risk Committee (“**Risk Committee**”) comprises five directors, including one executive director, being Dr. YIM Fung, one non-executive director, being Dr. HU Xupeng, and three independent non-executive directors, being Professor CHAN Ka Keung Ceajer (chairman), Dr. FU Tingmei and Mr. TSANG Yiu Keung.

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 failings or weaknesses where identified.

For the year ended 31 December 2021, the Risk Committee held two meetings to discuss with the management to ensure that the management has performed its duty to have effective risk management system.

ESG COMMITTEE

The ESG Committee (“**ESG Committee**”) comprises five members, including one independent non-executive Director, being Dr. FU Tingmei (chairman), together with other management members and heads of relevant departments, namely Mr. NG Chi To Graham, Mr. WONG George Ka Kui, Ms. FENG Zheng Yao Helen and Ms. DAI Yu Hong Daisy.

The ESG Committee is a functional committee established by the Board and assists the Board to oversee matters relating to sustainability development and ESG of the Group, covering governance, policies, objectives and strategy, performance and reporting, and reports to the Board regularly.

For the year ended 31 December 2021, the ESG Committee held two meetings. The major work performed by the ESG Committee during the year included:

- (a) set overall ESG vision, objectives and strategy of the Group;
- (b) adopted new ESG Policy and approved the new ESG governance structure;
- (c) considered the ESG risks that identified, assessed and determined by the departments and reviewed the ESG-related risk management system;
- (d) reviewed the progress of implementing the carbon reduction plans for 2021 and approved the environmental targets and plans for ensuing year;
- (e) reviewed the progress of implementing the community investment plans for 2021 and approved the plans and budgets for ensuing year;

- (f) reviewed the sustainable finance strategies submitted by business units;
- (g) considered the stakeholders' feedback, and monitored the ESG-related trends and issues in understanding emerging ESG matters that affected or may affect the Group's operations and made recommendations on areas for improvement; and
- (h) scrutinised the ESG performance of the Group and reviewed the ESG report for 2020.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

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

As at 31 December 2021, 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 Directors	Capacity	Number of Shares	Number of underlying shares in relation to share options	Total	Percentage of Shares in issue ⁽¹⁾
YIM Fung.	Personal interest	68,546,955	2,300,000	70,846,955	0.74%
QI Haiying	Personal interest	6,012,000	2,300,000	8,312,000	0.09%
FU Tingmei.	Personal interest	1,512,096	–	1,512,096	0.02%
TSANG Yiu Keung	Personal interest	1,512,096	–	1,512,096	0.02%

Note:

- (1) The percentage was calculated based on 9,618,994,707 Shares in issue on 31 December 2021.

Save as disclosed above, as at 31 December 2021, 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 31 December 2021, 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

<u>Name of shareholders</u>	<u>Capacity</u>	<u>Number of shares (Long positions)</u>	<u>Percentage of shares in issue ⁽²⁾</u>
Guotai Junan Financial Holdings.	Beneficial owner	7,044,877,066	73.24%
Guotai Junan ⁽¹⁾	Interested in controlled corporation	7,044,877,066	73.24%

Notes:

1. Guotai Junan Financial Holdings is a wholly-owned subsidiary of Guotai Junan and accordingly, Guotai Junan is deemed to be interested in these 7,044,877,066 shares.
2. The percentage was calculated based on 9,618,994,707 shares in issue on 31 December 2021.

Save as disclosed above, as at 31 December 2021, 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 28 March 2022:

CONTINUING CONNECTED TRANSACTIONS

On 2 December 2020, the Issuer and Guotai Junan entered into a master agreement (the “**Master Agreement**”), pursuant to which both parties conditionally agreed that each of them will, and will procure the Group, and Guotai Junan and its subsidiaries taken as a whole (“**Guotai Junan Group**”), respectively, to provide 1) brokerage services, 2) investment management and advisory services, 3) consulting services, 4) corporate finance services to, and to engage in 5) investment and finance transactions with, the other for a term of three years from 1 January 2021 to 31 December 2023.

