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HAITONG INTERNATIONAL SECURITIES GROUP LIMITED

海通國際證券集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 665)

VOLUNTARY ANNOUNCEMENT ISSUE OF USD200,000,000 SUBORDINATED PERPETUAL SECURITIES

The Board is pleased to announce that on 17 March 2023, the Company as issuer, Haitong International Securities Company Limited as placing agent and the Investors entered into a Placing Agency and Subscription Agreement in connection with the Subordinated Perpetual Securities in the aggregate principal amount of USD200,000,000.

PLACING AGENCY AND SUBSCRIPTION AGREEMENT

Date

17 March 2023

Parties to Placing Agency and Subscription Agreement

- (a) Company as the issuer;
- (b) the Investors; and
- (c) Haitong International Securities Company Limited as placing agent.

The Securities have not been and will not be registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States and may only be offered, sold or delivered outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Accordingly, the Securities are being offered and sold only outside the United States to non-U.S. persons located outside the United States in reliance on Regulation S under the Securities Act. None of the Securities will be offered to the public in Hong Kong.

The transaction contemplated under the Placing Agency and Subscription Agreement is not secured by any assets of the Group. The Board is of the opinion that the terms of the Placing Agency and Subscription Agreement were negotiated on an arm's length basis, and are on normal commercial terms which are considered to be fair and reasonable.

Principal features of the Securities

Securities issued

Subject to certain conditions to completion, the Company will issue the Subordinated Perpetual Securities in an aggregate principal amount of USD200,000,000.

Offering Price

The offering price of the Subordinated Perpetual Securities will be 100% of the principal amount of the Subordinated Perpetual Securities.

Distributions

Subject to the terms and conditions of the Subordinated Perpetual Securities, the Subordinated Perpetual Securities confer a right to receive distributions (each a "**Distribution**") from the Issue Date at the applicable Distribution Rate (as defined below). Distributions shall be payable on the Subordinated Perpetual Securities semi-annually in arrear on each Distribution Payment Date in United States dollars. The first Distribution Payment Date will fall on 21 September 2023.

Distribution Rate

Subject to any increase upon occurrence of a Trigger Event pursuant to the terms and conditions of the Subordinated Perpetual Securities, the rate of distribution ("**Distribution Rate**") shall be:

- (i) the initial distribution rate at 6.85% per annum in the first five years after issuance; and
- (ii) the relevant reset distribution rate, which is equal to the sum of the initial spread of 3.192% and the Treasury Rate, at the end of the fifth year after issuance and every five years thereafter.

Distribution Deferral

The Company may, at its sole discretion, elect to defer (in whole or in part) the Distribution which is otherwise scheduled to be paid on a Distribution Payment Date to the next Distribution Payment Date.

Ranking of the Subordinated Perpetual Securities

The Subordinated Perpetual Securities constitute direct, subordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves and with any parity securities of the Company.

Subject to applicable law, in the event of the winding-up of the Company, the rights and claims of the holders of the Subordinated Perpetual Securities shall rank ahead of those persons whose claims are in respect of any junior securities of the Company, but shall be subordinated in right of payment to the claims of all other present and future senior creditors of the Company (including general creditors of the Company), and rank *pari passu* with all claims of holders of parity securities of the Company.

Redemption at the opinion of the Company

The Company may at its option, on giving not more than 30 nor less than 15 days' notice to the trustee, the principal paying agent and the holders of the Subordinated Perpetual Securities in accordance with the terms and conditions of the Subordinated Perpetual Securities, redeem in whole, but not in part, the Subordinated Perpetual Securities:

- (i) on the First Call Date; or
- (ii) on any Distribution Payment Date after the First Call Date,

(each, a “**Call Date**”).

On expiry of any such notice period referred to above, the Company shall be bound to redeem the Subordinated Perpetual Securities on the relevant Call Date at their principal amount together with any distribution accrued to (but not including) the date fixed for redemption (including any arrears of distribution and any additional distribution amount).

In addition, the Company may at its option, on giving not less than 30 nor more than 60 days' irrevocable notice to the trustee, the principal paying agent and the holders of the Subordinated Perpetual Securities in accordance with the terms and conditions of the Subordinated Perpetual Securities, redeem in whole, but not in part, the Subordinated Perpetual Securities (a) for tax reasons or accounting reasons at their principal amount; (b) upon occurrence of a change of control event at (i) 101% of their principal amount at any time before the First Call Date or (ii) their principal amount at any time on or after the First Call Date; or (c) at their principal amount if 90% or more in principal amount of the Securities originally issued has been redeemed, purchased and cancelled.

GENERAL

Information on the parties and reasons for the Subordinated Perpetual Securities

The business segments of the Group include wealth management, corporate finance, asset management, global markets and investment. Haitong Securities Co., Ltd., being our ultimate controlling shareholder, subscribed for the Subordinated Perpetual Securities via its investee entity and our immediate holding company, being the Investors.

The Board considers the subscription of the Subordinated Perpetual Securities by the Investors will provide the Group with readily available financial support to help enhance its capital base and financial position for its operations and development.

The Subordinated Perpetual Securities is currently expected to be classified as equity under the relevant accounting standards of the Group. For the avoidance of doubt, the issuance of the Subordinated Perpetual Securities does not involve any issuance of shares or equity capital or securities convertible or exchangeable into shares or equity capital of the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expression have the meaning as respectively ascribed below:

“Board”	the board of Directors
“Company”	Haitong International Securities Group Limited (stock code: 665), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Director(s)”	director(s) of the Company
“Distribution Payment Date”	21 March and 21 September of each year, commencing on 21 September 2023
“First Call Date”	21 March 2028
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investors”	an investee entity of Haitong Securities Co., Ltd. and Haitong International Holdings Limited
“Issue Date”	21 March 2023

“Placing Agency and Subscription Agreement”	the agreement dated 17 March 2023 entered into between, among others, the Company as issuer, Haitong International Securities Company Limited as placing agent and the Investors in relation to the issuance of the Securities
“Securities Act”	the United States Securities Act of 1933, as amended
“Subordinated Perpetual Securities” or “Securities”	the subordinated perpetual capital securities in the aggregate principal amount of USD200,000,000 to be issued by the Company
“Treasury Rate”	the rate as determined under the terms and conditions of the Subordinated Perpetual Securities
“Trigger Event”	the occurrence of any of a change of control event, a breach of covenant event and/or a relevant indebtedness default event, each as defined in the terms and conditions of the Subordinated Perpetual Securities
“USD”	United States dollar, the lawful currency of the United States
“%”	per cent.

By order of the Board
Haitong International Securities Group Limited
CHOU Chuk Nam
Company Secretary

Hong Kong, 17 March 2023

As at the date of this announcement, the Board comprises Mr. LI Jun (Chairman), Mr. LIN Yong (Deputy Chairman and Chief Executive Officer), Mr. LI Jianguo (Deputy Chairman), Mr. POON Mo Yiu, Mr. SUN Jianfeng, Mr. SUN Tong, Mr. CHENG Chi Ming Brian*, Mr. ZHANG Xinjun*, Mr. WAN Kam To**, Mr. LIU Swee Long Michael**, Mr. ZHANG Huaqiao** and Ms. LEE Man Yuen Margaret**.*

* *Non-executive Directors*

** *Independent Non-executive Directors*