As Guotai Junan is the ultimate controlling shareholder of the Issuer and therefore is a connected person of the Issuer, the transactions contemplated under the Master 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 Agreement are subject to reporting, announcement, annual review and independent shareholders' approval requirement as part of the applicable percentage ratios exceeds 5% under the HKSE Rules. The Master Agreement and the transactions contemplated thereunder have been approved by the independent shareholders on 20 January 2021. For further details, please refer to the circular dated 5 January 2021.

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

The annual caps in respect of continuing connected transactions contemplated under the Master Agreement for three years ended 31 December 2021, and ending 2022 and 2023 are shown as below:

	For the year ended 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Category 1 Transactions			
(a) Income (to be) received by the Group for services provided to Guotai Junan Group	226	274	329
(b) Expenses (to be) incurred by the Group for services provided by Guotai Junan Group	160	187	219
	<i>(HK\$ billion)</i>	<i>(HK\$ billion)</i>	<i>(HK\$ billion)</i>
Category 2 Transactions			
Transaction amount attributable to principal-to-principal transactions between the Group and Guotai Junan Group	64.1	73.7	83.3

The independent non-executive directors have reviewed and confirmed that the aforesaid continuing connected transactions were 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 shareholders as a whole.

According to the Group's policy on pricing and internal control measures for continuing connected transactions, the relevant business units are required to consult and obtain pre-approvals from the

relevant departments for each continuing connected transaction (except for brokerage transactions with standard brokerage rate applied). Each of the legal and compliance, risk management, finance departments and office of the board of the Issuer is assigned to review each of the continuing connected transactions from their respective expertise with reference to comparable transactions with independent third parties. The Group regularly monitors transactions between the Group and Guotai Junan Group as to whether such transactions fall within the scope of the Master Agreement, whether the relevant annual caps have nearly been fully utilised, and issues reminders to the responsible business units where necessary. The Group also conducts sampling inspections based on the internal audit plan so as to ensure the appropriateness and effectiveness of its internal control procedures.

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, with respect to the financial years ended 31 December 2020 and 2021, 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 annual 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**

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:

- carrying on a regulated activity (or holding out as carrying on a regulated activity); or
- 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:

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

* 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).

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.

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 or the CMU (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer 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

Euroclear and Clearstream 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 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 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 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 participant, either directly or indirectly.

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

All payments in respect of Global Certificates held with Euroclear and Clearstream 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 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 Exchange Fund Bills and Notes Clearing and Settlement Service securities and capital markets instruments (together, “**CMU Instruments**”) which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU 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 is open to all financial institutions regulated by the Hong Kong Monetary Authority, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU’ custodial services, please refer to the CMU Reference Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the “**income proceeds**”) by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual.

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

BOOK-ENTRY OWNERSHIP

Bearer Notes

The Issuer has made applications to Euroclear and Clearstream 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. 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 or a sub-custodian for the CMU. 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, Euroclear and Clearstream.

Registered Notes

The Issuer has made applications to Euroclear and Clearstream 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 Registered Notes to be represented by a Global Certificate accepted for clearance through the CMU. 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 or the CMU (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 (the “**IRO**”)) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

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

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

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

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

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

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

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

With effect from 1 August 2021, if stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.26 per cent. (of which 0.13 per cent. is payable by the seller and 0.13 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. 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

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional securities (as described under “*Terms and Conditions — Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

SUMMARY OF AMENDED AND RESTATED DEALER AGREEMENT

Subject to the terms and conditions contained in an Amended and Restated Dealer Agreement dated 15 July 2022 and as otherwise amended and/or supplemented from time to time (the “**Amended and Restated Dealer Agreement**”) between the Issuer, the Permanent Dealer and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealer. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealer. 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 Amended and Restated 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 Amended and Restated 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.

In connection with the issue of any Tranche of Notes any of the Dealers appointed and acting in its capacity as Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and directives, over-allot Notes or effect transactions with a view to supporting the price of the Notes of the Series at a level higher than that which might otherwise prevail for a limited period after the Issue Date of the relevant Tranche of Notes, but in so doing, the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) shall act as principal and not as agent of the Issuer. However, there is no obligation of such Stabilisation Manager(s) to do this. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the relevant Dealer.

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

In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates or affiliates of the Issuer may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers and/or their respective affiliates or affiliates of the Issuer may act as investors and place orders, receive allocations and purchase and trade Notes for their own account (without a view to distributing such Notes) and such orders and/or allocations and/or trades of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering. Accordingly, references herein to the Notes being “offered” should be

read as including any offering of the Notes to the Issuer, the Arrangers, the Dealers and/or their respective affiliates, or affiliates of the Issuer as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. If such transactions occur, the trading price and liquidity of such Notes may be impacted.

In the ordinary course of their various business activities, the Arrangers, the Dealers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Notes and could adversely affect the trading price and liquidity of the relevant Notes. The Arrangers, the Dealers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments of the Issuer.

Furthermore, it is possible that a significant proportion of a Series of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in such Notes may be constrained. The Issuer and the Dealers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

SELLING RESTRICTIONS

United States

In respect of Notes offered or sold in reliance on Category 1 as specified in the applicable Pricing Supplement, 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 except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered, and will not offer or sell or, in the case of Bearer Notes, deliver any Notes constituting part of its allotment within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of such Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

In respect of Notes offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, 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 under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered any Notes, and will not offer or sell or, in the case of Bearer Notes, deliver any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and certified as provided below, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer who has subscribed for Notes of a Tranche (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine

and certify to the Issuing and Paying Agent the completion of the distribution of the Notes of such Tranche. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been and will not be registered under the U.S. Securities Act of 1933 (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 (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the securities as determined and certified by the relevant Dealer(s), in the case of a non-syndicated issue, or the lead manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.”

Terms used in the above provision have the meanings given to them by Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations.

In addition, unless the Purchase Information or the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either “C Rules” or “not applicable”, each Dealer represents and agrees each further Dealer appointed under the Programme will be required to represent and agree in relation to each Tranche of Notes in bearer form:

- (a) except to the extent permitted under the U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”)) (the “**D Rules**”): (a) it has not offered or sold, and during a 40 day restricted period shall not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (b) it has not delivered and shall not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (b) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes in bearer form may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) or any rule in substantially the same form for purposes of Section 4701 of the Code; and
- (d) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either repeats and confirms all the representations contained above on behalf of such affiliate or agrees that it shall obtain from such affiliate for the benefit of the Issuer all of such representations.

Terms used in the preceding paragraph have the meanings given to them by the Code of 1986 and regulations thereunder, including the D Rules.

In addition, to the extent that the Purchase Information or the Subscription Agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is “C Rules”, under U.S.

Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the “**C Rules**”) to set out the criteria for “foreign targeted obligations” that are exempt from the excise tax under Section 4701(b)(1)(B) of the Code, Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer represents and agrees that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, each Dealer represents and agrees that it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the C Rules and Notice 2012-20.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

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; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”); and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes”.

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 Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation 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.

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 Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”)) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public 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 the SFO.

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, directly or indirectly, offered or sold and will not offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

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

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (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 SFA; 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).

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme be required to represent and agree, that any of the Notes is not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by applicable laws of the PRC.

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, 10 July 2020, 12 July 2021 and 23 June 2022, respectively. The issue of this Offering Circular has been duly authorised by resolutions of the Board of Directors of the Issuer dated 23 June 2022.
- (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 2021 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2021.
- (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 after 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:
 - (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 Deed of Covenant;
 - (iii) the Articles of Association of the Issuer;
 - (iv) the audited consolidated financial statements of the Issuer for the year ended 31 December 2021;
 - (v) 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;
 - (vi) a copy of this Offering Circular together with any supplement to this Offering Circular; and

- (vii) any 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) and any other documents incorporated herein or therein by reference.

Copies of the documents referred to in sub-paragraphs (iii) to (vii) 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 will be specified in the applicable Pricing Supplement. The Issuer may also apply to have the Notes accepted for clearance through the CMU. The relevant CMU Instrument number will be specified in the applicable Pricing Supplement. If the Notes are to 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 2021, KPMG, Certified Public Accountants, have acknowledged the issue of this Offering Circular with their report dated 28 March 2022 in relation to the Issuer's financial statements incorporated herein by reference. KPMG have audited the Issuer's consolidated financial statements, without qualification, in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.

THE ISSUER

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